

Y4
Ap 6/2
P 58

1033

9514
Ap 6/2
P 58

Senate Hearings

GOVERNMENT

Before the Committee on Appropriations

Storage

DOCUMENTS

MAR 2 1977

FARRELL LIBRARY
KANSAS STATE UNIVERSITY

Reprogramming Request for Picatinny Arsenal

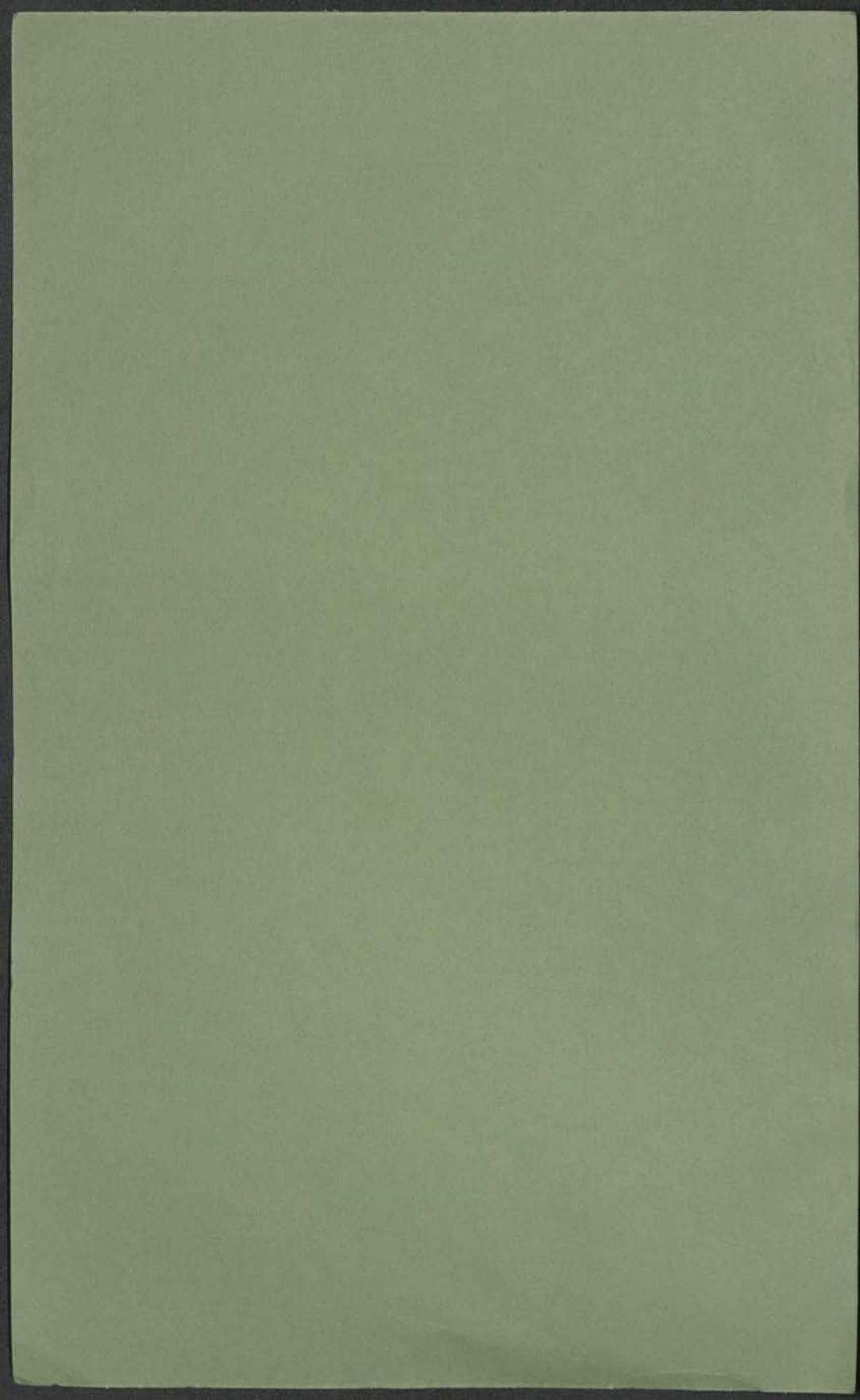
95th CONGRESS, FIRST SESSION

KSU LIBRARIES



A11900 471877

SPECIAL HEARING



REPROGRAMING REQUEST FOR PICATINNY ARSENAL

HEARINGS
BEFORE A
SUBCOMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
UNITED STATES SENATE
NINETY-FIFTH CONGRESS
FIRST SESSION

Printed for the use of the Committee on Appropriations

SPECIAL HEARING



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1977

COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON MILITARY CONSTRUCTION

J. BENNET JOHNSTON, Louisiana, *Acting Chairman*

DANIEL K. INOUYE, Hawaii

TED STEVENS, Alaska

WALTER D. HUDDLESTON, Kentucky

HENRY BELLMON, Oklahoma

JOHN L. McCLELLAN, Arkansas

EDWARD W. BROOKE, Massachusetts

Ex Officio

MILTON R. YOUNG, North Dakota

Ex Officio

EX OFFICIO MEMBERS FROM THE COMMITTEE ON ARMED SERVICES

HOWARD W. CANNON, Nevada

JOHN TOWER, Texas

JAMES A. FELLEBAUM, *Clerk*

LINDA L. RICHARDSON, *Minority Staff Member*

CONTENTS

THURSDAY, JANUARY 13, 1977

Department of Defense:	
Department of the Army:	
Reprogramming request for construction at Picatinny Arsenal, Dover, N.J.:	
Opening remarks of Senator Johnston.....	Page 1
Letter from Terence E. McClary, Assistant Secretary of Defense	2
Congressional witnesses:	
Statement of Hon. Harrison A. Williams, Jr., U.S. Senator from New Jersey	7
Prepared statement.....	10
Statement of Hon. Clifford P. Case, U.S. Senator from New Jersey....	12
Prepared statement.....	13
Statement of Hon. Richard S. Schweiker, U.S. Senator from Pennsyl- vania	14
Letters from.....	16, 19
Letter from Robert E. Sperry, Philadelphia regional director, Civil Service Commission.....	21
Order and response for transfer of small caliber weapons lab from Frankford	23
Statement of Hon. H. John Heinz III, U.S. Senator from Pennsyl- vania	26
Letters from.....	28, 29
Letters from Hon. Walter F. Mondale, U.S. Senator from Minnesota....	30, 31
Statement of Hon. John C. Culver, U.S. Senator from Iowa.....	34
Joint statement of Senators Adlai Stevenson (Ill.), Charles Percy (Ill.), Dick Clark (Iowa), and John Culver (Iowa).....	34
Department of Defense:	
Department of the Army:	
Installations and logistics:	
Statement of Edwin Greiner, Acting Assistant Secretary of the Army for Installations and Logistics.....	39
Statement of Maj. Gen. Bennett L. Lewis, commanding gen- eral, U.S. Army Armament Command.....	59
Congressional witnesses:	
Statement of Hon. Joshua Ellberg, U.S. Representative from Penn- sylvania	83
Letter from Martin R. Hoffmann, Secretary of the Army.....	93
Statement of Hon. Raymond F. Lederer, U.S. Representative from Pennsylvania	97
Statement of Hon. Helen Meyner, U.S. Representative from New Jersey	99
Report of New Jersey congressional delegation on establishment of Armament Development Center.....	101
Summary of alternate proposal for location of ARRADCOM Head- quarters and Small Caliber Weapons System Lab.....	111

IV

Nondepartmental witnesses:

Statement of Verlin Baumgarth, National Association of Government Employees	Page 141
Prepared statement.....	143
Correspondence of Royce Beckett, director, General Thomas J. Rodman Lab.....	161
Statement of Claud Comer, chairman, Quad Cities Task Force To Save Rodman Lab.....	165
Statement of Vic Lindner, associate technical director, Picatinny Arsenal	173
Questions submitted by Senator Johnston.....	176
Prepared statement of Hon. Millicent Fenwick, U.S. Representative from New Jersey.....	184
Prepared statement of Alan J. Whitney, executive vice-president, National Association of Government Employees.....	185
Telegram from James T. Clinton and Joseph W. Cironi, officials, Morris County Chamber of Commerce.....	187
Letter from Hon. Tom Rallsback, U.S. Representative from Illinois.....	188
Letter from Jimmy Carter, President-elect of the United States.....	188
Prepared statement of Hon. Tom Rallsback, U.S. Representative from Pennsylvania	189
Letter from Hon. Robert N. C. Nix, U.S. Representative from Pennsylvania	192

FRIDAY, JANUARY 14, 1977

Nondepartmental witnesses:

Opening remarks of Senator Johnston.....	199
Statement of Hon. Milton J. Shapp, Governor, Commonwealth of Pennsylvania	200
Question submitted by Senator Johnston.....	204
Letter from Hon. Milton Shapp.....	208
Statement of Hon. Brendan T. Byrne, Governor, State of New Jersey	213
Prepared statement.....	214

FRIDAY, FEBRUARY 3, 1977

Business meeting on construction rehabilitation of facilities at Picatinny Arsenal	227
Statement of Senator Johnston.....	227

ARMY REPROGRAMING REQUEST FOR CONSTRUCTION AND REHABILITATION OF FACILITIES AT PICATINNY ARSENAL

THURSDAY, JANUARY 13, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:04 a.m. in room 1224, Everett McKinley Dirksen Office Building, Hon. J. Bennett Johnston, Jr. (chairman) presiding.

Present: Senators Johnston, Melcher, DeConcini, and Stevens.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

REPROGRAMING REQUEST FOR CONSTRUCTION AT PICATINNY ARSENAL,
DOVER, NEW JERSEY

OPENING REMARKS OF SENATOR JOHNSTON

Senator JOHNSTON. The hearing will come to order.

Today the subcommittee will receive testimony on a Department of the Army request to reprogram \$7.4 million for construction of facilities at Picatinny Arsenal in Dover, N.J. This is in conjunction with the proposed establishment of a new Armament Research and Development Command at that location. At this time, I will insert into the record the actual request from the Assistant Secretary of Defense.

[The request follows:]

(1)

Honorable Mike Mansfield
 Chairman, Subcommittee on Military Construction
 Committee on Appropriations
 United States Senate

Dear Mr. Chairman:

The Department of the Army requests approval to reprogram \$7,363,000 within the Military Construction, Army appropriation under authority of Section 102, Public Law 93-107. This action is urgently required to provide minimum facilities necessary to establish an Armament Development Center with headquarters at Picatinny Arsenal, New Jersey. The urgency of this project is further intensified by the scheduled closure of Frankford Arsenal, Pennsylvania, on September 1, 1977 and the resulting transfer of armament development missions from that installation to Picatinny Arsenal.

The work includes the conversion, alteration and expansion of twelve existing facilities, construction of one new building and necessary upgrading and expansion of associated utilities. The balance of planned construction for this move, to be progressed in future years, is estimated to cost \$33.0 million. Annual savings, due to this consolidation, are estimated at \$37.0 million.

The enclosed justification sheets describe this project in more detail and list the prior year funds to be utilized for this construction. Army personnel are available to provide any additional information the Committee may desire.

Your approval of this reprogramming action is requested.

Sincerely,

Terence E. McClary
 Assistant Secretary of Defense

MILITARY CONSTRUCTION, ARMY
 REPROGRAMMING REQUEST

DAEN-MCP-B

INSTALLATION

Picatinny Arsenal, Dover, New Jersey

PROJECT

B817-817.300 - Armament Development Center Facilities

AUTHORIZATION

Section 102, Public Law 94-107

ESTIMATED COST

\$7,363,000

DESCRIPTION

This project consists of work to furnish the minimum facilities necessary to house the armament mission presently located at Frankford Arsenal that is to be transferred to Picatinny Arsenal. The work includes the conversion, alteration, and expansion of twelve existing buildings and construction of one new building at Picatinny Arsenal to provide accommodations for large and small caliber ammunition metal parts fabrication, a fire control laboratory, fuze metal parts fabrication, physical and applied sciences laboratories, technical data activities, an optics prototype facility and test measurement and diagnostic equipment missions. The work also includes necessary upgrading and expansion of associated utilities, heating and air conditioning systems.

JUSTIFICATION

This project is urgently required to carry out the decision of the Secretary of the Army to establish an Armament Development Center (ADC) with headquarters at Picatinny Arsenal. The urgency of this project is additionally intensified by the scheduled closure of Frankford Arsenal on 1 September 1977 and the resulting transfer of armament development missions from that installation to Picatinny.

The ADC will have responsibility for research, development and prototype through first procurement of newly developed armament materiel. It will incorporate armament development and portions of procurement activities now performed at Frankford, Rock Island, Picatinny, Watervliet, and Edgewood Arsenals with the activities of the Ballistics Research Laboratory at Aberdeen Proving Ground. The establishment of ADC will result in streamlining armament development activities for all weapons systems and ammunition critical to national defense with an annual savings of \$37,000,000 over the costs of the present methods of operation.

The work comprising this project is the first increment of a construction program to provide complete facilities for the ADC and will furnish the facilities immediately required to accept the missions now conducted at Frankford Arsenal that are scheduled for transfer to Picatinny. The best available estimate of costs for the balance of construction to be accomplished in future year programs is \$33,000,000.

There is an urgent requirement for \$7,363,000 to construct the facilities proposed for this project. Deferral of this construction for consideration in the next annual Military Construction Program will not be in the interests of national security because it will delay both the establishment of ADC at Picatinny Arsenal and the closing of Frankford Arsenal beyond their scheduled dates with subsequent adverse effects on armament development missions.

SOURCE OF FUNDS

Funds required to finance the proposed construction will be provided by reprogramming SAFEGUARD Construction Funds available from the following fiscal year:

<u>Fiscal Year Program</u>	<u>Program Amount Available (\$000)</u>	<u>Proposed Reprogramming (\$000)</u>	<u>Unprogramed Balance (\$000)</u>
FY 1971	7,900	7,363	537

1. DATE REVISED 23 Feb 76	2. FISCAL YEAR 1976	3. MILITARY CONSTRUCTION PROJECT DATA (Continued)	3. DEPARTMENT ARMY	4. INSTALLATION Picatinny Arsenal
5. PROJECT NUMBER		6. PROJECT TITLE		
B817-817.300		Armament Development Center Facilities		
<p>BLOCK 19. DESCRIPTION OF WORK TO BE DONE.</p> <p>Fuse Metal Parts and Fuse Lab: Provide partitions, ceilings, floor covering and air conditioning for Bldgs 31 and 61. Construct addition to Bldg 31 for DC generators. Provide necessary utilities for Bldg 61.</p> <p>Fire Control Lab: Provide partitions, ceilings, floor covering, air conditioning for Bldgs 18 and 95. Construct addition to Bldg 18 for electro-optical laboratory and provide foundations for dark tunnel contiguous to Bldg 18. Provide required utilities and upgrade heating, lighting, electrical systems, and exterior electric transformers and steam conduits.</p> <p>Technical Data Fac: Construct pre-engineered building adjacent to Bldg 58 with dark and camera, and quality assurance rooms and other required work and service rooms. Provide heating, air conditioning, required utilities, roads, walks and site improvements.</p> <p>Optics Prototype Fac: Alter a part of Bldg 91 to provide partitions, ceilings, floor coverings, required insulation, lighting, heating and process air conditioning. Increase power and steam generating capacity.</p> <p>Test Measuring and Diagnostic Equipment Lab: Modify part of Bldg 91 to provide partitions, lighting, plumbing, heating, ventilation, process air conditioning and electric power.</p>				

REPROGRAMMING PROPOSAL

Senator JOHNSTON. Although the majority of reprogramings submitted to this committee do not warrant formal hearings, the proposal now before us is an exception, and I might add, a controversial exception. It is a major command realignment involving thousands of Army employees and millions of dollars. While the matter of command relationships and base structure is the recognized purview of the executive branch, this committee is nonetheless charged with the responsibility of insuring proper allocation of resources. That is our task today, to review the facts of the case to determine that resources will be expended in the most efficient manner possible, consistent with the accomplishment of the defense mission.

WITNESSES TESTIFYING

The principal witness in support of the Army request will be Hon. Edwin Greiner, Acting Assistant Secretary of the Army for Installations and Logistics. We are also pleased to have with us today Senator Clifford Case of New Jersey, Senator Richard Schweiker of Pennsylvania, Senator Harrison Williams of New Jersey, Senators Dick Clark and John Culver of Iowa, Senator John Heinz III of Pennsylvania, Congressman Joshua Eilberg of Pennsylvania, Congresswoman Helen Meyner of New Jersey, Congressman Raymond Lederer of Pennsylvania, and other interested parties.

I don't believe Senator Case is here yet, but Senator Williams is here, and I know he has to be in another hearing right away, so we would be delighted to hear from him first so that he can go to his next meeting.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. HARRISON A. WILLIAMS, JR., U.S. SENATOR FROM NEW JERSEY

SUPPORT OF ARMY DECISION ON REPROGRAMMING

Senator WILLIAMS. Well, I certainly appreciate that, Mr. Chairman, and it is true that this is a time when we all have multiple assignments, and my committee is having confirmation hearings of Secretary-to-be Marshall at 10:30. So I appreciate the opportunity to appear before you today to discuss the Army's decision to reprogram funds for the Armament Development Center headquarters at Picatinny Arsenal, which is, as you know, in New Jersey.

This issue has had the most profound scrutiny for almost 4 years. During that time, the affected communities and workers and the congressional representatives have been deeply involved in the process. The evidence produced during that process to support the Army's decision has been overwhelming.

I am submitting for the record some of the highlights of the decisions which have been made on this issue, and I would like to have them, these highlights, included with my statement for the record.

Senator JOHNSTON. Without objection, your prepared statement will be printed in the record at the conclusion of your oral statement.

THE ARMY'S POSITION

Senator WILLIAMS. As you know, those opposed to the realignment have had 11 previous opportunities to present their objections. The Army's position has prevailed in every forum, congressional and administrative. Throughout the proceedings the Army has shown the greatest fairness in reviewing the various views that have been presented. The inefficiencies of the present system of arsenals have been dramatically demonstrated many times by the Army in its presentations.

I note for the subcommittee that the present R. & D. effort in armament is geographically and organizationally dispersed among five locations. The decision has been made after these long years of study to consolidate selected elements of the five arsenals into a new development center at a single location.

As it now stands, the development of a single weapons system such as the artillery howitzer system, as an example, is fragmented throughout the various arsenals. The gun tube and breech are developed at Watervliet up in New York; the gun carriage and recoil mechanism at Rock Island; the ammunition at Picatinny; metal parts for the ammunition at Aberdeen; fire control devices are made at Frankford; chemical warheads at Edgewood; and ballistic studies at Aberdeen.

The Army has determined that this system is grossly inefficient and an obvious waste of tax dollars, and in an effort to slice the fat from its own budget, the Army established a process to improve its armaments development capability. That process has provided for maximum participation by the public and all interested parties.

FINAL CONCLUSIONS

The Army's final conclusion was to pursue the consolidation of the development functions. The Army decided that it had to join its systems approaches to be able to rapidly exchange technology during the development process. Reviewing the advisability of Picatinny as a development center in the armament development system, it is critical to have a clear picture of its importance in the development system. By far the largest contributor to the development system is Picatinny, and more than 43 percent of the armament development budget is now allocated to Picatinny. Over 41 percent of the personnel are at Picatinny. In fact, Picatinny is now the actual center as far as the bulk of the armament development activities are concerned.

Any other decision, then, to consolidate as the Army now plans would result in moving even more people, at greater cost, with less efficiency. Not only is the Army consolidation decision in the national interest because it provides greater productivity and efficiency at vastly reduced costs, it is completely logical and the least disruptive. It is based on the most effective use of existing resources and personnel.

OPPOSITION CONCERNS

Mr. Chairman, I am very sympathetic to the problems which are confronting our colleagues who are and will be here in opposition to the Army's decision. Their very effective representation of their constituents throughout this long process has indeed been commendable. They are facing adverse economic impacts in some degree, I think in most cases a relatively minor degree, but they are facing this in their communities at the worst time in recent history. This I appreciate and can understand their deep concern.

They have made the strongest possible case against the reorganization plan. It is clear they have spent extensive time developing their critique of the Army's position, and they forced a complete justification for every premise advanced by the Army. Their detailed criticisms have, ironically, become a significant factor in support of the Army's decision since the criticisms have resulted in a thorough education of the Army's position and an evaluation and a reevaluation of that position by the Army. And this has happened through the years that the review has been underway.

The Army program calls for a 4-year phase-in of this system which will substantially reduce the adverse economic impact on any affected area. It is also some reassurance that there are Federal programs to blunt the adverse economic impact which the communities may be facing.

I would like to point out, however, that the impact of alternative proposals would be far more damaging to the communities surrounding Picatinny than this proposal is to any other affected area.

FRANKFORD ARSENAL

I would like to summarize, Mr. Chairman, what will happen if this reprogramming is not approved. Most importantly, the capability of the Army to perform its assigned mission will be impaired, as will be the national security of this Nation. The planned closure of Frankford Arsenal, the other aspects of the realignment will probably be accomplished eventually because the logic of the Army's position is inexorable. The resulting inefficiencies will waste tax dollars. There will be serious disruption to the lives of the personnel who are to be involved in the transfer of functions. The uncertain transfer dates will cause some serious family hardships.

As I have said previously, I can understand the problems facing those who would urge even more delay or the adoption of some other proposal, but the Army's position is compelling. The delay in this reprogramming is also a delay in improving military efficiency as well as a blatant waste of scarce tax dollars at a time when the competition for those dollars we see on every front.

So I appreciate the opportunity to come here on this side and in support of the long development that has come to this conclusion, that Picatinny, and Picatinny now should be the development center.

Senator JOHNSTON. Thank you very much, Senator Williams.

As I understand it, there has been a reduction at Frankford Arsenal in Philadelphia from about 5,000 to some 2,400 at this time.

Now, has Picatinny gotten most of those employees? In other words, have you gotten about 2,600 additional employees at Picatinny?

I know some just quit rather than make the move.

COST AND EFFICIENCIES

Senator WILLIAMS. As I understand it—and of course, these details will come from the spokesmen for the Army, after the total transfer of the functions has been accomplished, the increase of personnel at Picatinny will be about 1,000. So the answer to that is Frankford's personnel totally will not be transferred, although I understand that in the early statement of personnel's desires, given an opportunity to transfer, those that transfer show a high percentage that are willing to transfer and would want to be transferred to Picatinny. And again, that is a detail that I am sure the spokesman from the Army will have.

Senator JOHNSTON. As I understand your testimony, you are saying that the logic of the Army decision is inexorable because of efficiency, because of cost, because of productivity in the Army?

Senator WILLIAMS. Exactly.

Senator JOHNSTON. And when the Army makes that kind of decision, we should follow it, where cost and efficiencies are present? That is your testimony?

Senator WILLIAMS. That is the logic, and that is the logic I support, and I will say, I see here these are the documents that have been presented to us over the years in support of the logic of this transfer.

Senator JOHNSTON. Well, now, I have a question for both you and Senator Case, and I don't mean to put anyone on the spot, but will that logic of the Army's position be the same when we come to consider one station training?

Senator CASE. Mr. Chairman, we could see that coming from way over here.

Senator WILLIAMS. If, after this kind of review, and all of the logic that is there, with the same compelling force that it is in this case, the answer would be yes. We haven't seen that yet, though, Mr. Chairman.

PREPARED STATEMENT AND ARMAMENT RESEARCH AND DEVELOPMENT
COMMAND DECISION HIGHLIGHTS

Senator JOHNSTON. Thank you, Senator Williams. Your prepared statement and the highlights of the ARRADCOM decisions will be placed in the record at this point.

[The statement and highlights follow:]

PREPARED STATEMENT OF U.S. SENATOR HARRISON A. WILLIAMS, JR.

Mr. Chairman, I sincerely appreciate the opportunity to appear before you today to discuss the Army's decision to reprogram funds for the Army Development Center Headquarters at Picatinny Arsenal.

This issue has had the most profound scrutiny for almost 4 years now. During that time the affected communities and workers and their congressional representatives have been deeply involved in the review process. The evidence produced during that process to support the Army's decision has been overwhelming.

I am submitting for the record some of the highlights of the decisionmaking process on this issue. As you will note, I have opposed to the realignment have had 11 previous opportunities to present their objections. The Army's position has prevailed in every forum, congressional and administrative.

HIGHLIGHTS OF DECISIONS ON ARRADCOM

December 1973: AMARC study initiated.

April 30, 1974: AMARC recommendation.

December 31, 1974: Army verification of AMARC recommendations—issue of study concept plan.

January 24, 1975: Army ranked three preferred courses of action.

February 18-28, 1975: Congressional delegations briefed.

May 1, 1975: Army received congressional comments.

June 25, 1975: Review of congressional comments completed—revised alternatives prepared.

August 29, 1975: Army audit agency's validation of decision documentation.

December 2, 1975: Announcement of decision.

July 19, 1976: GAO review.

July 22, 1976: Hearings before House Subcommittee on Military Construction Appropriations.

Throughout the proceedings, the Army has shown the greatest fairness in reviewing the various views presented.

The inefficiencies of the present system of arsenals has been dramatically demonstrated many times by the Army in its presentations. I will note for this committee that the present R. & D. effort in armament is geographically and organizationally disbursed among five locations. The decision has been made, after these long years of study, to consolidate selected elements of the five arsenals into a new development center at a single location.

As it now stands, the development of a single weapons system such as the artillery howitzer system is fragmented throughout the various arsenals. The gun tube and breech are developed at Watervliet, the gun carriage and recoil mechanism at Rock Island, the ammunition at Picatinny, and the metal parts for the ammunition at Frankford. Fire-control devices are made at Frankford, chemical warheads at Edgewood, and ballistic studies are at Aberdeen.

The Army has determined that this system is grossly inefficient and an obvious waste of tax dollars. In a commendable effort to slice the fat from its own budget, the Army established a process to improve its armaments development capability. That process has provided for maximum participation by the public and all interested parties. The Army's final conclusion was to pursue the consolidation of the development functions. The Army decided that it had to join its systems approaches to be able to rapidly exchange technology during the development process.

In reviewing the advisability of Picatinny as the development center in the armament development system, it is critical to have a clear picture of its importance in the development system today. By far, the largest contributor to the development system is Picatinny. More than 43 percent of the armament development budget is now allocated to Picatinny. Over 41 percent of the personnel are at Picatinny. In fact, Picatinny is now the actual center as far as the bulk of the armament development activities are concerned. Any other decision than to consolidate as the Army now plans would result in moving even more people at greater cost, with less efficiency.

Not only is the Army consolidation decision in the national interest, because it provides greater productivity and efficiency at vastly reduced costs, it is completely logical and the least disruptive. It is based on the most effective use of existing resources and personnel.

Mr. Chairman, I am very sympathetic to the problems which are confronting my colleagues in opposition to the Army's decision. Their very effective representation of their constituents throughout this long process has been commendable. They are facing adverse economic impacts in their communities at the worst time in recent history. They have made the strongest possible case against the reorganization plan. It is clear that they have spent extensive time in developing their critiques of the Army's position, and they have forced a complete justification for every premise advanced by the Army. Their detailed criticisms have, ironically, become a significant factor in support of the Army's decision, since the criticisms have resulted in a thorough evaluation of the Army's position throughout the years that the reviews were being made.

The Army program calls for a 4-year phase-in of this system which will substantially reduce the adverse economic impact on affected areas. It is also of some reassurance that there are Federal programs to blunt the adverse economic impact which the same communities may be facing. I would like to point out, however, that the impact of alternative proposals would be far more damaging to the communities surrounding Picatinny than this proposal is to any other affected community.

IMPACT OF DISAPPROVAL

I would like to summarize what will happen if this reprogramming is not approved:

Most importantly, the capability of the Army to perform its assigned mission will be impaired as will be the national security of this Nation.

The planned closure of Frankford Arsenal and the other aspects of the realignment will probably be accomplished eventually because the logic of the Army's decision is inexorable.

The resulting inefficiencies will waste tax dollars.

There will be serious disruptions in the lives of the personnel who are to be involved in the transfer of functions.

The uncertain transfer dates will cause some serious family hardships.

As I said previously, I can understand the problems facing those who would urge even more delay or the adoption of some other proposal. But the Army's position is compelling. A delay in this reprogramming is also a delay in improving military efficiency as well as a blatant waste of our scarce tax dollars.

STATEMENT OF HON. CLIFFORD P. CASE, U.S. SENATOR FROM
NEW JERSEY

SUPPORT OF ARMANENT DEVELOPMENT CENTER

Senator CASE. Mr. Chairman, I haven't been sworn, but perhaps in this committee I don't need to be, but I want to thank you for hearing us, and thank my colleague for the fine presentation he made.

In answer to your question, too, I would like just to add what is best to be done for the defense of this country, has to be done, I have no question about that. The way in which it is done is a matter which requires very careful doing, particularly with respect to Fort Dix, and you cannot object to something that is in fact in the interest of our defense and the interest of saving money in the Nation at large.

You can require, though, as we insisted, that if one-station training is going to be established, it ought not to be solely at the expense of one community, and there ought to be backfill provided that is adequate for that area, and which justifies the enormous investment that the Defense Department has made in the area around Dix. The same kind of thinking applies, certainly to Frankford Arsenal. We just want the Army to do the right thing.

In the instant matter, it ought to be supported by this committee, I think.

Senator WILLIAMS. We want Senator Mondale to do the right thing.

Senator CASE. It is a little bit interesting to observe the way this thing has developed in the light of the campaign. Casual remarks made in the heat of a campaign and in the enthusiasms of the protagonists should be weighed in the cool light of day which we have today. The Army certainly ought to be supported in this matter.

PREPARED STATEMENT

If I may, just for the record, following Senator Williams' eloquent statement, present my brief statement in support, I would appreciate it.

Senator JOHNSTON. Without objection, your full statement will be printed at this point in the record.

[The statement follows:]

PREPARED STATEMENT OF SENATOR CLIFFORD P. CASE

Mr. Chairman, Senator Williams and I appreciate the opportunity to present our brief statements on a matter that is very important to the state of New Jersey.

We are here to support the Army's request to reprogram \$7,363,000 to provide facilities for consolidation of the Armament Development Center, headquartered at Picatinny Arsenal in New Jersey.

It would be redundant, and I do not want to take the Subcommittee's time on this because I know the record is complete, to give lengthy testimony in support of this request for reprogramming. This matter has been studied for years. The Army spent all of 1974 and all of 1975 examining this matter in great detail. Both public and congressional comment was solicited and received. I frankly doubt that anything new can be added today on the merits of this consolidation. The Army's report stands on its own.

Let me cite a comment in a letter to me from Secretary Hoffman, dated December 2, 1975, announcing the Army's decision on the future of the ADC:

This functional realignment presents the Army with a significant opportunity to improve its research and development and logistics management and to realize savings in the dollars and manpower so critical to defense in today's fiscally constrained environment.

This subcommittee is not being asked to do something rash or something costly, or something that has not been well thought through. The Army is simply and routinely asking to be allowed to get on with a matter that has been thoroughly studied, that is in the interest of the Army's weapons program, and that is estimated to result in an annual savings of \$37 million.

Senator Williams and I are pleased to support the Army's request for reprogramming and we urge this subcommittee to approve it.

CONCLUDING REMARKS

Senator JOHNSTON. Do you have anything else to add, Senator Case?
 Senator CASE. It is a hard thing to add too much to a thing like this. It seems so obvious and clear and right. You can repeat and repeat, but all we really can say is this is right, the Army has decided it is right after a long study, careful consideration, and the most, I think, thoughtful care, and if it isn't adequate, we will do everything, I think, as this committee always has done, to ameliorate any hardship caused, but the right thing ought to be done.

FUNCTIONAL REALIGNMENT

Secretary Hoffmann in his letter to me December 2, when he announced the Army's position on the future of the ADC, I think summed it all up:

This functional realignment presents the Army with a significant opportunity to improve its research and development and logistics management and to realize savings in the dollars and manpower so critical to defense in today's fiscally constrained environment.

Senator JOHNSTON. Thank you very much, Senator Case and Senator Williams. We appreciate your testimony very much.

Senator CASE. I just want, before I have to go to the Intelligence Committee, to welcome our colleague, Helen Meyner, to the witness table, and she never needs any assistance because she is a very capable woman, in addition, and she represents well. If that is to be used in future campaigns, it is no less than you deserve.

Senator JOHNSTON. Her good reputation precedes her to this committee.

Representative MEYNER. Thank you, Mr. Chairman, and thank you, Senator.

Senator JOHNSTON. The next witness is the Senator from Pennsylvania, Dick Schweiker, from whom we will be glad to hear at this time.

STATEMENT OF HON. RICHARD S. SCHWEIKER, U.S. SENATOR FROM PENNSYLVANIA

OPPOSITION TO REPROGRAMMING FOR PICATINNY ARSENAL

Senator SCHWEIKER. Thank you, Mr. Chairman.

First I would like to say normally I don't differ too much with my two colleagues across the Delaware River, Senator Case and Senator Williams. We normally see eye to eye. The only time we begin to differ is when we argue about which side of the Delaware River certain facilities ought to be located on, so that we do have an honest difference here, and I appreciate this subcommittee hearing it and the opportunity to testify.

I would like to read a statement.

Mr. Chairman, thank you for giving me this opportunity to appear before your subcommittee this morning. I would like to urge your subcommittee to reject the Army's request to reprogram \$7.3 million

for Picatinny Arsenal. I have come to this conclusion because I believe the Army has been out of control in its handling of this matter.

My primary interest is in the future of the Frankford Arsenal in Philadelphia. Congressman Eilberg and Senator Heinz, my colleague, will be testifying later this morning, and they will be giving a complete explanation of the economics involved and why it doesn't make sense to close the Frankford Arsenal. I will not attempt to duplicate or anticipate Congressman Eilberg's testimony. Instead I will focus my remarks on the activities of the Army in the last few months.

In 1974 the Army announced plans to close Frankford Arsenal by the end of fiscal year 1977. Despite this, the Army did not include funds in the fiscal 1977 budget that would be needed to transfer the Frankford activities to Picatinny. This means that it was impossible for the Senate Appropriations Committee to review the transfer in an orderly fashion last year. Now this subcommittee is taking a look to see if the Army should be allowed to do what it in fact has very nearly finished doing.

After failing to ask for the necessary funds in the budget, the Army submitted this reprogramming request on June 11, and the House completed action on September 21. As you will recall, I called you, Mr. Chairman, and asked that you hold a hearing on this request, and I appreciated very much your announcement that you would hold a hearing shortly after Congress reconvened in January. Unfortunately, the Army did not in any way delay its plans to allow this subcommittee a true option in this matter. Instead, they went full speed ahead with the closing of Frankford Arsenal as though the reprogramming was no problem, and we just had to rubber stamp and ratify what they had already decided to do.

Then we had the election campaign, and Senator Mondale was in Philadelphia the day before the election. He visited with Mayor Rizzo and others and announced that if the Carter-Mondale ticket were elected, they would make certain that the Frankford Arsenal would stay open. Well, the Carter-Mondale ticket of course was successful, but the Army did not in any way change its plans to allow the pledge to be fulfilled.

CORRESPONDENCE

Instead, the Army began a procedure to send out over 1,900 pink slips to arsenal employees, to be effective on January 29. Fortunately, word of this leaked out, and a number of others and I protested to the Army at that time. I would like to include a copy of my November 11, 1976, letter to the Secretary of the Army in the record at this point, if I may.

Senator JOHNSTON. Without objection, the letter will be printed in the record at this point.

[The letter follows:]

November 11, 1976

Honorable Martin R. Hoffmann
Secretary of the Army
The Pentagon
Washington, D.C. 20310

Dear Mr. Secretary:

It has come to my attention that the Army is planning to send letters on November 15, 1976, to approximately 1900 employees of the Frankford Arsenal, notifying them either of their transfer to the Picatinny Arsenal or of their separation from the Frankford Arsenal, and that most of these actions will be effective January 31, 1977. I urge you not to send these letters.

As you know, the Senate Appropriations Committee, of which I am a member, is currently considering a reprogramming request from the Army for \$7.3 million for the transfer of functions from the Frankford and Rock Island Arsenals to Picatinny in New Jersey. I am seriously concerned that the personnel notices under consideration would pre-empt our Committee's consideration of that request.

Also, during the recent election campaign, Vice President-elect Mondale stated that a Carter Administration would reconsider the decision to close Frankford Arsenal. I do not believe that the present Administration should announce actions to become effective after the next Administration takes office, especially in areas where the leadership of that Administration has stated that they disagree with current policy.

The reason for this restraint is clear. The 1900 employees of Frankford Arsenal who receive their letters will have to begin to plan for a change of employment effective February 1, 1977, without knowing whether they will be transferred or RIFed on January 31 or if that order will be countermanded after January 20. People will not know whether to place their homes on the market, and they will not be able to accept new employment with certainty. The effect on the individuals and on the morale of the Arsenal as a whole will be substantial and will be adverse.

Since the Army does not plan to completely close Frankford Arsenal until September 1, 1977, I fail to see why this decision could not be delayed by 90 days. In this way the lives of the employees would not be needlessly disrupted, the rights of the Senate Appropriations Committee would be respected, and the new Administration would not be faced with the option of either approving an action they don't like or cancelling it at the last minute.

I hope you will give this matter your earliest consideration.

Sincerely,

Richard S. Schweiker
United States Senator

ARTICLE FROM PHILADELPHIA DAILY NEWS

Senator SCHWEIKER. Apparently the ruckus caused by these protests led to the decision being reviewed higher up, but the pink slips still went out later in November. Just before that happened, perhaps the most alarming event of this entire disturbing story took place. Maj. Gen. Bennett L. Lewis was quoted in a Philadelphia Daily News story as saying that the Army intended to go forward with this closing regardless of the wishes of the President-elect, and that there would be nothing Mr. Carter could do about it after the inauguration. I would like to include a copy of this article in my testimony at this point if I may.

Senator JOHNSTON. Without objection, the article will be printed in the record at this point.

[The article follows:]

[From Philadelphia Daily News, Nov. 28, 1976]

GENERAL ORDERS ARSENAL SHUTDOWN

"In effect, the general . . . told the next President of the United States to go to hell."

—Arsenal official.

(By Hoag Levins)

The general in charge of Army arsenals has announced at private meetings that Frankford Arsenal will be closed despite a pledge by the incoming Carter Administration to keep the facility open.

Meeting with officials of both Frankford Arsenal and New Jersey's Picatinny Arsenal last week, Maj. Gen. Bennett L. Lewis said the "political bugle blowing" of Vice President-elect Walter Mondale would have no effect on the Army's closing plans, sources present at the meeting told the Daily News.

At the same time, Lewis ordered the task force overseeing the dismantling of Frankford's facilities to proceed "at full speed," the sources said.

According to high arsenal sources, Lewis also met privately with at least one Frankford official and offered him a "solid position" at Picatinny Arsenal if he would "lay off" criticizing the Army's actions at Frankford.

Lewis is commander of the Armament Research and Development Command (ARADCOM), which is reorganizing the Army's weapons development and procurement programs.

A spokesman at Lewis' headquarters at the Rock Island, Ill., Arsenal said yesterday the general would be unavailable to talk about his meetings with area arsenal officials last Tuesday and Wednesday.

At three meetings with more than 125 high-level Frankford Arsenal employees Wednesday, sources said Lewis:

Indicated he was not happy with the election of Jimmy Carter and Walter Mondale because "now we have the riders driving the bus."

Discounted Mondale's arsenal pledge as "political bugle blowing" and "political hyperbole" that would have no effect on ARADCOM's arsenal closing plans.

Said he was "unaware" of any agreement by the Army to grant the arsenal a 90-day reprieve until after Carter took office on Jan. 20.

Even if the Carter Administration did attempt to "save" the arsenal, ARADCOM intended to let it "starve" by withholding financial support and work.

At one point, Lewis indicated there would be little or nothing left to save by the Jan. 20 inauguration. "What are they going to save? Empty buildings? That's what they'll be. Empty buildings," the reports said.

A day earlier—last Tuesday, Lewis met with a 200-member group at Picatinny Arsenal. That group, the ARADCOM Implementation Task Force (AITF), is directing the dismantling of Frankford and the transfer of some of its functions to Picatinny.

According to sources within the AITF group, Lewis ordered that dismantling of Frankford Arsenal "is not to stop."

Explained one AITF member: "We were told that there would be no hesitation. No uncertainty. Frankford Arsenal was to be closed. Gen. Lewis told us that this would happen no matter what we might hear from the politicians. We have our orders. We are forging ahead."

Since Lewis' visit, at least one five-member AITF team has been ordered beefed up to 30 members to speed its work.

Yesterday, high-level arsenal officials confirmed that the close-out had not been stopped or delayed, despite press reports that the facility had received a 90-day "reprieve."

"We have our orders. They are very specific. We are to close the arsenal. These orders have not been changed. If anything, the work in that direction has accelerated slightly in the last few weeks," one official said.

Appearing in Philadelphia on a last-minute campaign stop. Nov. 1, Mondale said if Carter were elected President, the arsenal would not be closed.

"One of the first things we would do after the election would be to hold an emergency meeting with the mayor and the governor to make sure the arsenal stays open," Mondale said.

Last week, Sen. Richard Schweiker (R., Pa.) wrote to Secretary of the Army Martin Hoffman asking that the Army put off its closing plans until after the Carter Administration took office.

Although it was widely reported that Schweiker's request had been granted, the Senator has yet to receive notification of any sort from the Army Department. Yesterday, Schweiker's office said, "The last we heard, the Army told us that the decision was still pending. We know of no decision one way or the other at this time." The reports only quoted union officials.

Lewis' visit to the arsenal last Wednesday sent shock waves through the 2,400 employes there and even stunned resident Army officers whose careers are not directly tied to the facility's fate.

"It was a question of propriety," explained one high arsenal official. "We work in a situation where you obey orders. That's what it is all about and we intend to do that. But there is a widespread feeling that Lewis' behavior was totally improper. In effect, the general came here to the arsenal, last Wednesday, "and told the 'new' President of the United States to go to hell."

STATEMENT OF VICE PRESIDENT-ELECT MONDALE

Senator JOHNSTON. Now, it was Vice President Mondale who made the promise. Did the President-elect also make the same promise during the campaign?

Senator SCHWEIKER. I don't know that he did, but I think that Senator Mondale—

Senator JOHNSTON. I am not saying Senator Mondale was not authorized to speak on his behalf.

Senator SCHWEIKER. As I understand it, he has more power than any Vice President in history, Mr. Chairman, so we assume that that would apply to the administration as well, although that is something obviously that has to be actually determined yet.

SENATOR SCHWEIKER'S SECOND LETTER

In response to the remarks of General Lewis, I sent a second letter to the Secretary of the Army repeating my request for a delay in the closing of Frankford Arsenal and urging the censure of General Lewis if those were indeed his remarks reported in the newspaper. I believed then and continue to think that his reviews represent a direct challenge to the principle of civilian control of the military, and views such as these have no place in our society.

I would like to include a copy of my letter of November 23 in the record here, if I may.

Senator JOHNSTON. Without objection, the letter will be printed at this point in the record.

[The letter follows:]

LETTER FROM SENATOR RICHARD S. SCHWEIKER

NOVEMBER 23, 1976.

HON. MARTIN HOFFMANN,
Secretary, Department of the Army,
The Pentagon, Washington, D.C.

DEAR SECRETARY HOFFMANN: Since my letter to you of November 12, urging you to delay sending letters of transfer and separation to employees of the Frankford Arsenal, there have been conflicting reports on the future of the arsenal. Without receiving any official word from the Army, arsenal employees have one day read that their jobs are secure, only to read a few days later that the shutdown of the arsenal will proceed full speed ahead.

In an article today in the Philadelphia Daily News, Major General Bennett L. Lewis was reported to have said that the Frankford Arsenal will be closed despite a pledge by the incoming Carter Administration to keep the facility open. According to the article, Major General Lewis told high-level Frankford Arsenal employees that even if the Carter Administration did attempt to save the arsenal, ARADCOM intended to let it "starve" by withholding financial support and work.

But a week earlier, an article in the Philadelphia Bulletin reported that the Army had informed the National Association of Government Employees that the 90-day moratorium on action at the arsenal had been granted to give the Carter Administration an opportunity to re-evaluate the situation.

I am concerned about the effect of these conflicting news stories on the morale of the 1900 employees of Frankford Arsenal. These people still do not know if they will be without jobs in the new year, and therefore are not able to plan for the future with security.

Further, I am deeply disturbed by the tone of Major General Lewis' reported ill-timed and callous remarks. The principle of civilian control of the military has been directly challenged. I urge you not only to censure Major General Lewis if he has been accurately quoted, but to clarify the Frankford Arsenal situation as soon as possible. Further delay constitutes a disservice to the new Administration, the Army and the workers at Frankford Arsenal and their families.

Sincerely,

RICHARD S. SCHWEIKER.

ACTION BY CIVIL SERVICE COMMISSION

Senator SCHWEIKER. The Army decided on November 24 to go ahead with the termination notices anyway, but under a procedure that the Civil Service Commission just last week found to have been defective. In fact, the Civil Service Commission advised the Army that they cannot proceed in the way they did, that they were being unfair to the personnel involved, and that the personnel procedures for dismissal and termination were in fact defective. They were so determined to close this arsenal that they ignored that advice. It seems they asked the employees whether or not they would accept transfer to Picatinny during 1977. The Army then proceeded to place all those who said they would accept transfer into the first group of employees to be terminated or transferred. Apparently, if you said you would accept a transfer but the Army wasn't going to transfer your job, you got fired early, and somebody who didn't want a transfer would get to stay on because they knew he would be no problem. The effect was to separate a large number of people early and to disrupt the activities at

Frankford, making the job of saving the arsenal that much more difficult. Under the orders of the Civil Service Commission, the Army now has to reissue all these notices because they didn't follow the orderly procedure of the Civil Service Commission, because the notices were defective, and because they violated the rights of the arsenal employees.

CORRESPONDENCE

I have a copy of the Civil Service letter which I would like to include in the record if I may.

Senator JOHNSTON. Without objection, the letter will appear at this point in the record.

[The letter follows:]

UNITED STATES CIVIL SERVICE COMMISSION

PHILADELPHIA REGION

COMPREHENSIVE PENNSYLVANIA, DELAWARE, MARYLAND, VIRGINIA, AND WEST VIRGINIA

OFFICE OF THE DIRECTOR, PHILADELPHIA, PA. 19106

JAN 3 1977

Lt. Colonel Frank Hackley
 Commanding Officer
 Frankford Arsenal
 Bridge and Tacony Streets
 Philadelphia, PA 19137

Dear Colonel Hackley:

We have carefully analyzed the information in your letter of December 28, 1976 concerning the proposed methods of separating Frankford Arsenal employees involved in the transfer of functions to ARRADCOM. You have not presented information which would support a finding that the proposed actions are in conformance with the Federal Personnel Manual instructions applicable to transfer of function and separation of employees not accompanying the function. Therefore immediate action should be taken to bring the transfer of function procedures into compliance with the FPM instructions.

Our analysis of the information in your letter indicates some misunderstanding of the Federal Personnel Manual 351, Subchapter 3, information on transfer of functions. A transfer of function is the transfer of the performance of a continuing function from one competitive area and its addition to one or more other competitive areas, or the movement of the competitive area in which the function is performed to another commuting area. A function is transferred when it disappears or is discontinued in one location (that is, one competitive area or commuting area) and appears in identifiable form in another location. The operation of the function must cease completely in one competitive area and be picked up completely in one or more other competitive areas. A transfer of function occurs in a reorganization when a function is moved out of one competitive area and into another competitive area. This applies even though there is no geographic relocation of the function.

When a transfer of function occurs, all personnel actions involved in the transfer of function must take place on the effective date of the transfer. Thus, personnel actions separating employees not accompanying the function (those who declined in response to the canvass letter, and those

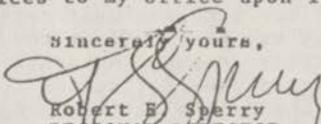
who accepted in response to the canvass letter but who declined a specific offer or were not given a specific offer) as well as those accompanying the transfer of function must be effected on the same date.

Under the methods described in the letter from Headquarters, U. S. Army Armament Command, Rock Island, subject: Armament Community Reorganization dated November 24, 1976 and the letters issued on November 26, 1976 to employees responding "yes" to the canvass letters, whose functions would not physically relocate until after January 31, 1977, their last day on the Frankford Arsenal rolls was to be January 29, 1977. Separation of those who responded "yes" to the canvass letter, but are not accompanying the transfer was to be effective January 29, 1977. Those accepting the specific offer were to be transferred to ARRADCOM rolls effective January 30, 1977. However, employees in the same functions as those being transferred to ARRADCOM who responded "no" to the canvass letter were to be separated on the effective date of the geographical relocation of the function which could be as late as the 4th quarter of 1977. Simply put, it is not equitable to separate those employees who have said "yes" while giving an additional nine or ten months of employment to those who have said "no".

Because your response of December 28th to our letter of December 15th was not affirmative we must now require that all personnel actions connected with this transfer of function be brought into conformance with Federal Personnel Manual instructions.

All employees must be given a new notice of proposed action informing them that all personnel actions will occur simultaneously with the transfer of function from Frankford Arsenal to ARRADCOM. Because time is of the essence, inasmuch as actions were slated to be accomplished on 1/29/77, you will want to send out corrected notices as soon as possible. In this regard, the FPM requires thirty (30) days advance notice so no actions may take place on 1/29/77, as you had planned. My staff stands ready to assist you with any further guidance you may need. Please send copies of the corrected employee notices to my office upon issuance.

Sincerely yours,



Robert E. Sperry
REGIONAL DIRECTOR

SMALL CALIBER WEAPONS LABORATORY

Senator SCHWEIKER. The last example I would like to bring up of the Army's irresponsible behavior in the closing of the Frankford Arsenal is the handling of the Small Caliber Weapons Laboratory. As Congressman Eilberg will explain in his testimony, the Small Caliber Weapons Laboratory should remain at Frankford, and a good case can and will be made for it. The Army knew that the proposal to keep this lab at Frankford would be pursued, so on December 3 a letter went from Picatinny to Frankford saying that the lab was to be moved immediately, and that all equipment was to be out by the end of December or the start of January, and that it was to be in operation at Picatinny by January 18, 2 days before the changeover. The original timetable had the Small Caliber Weapons Laboratory staying at Frankford until June or July. But in the great expeditious rush to close the arsenal at all costs before the new administration came in, they moved that up to January 18. The obvious purpose of the speedup is to present the new administration with a *fait accompli* on January 20.

ORDER AND RESPONSE

I would like to insert a copy of this order and the response from the person in charge of the lab at Frankford, who described the move as premature, into the record at this point, if I may.

Senator JOHNSTON. Without objection, the material will appear at this point in the record.

[The material follows:]

DECEMBER 3, 1976.

Subject: Building 717 Small Caliber Equipment

COMMANDER,
U.S. Army Frankford Arsenal,
Bridge & Tacony Street
Philadelphia, Pa.

(Attention: SARFA-CC)

1. It is requested that release documents be prepared for the items of FFA equipment shown on attached drawing #SK79939. This equipment will be installed in Bldg. 717 and 717A, ARRADCOM starting the week of 27, Dec. 76. In order to assure a coordinated installation effort, it is requested that all actions related to the disconnect, pack, crate, handling, and transport, to include associated ancillary equipment, be taken by your office.

2. All subject equipment is to be delivered to Bldg 717 Picatinny Arsenal the week of 27, Dec. 76.

3. Should for any reason the above requested actions be delayed, it is urgent that this office receive immediate notification in order that corrective action may be taken.

For the Commander:

CLEMON G. COURTNEY, Col. CE
C. ARRADCOM Facilities Planning
Team and Base Operations.

[Disposition Form]

DECEMBER 16, 1976.

Small Caliber LAP Shop Equipment
Disposition for Bldg #717—ARRADCOM
To: Chief, Closure/Formation,
Management Office, CC.
From: Director, Applied Technology, AT.

1. Reference is made to letter dated 3 December 1976 from U.S. Army Armament Research and Development Command Implementation Task Force, Subject: Bldg 717 Small Caliber Equipment (copy attached).

2. In compliance with referenced letter, attached are scheduled release dates for all IPE required for installation in subject shop at ARRADCOM. This schedule represents the best effort of this directorate, which includes the full utilization of all but two (2) of the twenty (20) personnel assigned to the Small Caliber shops at Frankford Arsenal. As a result of this intensified equipment disposal effort in support of the accelerated project to equip and make operational the Small Caliber LAP Shop at ARRADCOM, all Small Caliber Prototype Fabrication will be discontinued thru 28 February 1977, except for the XM777 and XM778 programs.

3. This exercise involves the turn-in and decontamination of 35 items of IPE, 58 items of OPE and a number of minor and miscellaneous property items required in the operation of this shop. When completed, this exercise will prematurely strip Frankford Arsenal of its Small Caliber LAP capability and will require the bussing to ARRADCOM of skilled Small Caliber Fabrication personnel to accommodate RAD program LAP requirements.

4. A schedule for the release of the 58 OPE items will be submitted by C.O.B. 17 December 1977.

5. In the event that assistance requested from the PTA Shops is realized, a light advancement of the attached schedule will result.

M. J. PALLADINO, Sr.

BUILDING NO. 717 SMALL CALIBER EQUIPMENT

Machine	FA tag number	Location	Completion date
1—primer insert.....	X120999	212-3	Dec. 17, 1976
2—primer insert.....	Q16116	212-3	Dec. 21, 1976
3—gauge and weigh.....	Q13750	214-2	Do.
4—primer insert.....	X56182	212-3	Dec. 23, 1976
5—primer insert.....	X72844	212-3	Dec. 28, 1976
6—primer insert.....	X38557	212-3	Dec. 30, 1976
7—primer insert.....	X31868	212-3	Jan. 5, 1977
8—primer insert.....	X42827	212-3	Jan. 6, 1977
9—load and assembly.....	X120990	214-3	Dec. 22, 1976
10—load and assembly.....	A783	214-3	Dec. 30, 1976
11—load and assembly (5.56 mm retain).....	Q19418	214-3	(*)
12—load and assembly.....	A759	214-3	Jan. 6, 1977
13—load and assembly.....	A838	214-3	Dec. 29, 1976
14—load and assembly.....	Q16646	209-3	Do.
15—gauge and weigh.....	Q16639	214-2	Dec. 28, 1976
16—gauge and weigh.....	Q19447	214-2	Jan. 5, 1977
17—gauge and weigh.....	Q19351	214-2	Dec. 17, 1976
18—gauge and weigh.....	Q16607	214-2	Dec. 22, 1976
19—gauge and weigh.....	Q19948	214-2	Dec. 30, 1976
20—linker.....	X119987	213-1	Dec. 20, 1976
21—load and assembly.....	X117870	122-2	Jan. 10, 1977
22—primer insert.....	A754	122-2	Do.
23—load and assembly.....	A1093	122-2	Do.
24—primer insert.....	P4250	122-2	Do.
25—load and assembly.....	A844	122-2	Do.
26—rotary crimp.....	AA28157	122-2	Jan. 7, 1977
27—Denison press.....	P4327	122-2	Jan. 14, 1977
28—Denison press.....	Q29700	122-2	Do.
29—Dillon bullet pull.....	V1085	122-2	Do.
30—X-ray, portable.....	AA19477	122-1	Jan. 13, 1977
31—F.I.E. machine.....	AA28154	122-1	Do.
32—F.I.E. machine.....	AA28155	122-1	Do.
33—clip loading.....	Q27984	(*)	(*)
34—leak tester.....	Q39339	213-B	Jan. 5, 1977
35—gauge and weigh.....	(*)	P.A.A.	(*)
36— isotopic gauge.....	Q38684	214-2	(*)
37— isotopic gauge.....	Q38685	214-2	Dec. 15, 1976
38—Dillon bullet pull.....	Q21973	214-2	Jan. 4, 1977

1 Research development, and engineering.

2 Lake City.

3 Present.

4 P.A.A. serial No. 32578-15 in building 717.

5 Present manufacturing.

6 Must remove isotopic source.

REPROGRAMMING REJECTION

Senator SCHWEIKER. That is the record, Mr. Chairman. The Army has acted in a precipitous fashion, with the goal of preventing either this subcommittee or the new administration from conducting an

orderly review even when both this subcommittee and the new administration had announced plans to do exactly that.

I strongly urge this subcommittee to reject this reprogramming request. As Congressman Eilberg will explain, no money is needed to prepare Picatinny to receive functions from Frankford because those functions should not be transferred. Further, the request should be rejected so that the new administration will have a chance to review the matter before it has been entirely completed, and a chance to redeem the pledges of the Vice President-elect. I believe that Congress should let the Army know that the Army cannot run roughshod over civilian control of the Government, and that this committee ought to have some role in making these determinations since we do appropriate money for the purposes involved, and that it is Congress and not the Army which determines how our defense organization is to be structured, and how our defense dollars are to be spent.

And I thank the Chairman very much for his consideration.

Senator JOHNSTON. Thank you very much, Senator Schweiker.

The case on the question of money, that is, which is the most efficient, Picatinny as opposed to Frankford, will be made by Congressman Eilberg, I assume.

Senator SCHWEIKER. That is right, and I will defer to him because there is no sense in repeating and taking more of the committee's time. He has a very good case.

Senator JOHNSTON. Very good.

This matter has been considered a number of times by different committees; has it ever received full consideration in the Congress, to your judgment?

Senator SCHWEIKER. Not to my knowledge, Mr. Chairman. The only hearing that I think you can really say it received is the reprogramming action, and this is my objection to the procedure. Shutting down a base like this, they come in a back door after it is all over and say you have no choice now but to reprogram because we already moved the base. So we need the money to relocate the rest of it, and I feel that puts us in a position where we really have no choice but to go along. That is exactly what they are attempting to do here, get everything out the door, shove it into the Delaware River or across the State line, and then present us with a bill for what is left.

WELCOME TO NEW COMMITTEE MEMBERS

Senator JOHNSTON. I am glad to welcome to the committee Senator DeConcini from Arizona, and also Senator Melcher from Montana.

Do you have any questions, Senator DeConcini?

Senator DeCONCINI. No thank you, Mr. Chairman.

Senator MELCHER. No questions, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Senator Schweiker.

Senator SCHWEIKER. Thank you very much.

Senator JOHNSTON. We are now pleased to welcome the new Senator from Pennsylvania, Senator Heinz.

STATEMENT OF HON. H. JOHN HEINZ III, U.S. SENATOR FROM
PENNSYLVANIA

OPPOSITION TO CLOSING OF FRANKFORD ARSENAL

Senator HEINZ. Mr. Chairman, thank you very much, and at the outset, I would like to thank you, Mr. Chairman, and the members of your committee for permitting me to appear, and for permitting me to testify on the problem of Frankford Arsenal, and the proposed expenditure of \$7.3 million for the expansion of the Picatinny Arsenal.

I particularly want to commend my friend, colleague, and senior Senator from the great Commonwealth of Pennsylvania, Dick Schweiker, for what I think was an outstanding presentation, and justification for the maintenance of the very necessary functions of the arsenal, and the lack of legitimate reason for changing to Picatinny. And I see in the audience my former House colleague and very good friend, Josh Eilberg, who is testifying after me, and I do not intend to either repeat what Senator Schweiker has argued so eloquently for, nor to duplicate what Congressman Eilberg will, I am sure, effectively bring to the attention of this committee.

I do appear before this committee today to express my very deep concern over the fate of the Frankford Arsenal, its capabilities, and most of all, the fate of its employees. Today I understand that the members of this committee, your committee, will consider a reprogramming request for \$7.3 million for the expansion of the Picatinny Arsenal. It is my understanding this request is predicated on the closing of the Frankford Arsenal and transfer of its functions to Picatinny.

As you may or may not know, Vice President-elect Mondale on more than one occasion has stated his belief that the arsenal should not be closed, and has pledged that the incoming administration will "make certain," and I emphasize that, and I quote, "make certain" that the arsenal stays open. Notwithstanding this clear statement of the new, the incoming administration's intention, the Army appears to be expediting the arsenal's closing, and has begun sending arsenal employees their notices of termination.

Obviously this series of events has created uncertainty and hardship for those who worked with the arsenal, and for people who live in the areas around it.

Since making his initial commitment, the Vice President-elect, Senator Mondale, has informed me that he has asked Dr. Harold Brown, Secretary of Defense-designate, to begin an immediate review of the Frankford Arsenal closing. In view of the fact that this policy, that is to say, the policy of closing the Frankford Arsenal, is now under review by the transition team, by the incoming administration, which is very much on record as favoring the maintenance of the Frankford Arsenal, I candidly feel that a decision to approve these construction funds here today could prove costly to the taxpayer if the decision to go ahead and expand at Picatinny is made.

DELAY OF FUND TRANSFER

Therefore, I would urge the members of this committee to delay any transfer of funds until the new administration has not only reviewed the case of the Frankford Arsenal, but has had an opportunity to work its will and indicate to the Congress its desire.

CORRESPONDENCE

Mr. Chairman, I would like to insert into the record copies of my letters of December 15, 1976, to Secretary Rumsfeld and Vice President-elect Mondale; a copy of the letter Vice President-elect Mondale sent to Secretary of Defense-designate Harold Brown; and a copy of the letter Vice President-elect Mondale wrote to me on January 3, 1977.

Senator JOHNSTON. Without objection, they will be printed in the record at this point.

[The letters follow:]

LETTER FROM REPRESENTATIVE H. JOHN HEINZ III

Congress of the United States
House of Representatives
Washington, D.C. 20515

December 15, 1976

Honorable Donald H. Rumsfeld
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Secretary Rumsfeld:

Please find attached a copy of a letter I have written Vice President-elect Mondale concerning the planned closing of the Frankford Arsenal.

As you know, Senator Mondale on more than one occasion has stated his belief that the Arsenal should not be closed, and he has pledged that the incoming administration will "make certain" the Arsenal stays open. Notwithstanding this clear statement of the new administration's intention, the Army appears to be expediting the Arsenal's closing and has begun sending Arsenal employees their notices of termination. This series of events has created uncertainty and hardships for those who work at the Arsenal and for the people who live in the areas around it.

The controversy surrounding the closing of the Frankford Arsenal clearly is counterproductive; it could prove costly to the taxpayers, especially if the policy now being implemented is reversed two months from now. For this reason, I have asked the incoming administration to directly and specifically request the Department of Defense to delay further implementation of the closure order. I also requested that a member of the Carter transition team be assigned specific responsibility for working with the Defense Department on the Arsenal's disposition. If these initiatives are instituted, I strongly would hope that the Department will fully comply and cooperate with them.

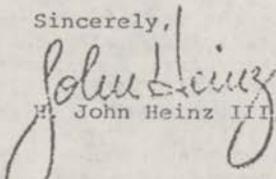
For my own part, I firmly believe that the Frankford Arsenal should be kept open, and I would respectfully request that the Department of Defense discontinue its plans to close the Arsenal. Whatever measure of efficiency is gained by transferring the Arsenal's functions cannot offset the terribly destructive human and economic impact that the closing will have. The General Accounting Office has estimated that the Arsenal's closing will cost the Philadelphia area over \$50 million in lost wages and salaries and more

than \$1.5 million in lost tax revenues. This accounting does not measure the considerable losses that state government and local school districts will incur as a result of the closure.

Needless to say, I believe this is a matter of utmost importance to which I hope you will give your most sympathetic consideration.

With warm regards,

Sincerely,


H. John Heinz III, M.C.

LETTER FROM REPRESENTATIVE H. JOHN HEINZ III

Congress of the United States
House of Representatives
Washington, D.C. 20515

December 15, 1976

The Honorable Walter Mondale
United States Senate
Washington, DC 20510

Dear Senator Mondale:

As you know, the Department of Defense recently announced its intention to proceed with its plans to close the Frankford Arsenal. Because I share your firm conviction that the Arsenal must be saved, I want to offer my assistance in a cooperative effort to ensure its continued operation.

Since Arsenal employees already have begun receiving their notices of termination, steps must be taken immediately to persuade the Department of Defense to delay further action on this matter until the new Administration can work

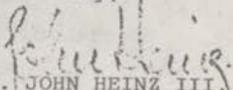
its will. For that reason and in light of your public statements on this issue, I think it is critically important that either you or the President-elect firmly, directly and specifically request the Defense Department to cease implementation of the closure order until the time you take office. President Ford has pledged his administration's commitment to an orderly and efficient transition, and I consequently expect that the Defense Department would be receptive to your request. Needless to say, I would support this initiative as strongly as possible.

Recognizing the need for on-going discussions to facilitate the efficient and satisfactory resolution of the Arsenal controversy, I respectfully suggest that following your initial communication with the Defense Department you assign a member of your transition team specific responsibility for the Arsenal's disposition. I look forward to working closely with this individual to help guarantee an effective and coordinated effort aimed at keeping the Frankford Arsenal open.

The importance of our joint endeavors to save the Frankford Arsenal cannot be underestimated. In both human and economic terms, the Arsenal's closing would have a terribly destructive impact on the men and women who work there. Additionally, further moves to close the Arsenal would strike a severe blow at the economic health of South-eastern Pennsylvania. The prospect of this economic hardship is something which we can neither tolerate nor condone. I believe decisive action at this time can prevent an unfortunate situation from reaching tragic proportions, and that is why I look to you for speedy and forceful action.

Thank you for your attention to this matter of vital importance.

Sincerely,



H. JOHN HEINZ III, M. C.

LETTER FROM SENATOR WALTER F. MONDALE

United States Senate

WASHINGTON, D.C. 20510

December 30, 1976

Dr. Harold Brown
Secretary of Defense Designate
415 South Hill Avenue
Pasadena, California 91106

Dear Harold:

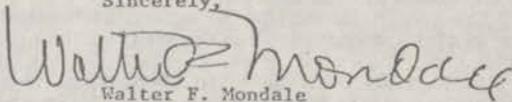
As you know, the new Administration is committed to review the decision of the Department of the Army to close the

Frankford Arsenal in Philadelphia. The Department of the Army initially announced its intention to close the Arsenal in November, 1974. This announcement has now resulted in the issuance of termination and relocation notices, effective on January 29, 1977, to Frankford Arsenal employees.

In view of the issuance of these notices, and particularly in view of the fact that they are to become effective shortly after the new Administration takes office, I am writing to ask that you begin an immediate review of this matter and that discussions be initiated with appropriate Army and Defense Department officials. While the recent decision to issue termination and relocation notices and all other federal executive actions, of course, remain the lawful and exclusive responsibility of the present Administration, in view of the fact that many of the Frankford Arsenal employees have already received their notices, I believe it is essential that steps be taken now to review the rationale for the Department of the Army's actions so that an early decision can be made by the new Administration.

I look forward to working with you in this matter toward the fulfillment of my commitment to the employees of the Frankford Arsenal.

Sincerely,


Walter F. Mondale

LETTER FROM SENATOR WALTER F. MONDALE

United States Senate

WASHINGTON, D.C. 20510

January 3, 1977

The Honorable H. John Heinz, III
United States Senate
Washington, D. C. 20510

Dear Senator Heinz:

Thank you for your letter regarding the Frankford Arsenal. I appreciate your offer of assistance, and I will, of course, do everything I can to assure a review of this matter by the new administration.

While, as you know, all actions taken with respect to the Frankford Arsenal before January 20, 1977 are the exclusive responsibility of the present Administration, I have asked Dr. Harold Brown, Secretary of Defense Designate, to begin an immediate review of this matter. I am enclosing a copy of my letter to Dr. Brown.

Let me also take this opportunity to congratulate you on your election to the Senate. I look forward to working with you and all members of the Senate during the next four years.

Warmest regards.


Walter F. Mondale

ARTICLES FROM BULLETIN AND INQUIRER OF PHILADELPHIA

Senator HEINZ. I would also like to include in the record two news stories; one from the Philadelphia Bulletin of December 31, 1976, and one from the Philadelphia Inquirer of November 2, 1976.

Senator JOHNSTON. Without objection, they will be printed at this point in the record.

[The articles follow:]

[From the Philadelphia Bulletin, Dec. 31, 1976]

MONDALE ASKS STUDY OF ARSENAL

(By John Benditt)

Vice President-elect Walter F. Mondale made a last minute effort yesterday to fulfill a campaign promise to keep the Frankford Arsenal open.

In a four paragraph letter to Secretary of Defense-designate Harold Brown, Mondale urged an immediate review of the Army's decision to close the arsenal.

On Nov. 1, while campaigning in Philadelphia, Mondale promised to "make sure" the arsenal stays open.

But the Department of the Army went ahead with plans to close the facility, sending termination notices to the arsenal's 2,300 employes.

The notices are effective Jan. 29. The Carter Administration does not take office until Jan. 20.

Mondale's letter brushes the issue of shortage of time, and the fact that another administration is in power.

"The recent decision to issue termination and relocation notices remain(s) the lawful and exclusive responsibility of the present administration," the letter said.

But Mondale continues: "In view of the fact that many of the Frankford Arsenal employes have already received their notices, I believe it is essential that steps be taken now to review the rationale for the Department of the Army's actions so that an early decision can be made by the new administration.

Pennsylvania congressmen have kept pressure on Mondale to make good his campaign promise and stop the transfer of arsenal employes to New Jersey.

If the Jan. 29 termination notices take effect, some 1,000 Frankford Arsenal workers are scheduled to go to the Picatinny Arsenal in Dover, N.J.

The Army plans to set up a new Armament Research and Development Command at Picatinny, and many New Jersey politicians and businessmen have actively supported the project.

Last fall, the House military construction subcommittee voted to authorize \$7.3 million to help start the Picatinny project.

The Senate subcommittee, however, voted to delay action until hearings, tentatively scheduled for February, have been held. Pennsylvania congressmen have said they will oppose the \$7.3 million outlay in those hearings.

The latest pressure on Mondale from Pennsylvania came earlier this month when Senator-elect H. John Heinz (R-Pa.) asked current Defense Secretary Donald Rumsfeld to discontinue shutdown plans.

Heinz also asked Mondale to appoint a member of his "transition team" to handle arsenal strategy.

The Ford Administration first announced that the arsenal would be closed and its activities taken over by the Picatinny facility in November 1974.

ARSENAL STAYS, MONDALE VOWS

(By Marc Schogol)

Democratic vice presidential candidate Walter F. Mondale announced here yesterday that if he and Jimmy Carter were elected, they would "make certain" that the Frankford Arsenal stays open.

Mondale, sprinting across the states of the Northeast and Midwest on the last day of the campaign, made the surprise pledge at Philadelphia International Airport after conferring with Mayor Frank L. Rizzo.

As Mondale spoke, the U.S. Supreme Court was announcing in Washington that it had rejected Philadelphia's attempt to block the closing of the arsenal. The high court refused to review earlier rulings by the U.S. District Court and the U.S. Court of Appeals upholding the Army's decision to close the facility.

In the suit, the city had claimed that the secretary of the Army lacked the power to close the plant and that the closing was racially discriminatory.

Mondale's promise, if carried out, would not be affected by yesterday's decision.

The arsenal, in Northeast Philadelphia, employs about 2,400 people. It is scheduled to be phased out and closed by next fall. Mondale said that to do so would be a "fatal blow to that part of the city."

Drew Lewis, the chairman of the President Ford Committee in Pennsylvania, described the timing of Mondale's promise to keep the facility open as suspicious.

"I am convinced this is a last-minute goodie he's trying to give away," Lewis said in a telephone interview. "I think they're in trouble here and that's just one of the ways to try and get around it . . . He's trying to be Santa Claus."

But several local Democratic officials said yesterday that the pledge was not a last-minute vote-getting tactic.

Mayor Frank L. Rizzo, who met briefly with Mondale soon after the Minnesota senator arrived yesterday and who stood beside him during a brief news conference, said he was confident that the Democratic ticket would win in Philadelphia, Pennsylvania and nationwide.

No last-minute gestures will change that, he said. "The people have already made up their minds."

After Mondale left, Rizzo said he had discussed the arsenal with the vice presidential candidate last week when he campaigned here and again yesterday during their meeting on Mondale's plane.

" . . . If you're going to get anything," he said, "you've got to get it before the election."

Rizzo, who had stayed away from Carter's big center city rally Friday because several Rizzo recall leaders had been invited, received Mondale much more warmly than he had received Carter.

On Friday, Rizzo met Carter at the airport, talked with him on the campaign plane and, after a quick handshake before photographers, departed. Yesterday the mayor, with Gov. Milton J. Shapp, stood in a show of unity beside Mondale during his news conference.

EFFECT OF CLOSINGS ON COMMUNITIES

Senator JOHNSTON. Well, let me ask you this, Senator Heinz, and let me make clear that the first I have heard about campaign statements from the Vice President-elect was here today. I have not heard those directly from the Vice President, but I assume he can speak to Dr. Harold Brown and call the whole thing off.

It would seem to me that the function of this subcommittee ought to be to consider this matter on its merits, and I might say that from my standpoint, I don't have my mind made up at all because I know what the cost to a community is when a facility is closed. That happened to us in my home State at Fort Polk a few years back with a devastating effect. While they reopened the fort some time later, it should never have been closed in the first place. I am aware of that devastating effect that it can have on a community and on the 2,400 people directly involved, and upon those who depend on the 2,400 people being there.

CONCLUDING REMARKS

Senator HEINZ. I would think, Mr. Chairman, speaking very candidly, reprogramming these funds would be opening the door to what I think might be a very bad decision to have this committee concur in an action of the outgoing administration, and thereby making it much

more difficult for the new administration. Indeed, there may be people in the new administration who will not be as sympathetic to the case of Frankford Arsenal as Vice President Mondale I think will be, and I would hate to see us open the door to those people and thereby undermine the position of the Vice President-elect. I think that would be a position we would not want to put him in.

Senator JOHNSTON. Senator DeConcini, any questions?

Senator DeCONCINI. No questions, Mr. Chairman. Thank you.

Senator JOHNSTON. We will hear from Senator Clark and Senator Culver next.

Thank you very much, Senator Heinz, for your very persuasive case.

Senator HEINZ. Mr. Chairman, thank you.

Senator JOHNSTON. Senator Clark I believe is next.

Senator CLARK. Senator Culver will start.

STATEMENT OF HON. JOHN C. CULVER, U.S. SENATOR FROM IOWA

INTRODUCTION OF SENATOR CLARK

Senator CULVER. Thank you very much, Mr. Chairman. I wish at the outset to thank you and the members of this subcommittee for giving us the opportunity to appear before you today.

The Senators from both Iowa as well as Illinois wanted to appear together this morning both to testify and to introduce our two witnesses from the Quad Cities task force who have come to Washington today to appear on the occasion of this subcommittee hearing, but since not all of the Senators from both States could be present at the same time, we want to emphasize that we are speaking with a single voice on this important issue.

Accordingly, Mr. Chairman, with your permission, we would like to present a joint statement on behalf of Senator Stevenson of Illinois, Senator Percy of Illinois, Senator Clark and myself, and if you have no objection, I would like to let my distinguished senior colleague from Iowa make that presentation.

Senator JOHNSTON. Please proceed.

JOINT STATEMENT OF:

HON. ADLAI STEVENSON, U.S. SENATOR FROM ILLINOIS

HON. CHARLES PERCY, U.S. SENATOR FROM ILLINOIS

HON. DICK CLARK, U.S. SENATOR FROM IOWA

HON. JOHN C. CULVER, U.S. SENATOR FROM IOWA

PRESENTATION BY SENATOR CLARK

Senator CLARK. Thank you, John. Thank you, Mr. Chairman.

We deeply appreciate the opportunity to appear before the subcommittee this morning and to discuss the pending reprogramming request.

As you are aware, and as John has just said, the two Senators from Illinois, as well as John and myself, requested such a hearing so the committee could, as we wrote to you:

Consider the views of citizens and employees from Rock Island, because in the past they have raised significant questions as to the feasibility and desirability of the proposed relocation, and have offered valuable suggestions for preserving the Army's weapons development capabilities.

Although we could not all be physically present this morning because of urgent schedule conflicts, we wanted to present a joint statement for your consideration. In addition to our own comments, we urge you to give special attention to the statements by the two witnesses from the Quad Cities task force, Mr. Claud Comer and Mr. Verlin Baumgarth who have detailed knowledge not only about the Rodman Laboratory issue, but also about the Army's overall Armaments Development Center plan.

PERSONAL DISTRESS

Mr. Chairman, we can think of few decisions required of Congress which cause such personal distress as military base closing or relocations generally.

There is, to begin with, the sheer difficulty of mastering the complex technical and economic considerations. Is it really necessary to consolidate these facilities? What are the savings or additional costs, what is the community economic impact? Is the new arrangement truly more efficient? In short, in purely cost efficiency terms, is it a good idea? We have seen too many examples in the past of haphazard or unnecessary reorganizations.

But equally distressing in these decisions is the human dimension. Jobs are lost, careers disrupted. At the very least, families may be uprooted and forced to move, often to a new and strange environment. Even when the move is partially subsidized, experience shows that the subsidy never fully covers the cost of moving. And there is no way of judging the emotional cost, the shock of new schools for children, the despair of leaving old and dear friends behind, the wrenching experience of beginning anew in a strange locale.

In this case, 800 civilian employees at the Rodman Lab must either disrupt their lives to move to the ADC headquarters in New Jersey, or face the prospect of looking for employment elsewhere. A ripple effect will be felt through the entire community with a total payroll loss of \$19 million annually.

Nevertheless, we acknowledge that there may be times and circumstances in which a consolidation of installations is necessary, that bases will be closed, that changes must take place. The Government, like private industry, must streamline its operations if it is to be effective.

VALUE OF CONSOLIDATION IN HUMAN TERMS

The crux of the matter, then, Mr. Chairman, is whether a specific consolidation is in fact wise, economical and worth the inevitable human cost. If it can be demonstrated that there is a significant cost saving, or a demonstrable improvement in efficiency, then we could not take exception.

Mr. Chairman, this is specifically why we still have serious reservations about the merits of this arsenal consolidation, and we are not sure the case for this program has been made.

The ADC proposal is part of a practice we have seen before: Rapid fire Army reorganizations which appear inconsistent and often wasteful. In 1969, 5th Army Headquarters was moved to Fort Sheridan,

Ill., at a cost of tens of millions of dollars, only to be moved to Texas 2 years later at even greater costs. An Army veterinarian school brought in to fill the empty fort was moved out within 2 years.

The same pattern is recognizable in research and development. In 1973 the Army consolidated weapons and munitions functions to form the armament command. Selected R. & D. activities were moved from the east coast to the ARMCOM headquarters and the Rodman Lab in Rock Island, at a cost of \$20 million, and then, only 3 months later, the Army established the AMARC task force to study how to reorganize the armament command. It recommended the phaseout of ARMCOM and moving the Rodman Lab back to the east coast, this time at a cost of \$86 million.

The record, I think, is replete with examples of reorganizations which are directed at undoing and reversing earlier reorganizations. The ADC is no departure from this routine. We believe it is important for the committee to consider more than the putative costs and savings involved in the ADC proposal. There should be a judgment on the Army's preoccupation with a single-minded management concept, a reorganization for the sake of reorganization.

COSTS OF VENTURE UNDERSTATED

The supporting data, the dollars and cents, the costs and savings on which the ADC depends do not conclusively support the concept. At the request of the Illinois-Iowa congressional delegation, the General Accounting Office investigated the costs and savings attributed to ADC, and overall the GAO concluded that the Army overstated the benefits and understated the costs of the venture.

The GAO audit cites instances which illustrate the Army's errors in its own favor when describing the benefits of the proposal and its benign neglect when discussing the cost. For example, Army data suggests the one-time cost of \$86 million for establishment of ADC will be quickly offset by an annual operating reduction of \$42 million. Included in this figure is \$20.5 million, \$20½ million in savings from closing the Frankford Arsenal, and another \$6.3 million in work force reductions.

Now, under examination, the Army conceded that this \$26.8 million, a full 63 percent of the cost benefits claimed for the ADC will accrue regardless of the ADC.

Now, the GAO made further adjustments downward of \$4.3 million, bringing the total benefits to only 26 percent of the claim. In other words, we are being asked to spend \$86 million to save \$11.2 million.

So the feasibility and desirability of an Armaments Development Center have been debated for more than 2 years, and the time has come for final decision. We are not experts and will not presume to advise the committee on the requirements of material acquisition, and we do not advocate compromising the defense readiness of this country, but we hope that we have raised questions about the soundness of the procedure and the costs involved that will be taken into consideration. Whatever the committee decides, we are confident that it will be on the merits of the case.

Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you very much, Senator Clark.

NUMBER OF JOBS INVOLVED

Rock Island has some 800 jobs involved, is that correct?

Senator CLARK. That is correct.

Senator JOHNSTON. Did they have any more jobs than that a few years back when they first started considering this?

Senator CLARK. I would rather have somebody that has the exact statistics answer that.

Senator JOHNSTON. In other words, has there been any reduction that has taken place?

Senator CLARK. Not that I am aware of.

There may be some of the experts who can speak to that.

Senator JOHNSTON. Senator DeConcini?

Senator DeCONCINI. I have no questions.

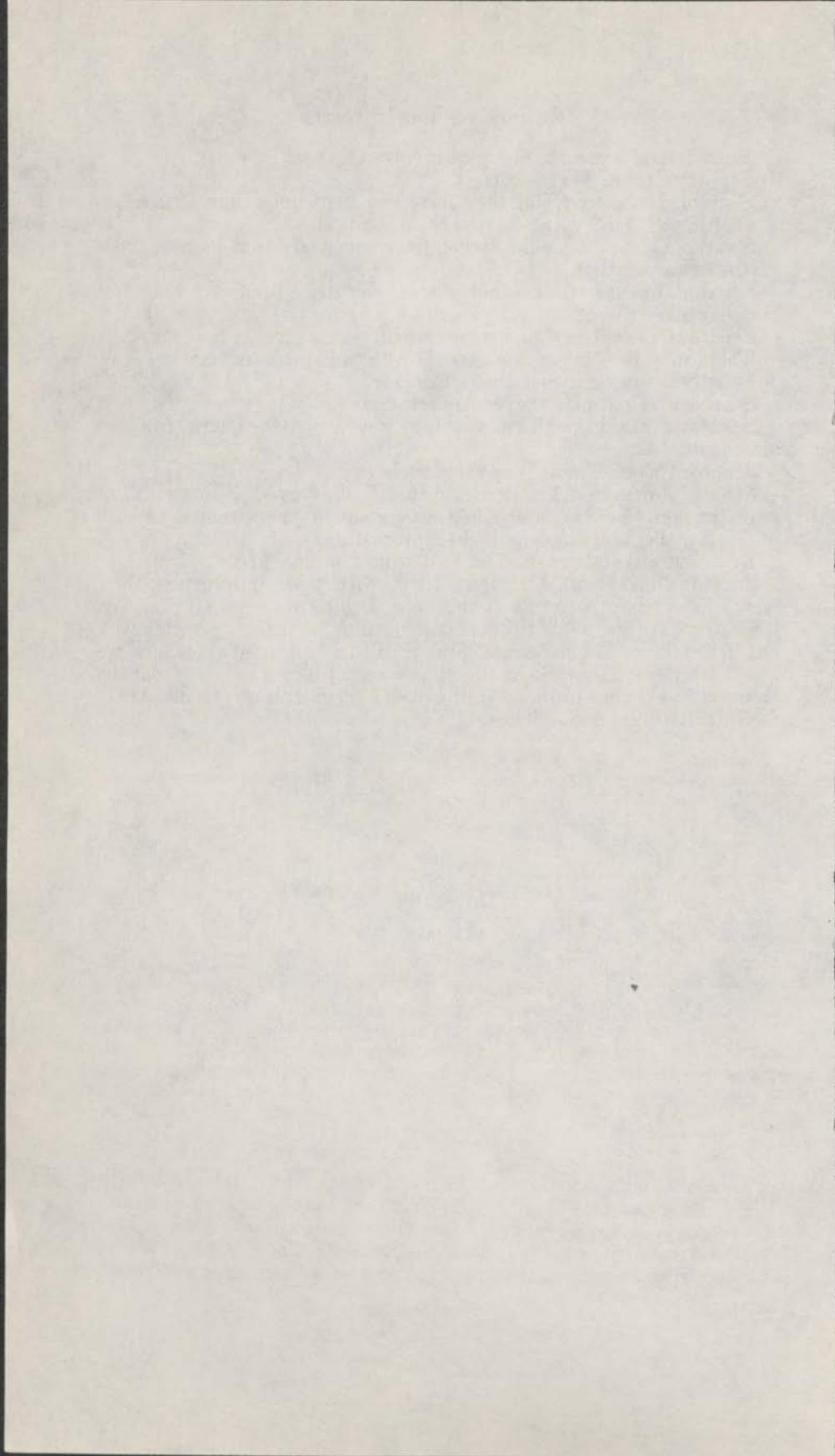
Senator JOHNSTON. Thank you very much, Senator Clark, for your statement.

Senator CLARK. Thank you very much.

Senator JOHNSTON. I understand that Congressman Eilberg will be here through the day, and Congresswoman Meyner wanted to wait until after the Army had made their presentation.

Representative MEYNER. Yes, that would be fine, Mr. Chairman.

Senator JOHNSTON. All right, then, with your indulgence, then, let me hear from the Army at this time. I think we would ordinarily, logically, have started with them to determine what their position was, but in deference to our Senate colleagues who had to go elsewhere, we heard from them first. So at this time we are pleased to hear from the Honorable Edwin Greiner, Acting Assistant Secretary of the Army for Installations and Logistics.



DEPARTMENT OF THE ARMY

INSTALLATIONS AND LOGISTICS

STATEMENT OF HON. EDWIN GREINER, ACTING ASSISTANT SECRETARY OF THE ARMY FOR INSTALLATIONS AND LOGISTICS

ACCOMPANIED BY:

MAJ. GEN. WILLIAM R. WRAY, ASSISTANT CHIEF OF ENGINEERS, U.S. ARMY

MAJ. GEN. BENNETT L. LEWIS, COMMANDING GENERAL, U.S. ARMY ARMAMENT COMMAND, ROCK ISLAND, ILL.

REPROGRAMING FOR PICATINNY ARSENAL

Mr. GREINER. Thank you very much, Mr. Chairman. I would like to start with my prepared statement if I may.

Senator JOHNSTON. Yes.

Mr. GREINER. Mr. Chairman and members of the committee, we are pleased to appear before you today to present the Army's fiscal year 1976 reprogramming request for facilities at Picatinny Arsenal, Dover, N.J. These facilities will support the establishment of the Armament Research and Development Command, a major Army realignment action announced in December 1975.

As you know, the House Appropriations Committee Military Construction Subcommittee held two hearings on the this request in the last session, then gave its assent in September 1976.

The proposed facilities, in the amount of \$7.4 million, principally support the transfer of functions to Picatinny from the Frankford Arsenal in Philadelphia, Pa. Frankford is scheduled to be closed, as an active installation, by September 30 of this year, as was first announced in November 1974.

The Under Secretary of the Army informed the House Military Construction Subcommittee on September 9, 1976 that the Army had no choice but to proceed with the Frankford closure. He pointed out, however, that accomplishing the realignment without proper facilities would cause both disruption of ongoing research and development activities and personal hardship to the people involved. The Frankford closure decision was publicly reaffirmed by the Secretary of the Army's announcement of November 24, 1976.

REALIGNMENT ACTION

The worst case situation, realignment without the anticipated facilities, is in the process of happening. There is no other way. The Frankford closure is an integral part of the entire realignment action and any delays would disrupt the action to an unacceptable degree. We requested supporting facilities funds as soon as we were able adequately

to define the scope and location of the required facilities. It just did not happen that this fitted in with the timing of the budget cycle; thus, we have submitted this request as a reprogramming action, rather than waiting for a regular fiscal year program.

The question has come up again and again, "Why do we need to realine the Army's armament community at all? Why not just strengthen management of the existing organizations which comprise it?" To this I would respond: The problems we are trying to rectify in the weapons and ammunition field are technical problems which don't lend themselves to solution by executive decree. Many of our past problems have been what are now termed subsystem interface problems, components that don't work together properly, and these problems are only prevented by proper design and test at the bench level from the very outset. If form, fit, and function are not designed into the end product from the beginning, they are very difficult, and usually expensive, to achieve after the fact.

Senator JOHNSTON. Let me interrupt you at that point.

What, specifically, is made at the Frankford Arsenal?

Mr. GREINER. Frankford Arsenal is not really in the making business.

Senator JOHNSTON. Well, what in research and development?

Mr. GREINER. We now have some optical works, some firecontrol work, some small caliber work.

General LEWIS. Small caliber ammunition, and the shell metal parts of large caliber ammunition, just the shell metal parts.

Senator JOHNSTON. Well, now why would the form, fit, and function not interface in this case?

In other words, give me some specifics of how things that are developed in research at Frankford would not fit into whatever they are supposed to fit or interface with.

Mr. GREINER. I will have General Lewis respond since he is the commander of the Armaments Command.

General LEWIS. Well, let's take the main armament ammunition for tanks. The responsibility for the entire shell and the propelling charge that propels the shell out of the gun tube to the target rests at Picatinny Arsenal today, but the shell metal parts that make up that shell—and some of these shells are mainly metal parts, are developed at Frankford Arsenal.

SOLVING OF SYSTEM PROBLEM

Well, how that shell behaves as it enters the breech, as it travels down the tube once the propelling charge is fired, the interior ballistics, how it behaves after the shell leaves the tube, is what could best be described, I guess, as a system problem. At the present time, we have people working on elements of that system at different locations and getting all the elements to work together is a constant problem.

I will supply some additional information for the record.

[The information follows:]

TESTING OF XM198 HOWITZER SYSTEM

A specific case illustrating the interface situation was the short round problem encountered in cold weather testing of the XM198 Howitzer system in Canada, with the XM483 projectile.

Some individual projectiles fired in the critical velocity range around the speed of sound fell far short of the standard range for the propelling charge used. Since it is standard practice to fire supporting artillery over the heads of friendly troops, these short rounds presented a potentially serious safety hazard.

Investigations showed that some projectiles exhibited marked instability upon leaving the muzzle. They yawed so wildly that their aerodynamic resistance was far greater than their companions which left the muzzle on a truer course; thus the yawing rounds slowed in flight at a much greater rate and fell far short of the target. The solution, which took a year, was a redesign of the projectile body to give more stable flight characteristics in the critical velocity zone.

The original and subsequent engineering of the projectile body was basically the responsibility of Frankford Arsenal, with input from Picatinny Arsenal and assistance from Ballistic Research Laboratories. Frankford is not necessarily deserving of blame in this case; because it might also have been possible to achieve a solution, albeit not so good, by reconfiguring the projectile payload, a Picatinny responsibility.

The problem helps to illustrate, however, why the Army is trying to consolidate armament research and development as much as possible. Achieving rapid solutions to complex technical problems is not aided by separating the scientists and engineers geographically and further insulating them in their own organizational hierarchies. There is no substitute for frequent, informal consultations between responsible parties in the development process. The atmosphere for this sort of activity is best created by bringing the parties together under the same organizational umbrella, at the same location. It should be considered, too, that today's weapons systems are high performance systems, in which a minute change in one system parameter can have a profound effect on other system components. There is little margin for error.

TRANSFERABILITY OF FRANKFORD ARSENAL OPERATIONS

Senator JOHNSTON. I can understand that argument, but as a matter of fact, you now make at Frankford Arsenal parts that are supposed to interface with parts that are made elsewhere. Could you use your facility at Frankford to make one integrated part or one kind of thing as a unit and avoid that problem?

Mr. GREINER. Yes. Anything can be done anyplace if you put the right people and the right facilities together, and our entire reorganization effort was to do exactly that. We have many places that are involved in this function, and we searched for the best possible combination or recombination to give us the end product we needed in the most cost effective and efficient manner we could.

And it is that process—

Senator JOHNSTON. Well, let me come back to this. I will let you finish your statement first, and we will get on with other questions.

Mr. GREINER. All right.

The structure we are realigning extends from upstate New York to the Mississippi River. Technical responsibility for gun system components has been divided into bits and pieces at six different locations. Each location has had its own overhead structure—at Rock Island Arsenal, Ill.; Frankford Arsenal, Philadelphia, Pa.; Picatinny Arsenal, Dover, N.J.; Watervliet Arsenal, N.Y.; Aberdeen Proving Ground, Md., and Aberdeen's subinstallation, the former Edgewood Arsenal. The Army studies, which lead to the present plan, determined that bringing everything together at one location was just not practical in real world terms—too much turbulence and too much capital investment. We consider our plan a rational attempt to consolidate our geographically dispersed armament research, development and

acquisition elements into four locations, with the bulk of the personnel going to one, Picatinny Arsenal. Our planned construction program makes maximum use of existing facilities to keep costs as low as possible, yet permits a physical plant which meets current technological needs. Although the one-time costs are substantial, the amortization period of the realignment is about 2 years by our original analysis, as confirmed by the General Accounting Office. The General Accounting Office estimated one-time costs as about \$75 million with cost reductions after steady state of about \$37 million per year.

The Army's plan is a direct outgrowth of the report of the Army Materiel Acquisition Review Committee—

Senator JOHNSTON. Let me interrupt you right there, again.

What is the basis for that savings—fewer employees?

BASIS OF SAVINGS

Mr. GREINER. It is a combination of many factors. It is fewer employees; it is reduced overhead, given the number of productive employees; it is base operating costs because there are fewer locations involved. There are some changes in the mix of work also. There are management-type rearrangements. The combination of all those gives us the savings, and they have been audited by the General Accounting Office.

Senator JOHNSTON. Now, that is GAO figures themselves, isn't it?

Mr. GREINER. Yes.

Senator JOHNSTON. What are the Army figures? The Army figures are \$43 million a year, is that right, or \$41 million?

Mr. GREINER. \$42 million, roughly.

Senator JOHNSTON. And GAO says you were over by—

General LEWIS. \$4 million.

Senator JOHNSTON. And an annual savings of \$37 million.

Do you still stick with your figures, or do you say GAO is correct?

Mr. GREINER. Someplace in between, probably. The estimating process is not that precise. If I may quote from the August 3, 1976, report from the Comptroller General—just a line or two.

The Army currently estimates the realignment will cost about \$75 million, and after completion of the realignment, the annual operating costs will decrease by about \$42 million. GAO believes the Army cost estimate is reasonable, but the estimated annual operating cost reductions are overstated.

And it is in that narrow band, about \$3.3 million in annual operating cost reductions, that we have disagreement. Part of that is methodology, part of that is estimating techniques.

AMARC REPORT

Senator JOHNSTON. Please proceed, Mr. Secretary.

Mr. GREINER. The AMARC report—that is, the Army Materiel Acquisition Review Committee—was presented to the Secretary of the Army in April 1974. The AMARC itself was a blue-ribbon group of 22 people from industry, the academic world, and the Department of Defense, chartered by the Secretary of the Army for the purpose the title indicates. A number of these people were border-crossers, if you will, moving from one group to another and had seen the Army's

materiel acquisition process from within and without. The group, as a whole, was well qualified to render carefully considered, independent judgments of a critical phase of our national defense.

At the time the AMARC rendered its report, we had what we called life-cycle commodity management for Army hardware under various commodity commands, one responsible for aviation materiel, another for tank-automotive materiel, and so forth. This was literally a cradle-to-grave arrangement with each command responsible for its assigned items from concept design to disposal from the inventory. AMARC found an excessive management preoccupation, overall, with supply and maintenance of equipment in the hands of troops, to the detriment of development of new equipment which would eventually take the place of the current inventory. We were, in a sense, tending the orchard and neglecting the seedlings in the nursery. AMARC recommended commodity management be split organizationally into research, development, and initial acquisition, with follow-on procurement and logistic support of fielded equipment the responsibility of a separate organization. It was felt this would provide needed status and emphasis to the materiel acquisition side of the house by giving it unique identities.

Senator JOHNSTON. Would you explain that a little bit more? I am not sure I follow.

SPLITTING COMMODITY MANAGEMENT

Mr. GREINER. All right.

We still have some left, but we did have, prior to this reorganization, commodity commands. In Detroit we had a tank-automotive command as part of the Army's Readiness and Development Command. It was responsible for everything related to tank automotive items, from research all the way through the parts support for those items that were already out in the field. So, in Detroit, the tank organization for example, was both involved in maintaining the M-48A5, which is an old tank, getting and maintaining in the field the newer tank, the M-60, and also the research and development for the newest tank, the XM-1, which has not yet gone into production—total responsibility for their commodity area.

The AMARC committee concluded that because of the pressure of current events, such as tanks that couldn't operate for one reason or another in the hands of a unit in Korea or Europe, that they were devoting more attention than the command could afford to that problem, the day-to-day operations, at the expense of the research and development for the XM-1 tank, and the kind of item that is not yet with us. And they felt that the only way that Defense could get research and development, initial equipment acquisition, and support of equipment already in the field properly managed was to divide that commodity command in two.

Senator JOHNSTON. Well, in dividing it into two, though, isn't it true that research and development and acquisition are already two separate things, are not together? Isn't that what I understood?

Mr. GREINER. No, sir.

The research and development portion, if you will, has as part of it what you might call the first buy, the initial buy. When we have first

gone to production on a major item like the XM-1 tank, there is a limited rate of initial production. That is part of the research and development acquisition organization. The follow-on buys which are in large quantities, and the continuing requirement to support those items with spares and spare parts and components, and the maintenance of that equipment is in the other portion of the command.

Senator JOHNSTON. The initial acquisition is where you buy all the tanks, you buy 1,000 tanks, let's say, and follow-on procurement is where you buy the tracks and parts?

INITIAL AND FOLLOW-ON BUY

Mr. GREINER. No. The initial buy might be 100 tanks or several hundred tanks, but the follow-on buy would be thousands of tanks. You see, when we create a new production line for a brand-new item, there is a process where you go through the paper studies, you build an original model, and finally you go to production tooling, and you run a few through the line to prove out the technical data and the production tooling. That is part of the initial acquisition. From then on, you are buying in much larger quantities for a very long period of time.

Senator JOHNSTON. All right.

Mr. GREINER. In the case of the Army armament community, in addition to the split previously noted, AMARC recommended that, if possible, all the geographically separated research, development, and acquisition activities be brought together at one location. As stated before, we eventually ruled this out, but in the process of doing that, we considered a total of 15 alternatives and variants, in detail. We obtained a considerable body of input from Congress, employee groups, and affected communities. The alternative finally chosen is a result of that input.

Under this chosen alternative, we will have the Armament R. & D. Command Headquarters, and the Large and Small Caliber Weapons Systems Laboratories at Picatinny Arsenal. This will be a total of 127 military and 5,987 civilian personnel. A contingent of the Large Caliber Weapons Systems Lab, 6 military and 319 civilian personnel, will be located at Watervliet Arsenal, N.Y., because of the unique artillery cannon assembly fabrication and test equipment now in place at Watervliet. The Ballistics Research Laboratories, 27 military and 763 civilian personnel, will remain at Aberdeen Proving Ground, Md., as will the Chemical Systems Laboratory, 165 military and 1,424 civilian personnel, at the Edgewood subinstallation of Aberdeen Proving Ground. This scheme takes advantage of existing facilities, achieves some geographic consolidation and provides considerable organizational consolidation. The sister Armament Material Readiness Command will be at Rock Island Arsenal, Ill., where most of the people who will go to the new command are already located. I think this is a good, "real-world" organizational scheme. General Lewis has prepared a more detailed summary of the Army plan, which you may wish to hear.

Senator JOHNSTON. Yes, we will hear from General Lewis.

Mr. GREINER. As might be expected, this realignment plan has provoked considerable controversy, especially the Frankford Arsenal closure. It has, however, survived three legal challenges and the exhaustive reviews of the House Appropriations Committee Military Construction Subcommittee and the General Accounting Office. We are not doing this as some sort of contest, however. We are sincerely trying to do what we feel is best for the Army and the Nation as a whole and sticking by our guns in the process.

PERSONAL HARDSHIPS

We are very much aware of the personal hardship this realignment is having on our employees. The decision to close Frankford Arsenal was not an easy one—I know this from my own personal involvement. Many employees have been offered jobs in the new organization. Those who decline to relocate or who do not receive job offers will be given assistance in securing other Federal employment. We will continue to do all we can for them.

The Army respectfully requests your approval of this reprogramming action so we can get on with the job at hand.

With me today are Maj. Gen. Bill Wray, the Assistant Chief of Engineers, and Maj. Gen. Bennett Lewis, who will be the Commander of the new Armament Research and Development Command, effective the end of this month.

Mr. Chairman, we appreciate the opportunity to appear before you today and will be pleased to answer your questions.

ALTERNATIVES FOR REPROGRAMING FAILURE

Senator JOHNSTON. Suppose this committee failed to approve the reprogramming of \$7.4 million? What would be the effect of that?

Mr. GREINER. Well, as a practical matter, the reorganization would, of necessity, have to continue, and we would have inconvenienced employees, inefficiently employed, and our programs would suffer as a result. I think it is important to recognize that we are in midstream. As I indicated in my statement, this has been going on for many years. Many things have already happened: People have moved, equipment has moved, organizations are forming, and there is really no reasonable way to stop in midstream. So we would have to work in less than optimum circumstances.

Senator JOHNSTON. Suppose we delayed this for 2 or 3 weeks. Would that affect your schedule at all?

Mr. GREINER. Two or 3 weeks. Well, sir—

Senator JOHNSTON. There is nothing critical about a period of 2 or 3 weeks. It has been suggested here today that Dr. Harold Brown is going to undertake a restudy of it, although I have no personal knowledge of that.

Mr. GREINER. Nor do we.

Senator JOHNSTON. You have received no indication of that at all?

Mr. GREINER. No, sir.

We have provided some factsheets to the transition team at their request. We provided that some time ago, but we have heard nothing from them. So I just don't know what their plans are.

But it is very difficult to quantify the impact of the delay. The work has to continue. The work is continuing. We still have a mission to accomplish, and we are responsible for the resources which you gave us to accomplish that mission.

We are convinced that it is more efficient to proceed in an orderly manner. We need this reprogramming. The sooner we get it in place, the more efficient we will be.

R. & D. ITEMS

Senator JOHNSTON. How many kinds of items does the Army have going on at any one time in R. & D. in the munitions field?

General LEWIS. I don't know. I can get that for the record. We have hundreds of projects or tasks going on at any one time.

[The information follows:]

Below is a listing of FY77 Research, Development and Engineering Projects:

Ongoing Research, Development and Engineering
Projects Within ARMCOM

<u>Type Project*</u>	<u>Number</u>
Research	10
Exploratory Development	32
Advanced Development	44
Engineering Development	44
Management Support/Operational Systems Development	9
Manufacturing Methods & Technology	111
Product Improvement	48
Product Assurance	68
1st Year Procurement	11
Engineering in Direct Support of Production	95
TOTAL	472

*DEFINITIONS:

Research: Scientific Study and Experimentation related to long term national security needs

Exploratory Development: Effort for solution of specific military problems short of major developments.

Advanced Development: Development of hardware for experimental or operational test

Engineering Development: Engineering for service use but not yet approved for procurement or operation

Management Support: Research and Development for support of installation

Manufacturing Methods & Technology: Engineering for evaluation of manufacturing processes

Product Improvement: Improvement for items which have been type classified without altering performance envelope required by user.

Product Assurance: Engineering to assure continued product reliability

1st Year Procurement: Items procured in 1st year of production following type classified generally low rate initial production

Engineering in Direct Support of Production: Engineering assistance provided to in-house, contracts, or GOCO facilities generally for items in production.

COST OF ACTION OTHER THAN CONSOLIDATION

Senator JOHNSTON. Is it not possible to, from among those kinds of items, to get a mix of things, of pieces, of parts that you can make at Frankford so that they don't have to interface with parts made elsewhere?

Mr. GREINER. May I address that?

Senator JOHNSTON. Yes.

Mr. GREINER. When we undertook the study, the Armament Command study, and when we got the AMARC recommendations, the Army itself organized a major study effort, and we considered an unusually large number of alternatives, several of which would have kept us at Frankford Arsenal doing something such as you suggested. Every one of those studies indicated that while it was possible to keep a segment at Frankford Arsenal, that the cost of doing that was much greater than if we made the consolidation in the preferred alternative that we settled on.

So, yes, sir, it can be done, but there is a price tag attached to it, and because of that, and also because there is an advantage in having, for example, both the large caliber and the small caliber missions at the same location, because while they are separate and the parts are not interchangeable, there is enough of technological relationship that we feel there will be a transfer of technology more readily if both large and small caliber are together at Picatinny than if we kept the small caliber at Frankford and the large caliber at Picatinny. So there are many advantages, tangible and intangible, in consolidation, and I can assure you, we did study every alternative, including those advanced by the Philadelphia delegation and the city of Philadelphia to try to keep something at the Philadelphia arsenal.

COST-EFFECTIVE BASIS OF MOVE

Senator JOHNSTON. Was the move made, and it is being made now on a cost-effective basis? I mean, is that the principal motivation, or were there other motivations?

Mr. GREINER. It is both. Cost is obviously a crucial consideration.

The dollars and the people we can get are severely restrained, or constrained, both by the President when he submits his budget, and by subsequent action of Congress. So that is a factor, obviously.

But we are also very troubled by technical problems that we have had in the armament area, and for both of those reasons, it is essential that we improve the current direction.

Senator JOHNSTON. Can you give us an example of the kind of technical problem caused by this proliferation of R. & D. centers?

FALLBACK PROBLEM

General LEWIS. We had a problem, now solved, on fallback with a round of ammunition. If a round of ammunition were placed in the chamber, and the gun were elevated, the round would fall back, creating a very hazardous condition upon firing the weapon. This is an interface problem between the developer of the gun tube and the developer of the round of ammunition. We will supply some additional information for the record.

[The information follows:]

PROBLEMS CONTAINED IN FALLBACK

The fallback problem can be better understood by more detailed consideration of the factors involved.

The problem occurred with the introduction of the M109A1, latest in a series of self-propelled howitzers which have been standard weapons, with several modifications, since 1961. These howitzers use ammunition designated as separate loading. There is no cartridge case to hold the components together as in smaller caliber ammunition. The projectile is seated in the bore by ramming, the propelling charge is placed in the chamber behind it, the breech is closed and the primer is placed in the breechblock, which has a vent to the chamber, so that the primer can ignite the propellant.

In 1973, it was found that, infrequently, after a howitzer was loaded and elevated for firing, the projectile could become unseated from the forcing cone (the origin of the rifling in the tube) and fall back on the propelling charge. Upon firing, the projectile then had a "free run" before it struck the rifling. The stresses from such an impact were sufficient to cause occasional fractures in the projectile body and risk detonation of the projectile's explosive filler in the bore of the weapon. This could, in turn, kill or injure our own men.

The principal options available were: redesign the rammer and modify all weapons in the field—a Rock Island responsibility; redesign the projectile rotating band and incidentally render the entire projectile stockpile obsolete—a Frankford responsibility; redesign the propelling charge with some sort of filler to hold the projectile in place—a Picatinny responsibility; or redesign the forcing cone—a Watervliet responsibility.

The problem was solved in 1974 by cutting circumferential grooves in the forcing cone to provide a better grip on the projectile rotating band. This was cheap, effective, and had no appreciable effect on any other components of the weapon system.

However, it took one year to reach this clever solution and it is fortunate there were no mishaps in the meantime. The field commands had been alerted to the hazard, overhead fire was restricted and their artillerymen were successful in detecting any fallback situations which may have occurred before the weapon was fired.

CRITICISM ON HANDLING OF M-16 RIFLE

General LEWIS. An example on record here in the Congress is the heavy criticism of the Army's method of handling the M-16 rifle. I read those hearings, and at one point in the hearing, a Congressman noted, doesn't the Army know that the rifle and the cartridge make up a system, because clearly the Army was treating them at that time separately. In our current organization we treat them separately. The rifle is at Rodman and the cartridge is at—

Senator JOHNSTON. Well, suppose at some place GAO came in and said, we are sorry, we checked our figures and said they show no \$37 million annual savings. It looks like an exact washout, in other words, you are not going to save any money.

Would you still want to go?

General LEWIS. Yes, sir. In fact, the main reason for the realignment is to make a better product for the troops. In making a better product, we found in our study we could realize savings but the intent was to make a better product.

GAO STUDY

Senator JOHNSTON. Do we have that GAO study?

General LEWIS. We have a copy here.

Senator JOHNSTON. Good. I think that that details how the money is going to be saved, I am sure.

Well, thank you very much, Secretary Greiner.

Next we will hear from Maj. Gen. Bennett L. Lewis, commanding general of the United States Army Armament Command, Rock Island, Ill.

General LEWIS. Mr. Chairman and members of the committee—

Senator JOHNSTON. Excuse me, General.

Senator DeConcini, did you have any questions for Secretary Greiner?

Senator DeCONCINI. Yes.

ARMY COMMITMENT TO DECISION

Mr. Secretary, let me ask you two questions. I take it from your testimony this is an unalterable decision, that only the Secretary-designate, Mr. Brown, might change, if he decided to do so, but the Army is committed regardless of whether or not the funds are approved or not. Is that correct?

Mr. GREINER. Essentially yes. Contrary to some of the statements that were made, this has been very thoroughly researched and reviewed in the public domain, and every allegation, every criticism, every concern has in fact been considered and aired and debated, and it wasn't the Army by itself, or the uniformed members of the Army by themselves that took off on a path that was questionable or incorrect. This is a very carefully considered decision by the Secretary of the Army, the Secretary of the Army personally, and within the office of the Secretary of Defense, and by the Secretary, and Deputy Secretary of Defense, and by the administration. Having gone through all of that, as well as the court tests and the GAO examination, it was finally determined it was the right thing to do.

So, yes, we have proceeded down that course. It is not something that we have still yet to do. It is something that we have yet to complete, but it started some time ago. It started well before the election.

Senator DeCONCINI. Well, Mr. Secretary, in that process does it include discussions and explanations to the congressional delegation?

Mr. GREINER. Yes, sir.

Senator DeCONCINI. That was accomplished?

Mr. GREINER. Yes, sir. In fact, General Lewis, then chairman of the AMC committee-armament, formed to review the AMARC recommendations and I were personally in the city of Philadelphia one New Year's eve—December 30, 1974—to talk to the mayor and his people. We had the mayor's people with us. We have been back and forth to the Hill, to individual Members and to committees. We have been before employee groups, union groups and the local community. It has been thoroughly aired, and the point I am trying to make is that we are in midstream. We are not looking at a decision yet to be made. That decision was made many months ago, and we are in the process of completing the action. Many people are already in place. Many people have moved. Many people have left the payroll. Pieces of equipment have moved. Records have moved. And that is the reason why the Army says we don't have any alternative but to continue moving.

SAVINGS AS RESULT OF ACTION

Now, the other point I would make is that the President's budget for fiscal year 1977, and the President's budget for fiscal year 1978 has already anticipated the savings, the reductions which are going to be made as part of this action as well as many others. The resources for the Army to maintain the status quo are nonexistent. We lost the civilian end strength, we lost the dollars to maintain as many facilities, as many people and the level of operations that we had before. We just don't have that resource.

Senator DeCONCINI. You have been reduced regardless of—

Mr. GREINER. By decree.

ASSISTANCE TO EMPLOYEES

Senator DeCONCINI. One more question, Mr. Secretary.

The reference you make about helping the employees who are terminated, who do not want to move, to take other jobs, you make a reference in your statement that you give them assistance in securing other Federal employment.

Do you have a program or a policy or some instrumentality to accomplish that?

Can you tell me just briefly what that is?

Mr. GREINER. Well, there is a very elaborate system that goes into operation that is set forth essentially by the Civil Service Commission, and then it is supplemented and implemented by the Army. We have priority placement programs. We try to encourage people to accept jobs in other locations. Our personnel people try to assure that a person who is working in a particular mission area but who has qualifications that are broader than that area are also eligible and considered in other missions.

For example, somebody may have worked as a budget analyst at one point in his career and is now working as a machinist. Well, they may not be able to find him another job as a machinist, but they will search the file to see if his previous experience as a budget analyst can be used to qualify him for another job, and they will try to find him that kind of a job.

Senator DeCONCINI. That actually is accomplished to your knowledge?

Mr. GREINER. Oh, yes. We do everything that we can.

If I may, I would like to assure you that we are very sensitive to our people problem, the fact that we are closing a location hurts us very deeply. They are our people—and we have nothing against the people or the location.

Senator DeCONCINI. I understand.

FRANKFORD SEPARATION STATISTICS

Mr. GREINER. And we try very much for selfish reasons, if no other, to retain those skills within the Federal service, and if there is any way to do it, we test the system.

Senator DeCONCINI. I understand.

General LEWIS. I wonder if I might introduce some statistics. Perhaps it might contribute to a better understanding of what happens to personnel who leave.

This is as of January 5, 1977. Separations from Frankford Arsenal since November 30, 1974, have been 1,039. Of that number, 235 have retired, 121 failed to relocate with a job. Their jobs were moved primarily to Rock Island Arsenal or to Indian Head. 398 were placed within the Government in other jobs, and 285 resigned, retired or died.

Senator DeCONCINI. That is generally placed in the Federal Government in the same area, the same geographic area?

General LEWIS. I don't know if the reassignments were in the same geographic area. From Rock Island, 123 have left since we started this operation; of this number 13 retired, 75 were placed within the Government, and 35 resigned.

Senator DeCONCINI. Thank you.

And thank you, Mr. Chairman.

No further questions.

RETURN TO FRANKFORD COST

Senator JOHNSTON. Mr. Secretary, what would be the cost to go back to Frankford Arsenal, to stop what you are doing and go back where you started?

Mr. GREINER. I don't know that we have such a number. We have a monumental task of hiring and of rehiring, relocating people that have moved away at our expense to another Federal job, moving them back at our expense. We have to pick up equipment, files, records that have already moved, and move them back and install them all over again.

Senator JOHNSTON. Do you know what you would do if you were told in effect to keep Frankford open? What would you do? What would you recommend doing?

Mr. GREINER. We studied, as I said before, various alternatives. We rejected those. Then we looked for backfill, and we did not find anything that could, with any degree of merit, be moved from a different location into Frankford Arsenal. It would create as many inequities at the losing locations as it would solve problems at Frankford Arsenal. We found nothing we could profitably do at Frankford Arsenal. Through the Office of the Secretary of Defense, we also tried within the Department of Defense to find a backfill. That was unsuccessful. At this point, we just don't have any viable plan for using Frankford Arsenal, nor are we aware of any opportunity to effectively use Frankford Arsenal.

General Lewis?

General LEWIS. Well, I wonder if I could try to address that last question.

Senator JOHNSTON. Certainly.

RELEASE OF JOB OFFER LETTERS

General LEWIS. I wrote a letter to General Deane, the commander of the Materiel Development and Readiness Command, my boss, on November 21. This was when I was waiting for authority to release the job offer letters.

The job offer letters were not released in mid-November, because I had initiated actions that led to a hold on their release. I had told General Deane, around November 8, that we were about to issue

16,000 letters. This was going to have a considerable impact in several areas. Although I had the authority to issue these letters, I thought that the impact should be known to higher authority.

And then a hold was put on it, and when we were not getting the release, I wrote them a letter explaining the financial crisis in our command.

You see, we don't have enough money to pay our employees for this year unless we move ahead with the reorganization. So, for example, in an answer to a what-if question, keeping Frankford open, if we have to stay within our fiscal constraints, and stay within our end strength as mandated, then we are going to need exceptional authority for a very large reduction in force across the command, very large, which could cause, I guess, havoc is the word, with our capability to do our mission.

STATUS OF FRANKFORD FACILITIES

Senator JOHNSTON. By the way, what is going to happen to these facilities at Frankford?

Mr. GREINER. In the normal course of events, we would declare them as excess to our needs. GSA, who is the Government's agency for that purpose, would survey the entire Federal Establishment initially, and if they then got no takers there, it would be available for other uses, non-Federal use.

Normally what happens in a situation such as this, either the community or an industrial organization or commercial organization, places a requirement or a bid on the GSA and eventually the property is disposed of.

There is an office in the Office of the Secretary of Defense that is concerned with utilization of excess Federal facilities, defense facilities, and they have a great deal of expertise, and in many, many cases they have been very, very successful in converting such locations to other uses, industrial parks, schools, many kinds of things such as that, and they do play a role in the eventual utilization of that location.

REASONS FOR REPROGRAMMING ACTION

Senator JOHNSTON. Mr. Secretary, one more question.

Most major programs that are initiated—and this certainly is a major program—are initiated through the usual authorization procedures. Now this one was done by reprogramming. Why was it done by reprogramming, and what was the purpose?

Mr. GREINER. It was essentially a scheduling problem. As you know, there is a calendar that drives us on the budget process, and because of the long and involved discussion on the merits of the case and the court reviews, we missed the regular cycle. As soon as we had in hand the decision, and we knew precisely where we were, we initiated the action. The timing of that was such that a reprogramming action was more appropriate than a regular cycle, and as soon as we had that, we indicated earlier, last May we were already on the Hill in the House for that action, strictly a matter of timing as opposed to the regular budget cycle.

Senator JOHNSTON. All right. The Army has testified elsewhere that the establishment of the Army Development Command and the associated realignment is not contingent upon this reprogramming, but from a practical standpoint, how could the Army development mission be effectively prosecuted at Picatinny if these funds for construction were denied by this committee?

Mr. GREINER. It would be very difficult. We would just be less efficient.

Senator JOHNSTON. Could you do it? Would you do it?

Mr. GREINER. We have no choice but to do it if we are denied, we will not do it as well, we will have many disgruntled people, and they will not be as efficient as they would otherwise be, and they would be operating under handicaps, but yes, sir, we would do it.

Senator JOHNSTON. In a similar vein, the Army announced in November that it was proceeding with the implementation of the realignment, even though the associated reprogramming had not at that point been addressed by this committee. Now, this could be interpreted as preempting the prerogatives of this subcommittee by presenting us with a fait accompli.

Would you comment on that criticism?

CHRONOLOGY OF ACTIONS BY ARMY

Mr. GREINER. Again I have to go back to the fact that as soon as we knew what our requirements were, we immediately notified Congress, and we began the hearings on the House side in July, and we have been waiting for congressional approval. So we haven't held back and we haven't tried to preempt, and we did get approval from the House, and even prior to that, we have been very forthcoming in what we needed, and as quickly as we could get to the point where we had to request authority, we did. I will provide a chronology of documentation to support this.

[The information follows:]

- Dec 1973 AMARC Study initiated.
- Apr 30, 1974 AMARC recommendations submitted to Department of the Army.
- Nov 19, 1974 Secretary of the Army met with Philadelphia Congressional Delegates to advise of Army decision to close Frankford Arsenal.
- Nov 22, 1974 Army concept study in final phase of completion and SECDEF announced closure of Frankford Arsenal concurrent with other Army installation realignment actions including Savannah Army Depot (At Savannah, for example, the depot's special weapons mission was to be transferred elsewhere but Savannah was to retain its conventional ammunition mission. That transfer was completed by 30 June 1976).
- Nov 29, 1974 Mayor Rizzo and members of Congress met with President and Secretary of the Army to present proposal for new facilities to house missions being performed at Frankford Arsenal.
- Dec 1974 AMARC recommendations verified; Army armament realignment concept study completed.
- Dec 24, 1974 Army evaluated proposal made by City of Philadelphia to President, offering new site.
- Dec 30, 1974 Army presented its evaluation of 29 Nov 74 Philadelphia proposal to the Pennsylvania Congressional delegation and Philadelphia city officials in Philadelphia.
- Jan 2, 1975 Army met with Philadelphia officials to discuss evaluation of proposal.
- Jan 31, 1975 Army and Philadelphia officials met to discuss City comments on Army evaluation of Philadelphia proposal.
- Feb 25, 1975 Interested Members of Congress and Officials of City of Philadelphia briefed on realignment study.
- Apr 7, 1975 Secretary of the Army, on behalf of President, informed Mayor of Philadelphia regarding unacceptability of Philadelphia proposal.

- May 2, 1975 Comments received from all interested Members of Congress and Philadelphia officials.
- Aug 14, 1975 Army revised realignment alternatives in response to public and Congressional comments.
- Aug 22, 1975 Environmental Impact Assessment certified adequate for decision.
- Aug 28, 1975 Under Secretary of Army and Deputy Assistant Secretary of the Army (Installations and Logistics) visited Frankford.
- Aug 29, 1975 US Army Audit Agency validated decision documentation.
- Dec 2, 1975 Army announced decision for formation of Armament R & D Command and Armament Materiel Readiness Command.
- Feb-Mar 1976 Philadelphia Congressional Delegation (thru Chairman Price) submitted proposals for retaining Army mission at Frankford Arsenal.
- Apr 1, 1976 The Army announced that realignment actions were to be studied at 18 installations, including several DARCOM installations. For example, Savannah Army Depot was to be studied for possible conversion of the conventional ammunition storage to contract operations with closure by end FY 1979. Jefferson Proving Ground was to be studied for possible closure by FY 1978. In both cases, the studies led to decisions to retain the installations and announcements were made in November 1976.
- May 27, 1976 The Army informed the Armed Services Committee of both the House and Senate that the SECDEF had approved a project under provisions of Public Law 94-107, Section 102, for construction and alteration of existing facilities at Picatinny Arsenal, NJ, at a cost of \$7,363,000. The committees were informed that the work was the first increment of construction and was urgently required to accommodate missions being transferred to Picatinny as

- a result of the closure of Frankford Arsenal in September 1977.
- Jun 4, 1976 Army provided detailed and complete evaluation of Philadelphia proposals.
- Jun 11, 1976 The Assistant SECDEF requested approval from the House and Senate Appropriations Subcommittees on Military Construction of the Army's \$7,363,000 reprogramming request for facilities at Picatinny Arsenal.
- Jul 22, 1976 The House Appropriations Subcommittee on Military Construction conducted hearings on the Army's \$7.363 million reprogramming request for facilities at Picatinny Arsenal.
- Aug 3, 1976 GAO completed report favorable to realignment action.
- Sep 9, 1976 The House Appropriations Subcommittee on Military Construction again conducted hearings on the Army's \$7.363 million reprogramming request for facilities at Picatinny Arsenal.
- Sep 22, 1976 The House Appropriations Subcommittee on Military Construction approved the Army's \$7.363 million reprogramming request.
- Nov 1, 1976 Supreme Court rejected attempt by City of Philadelphia to block closure of Frankford Arsenal; three prior suits related to FA closure resolved in favor of Army.
- Nov 24, 1976 Army announced its intent to continue realignment, including closure of Frankford Arsenal.
- Jan 13,14, 1977 Hearings before the Senate Appropriations Subcommittee on MILCON on the Army's \$7.363 million reprogramming request for facilities at Picatinny Arsenal.

Senator JOHNSTON. Senator Stevens, did you want to ask any questions of the Secretary? I am sure he will remain here through General Lewis's testimony.

Senator STEVENS. I have just come in. If the Secretary is going to be here, I would just as soon hear General Lewis.

Senator JOHNSTON. Please proceed.

STATEMENT OF MAJ. GEN. BENNETT L. LEWIS, COMMANDING
GENERAL, U.S. ARMY ARMAMENT COMMAND

BACKGROUND

General LEWIS. Mr. Chairman and members of the committee, I appreciate the opportunity to renew the association with the Appropriations Committee that began almost 2 years ago when the Secretary of the Army extended his offer to brief committee and staff members on our newly completed study on realignment of the Armament Command, and this is the study we completed. Today I would like to briefly sketch the background of this realignment and its supporting rationale, describe where we presently stand in that process, explain why this reprogramming action is necessary, and conclude by addressing the issue of the closure of Frankford Arsenal.

As you are already aware, the realignment action had its roots in the report of the Army Materiel Acquisition Review Committee (AMARC) which was released to Congress almost 2½ years ago in August 1974. AMARC recommended that the Army evolve toward consolidation of its research, development and engineering activities into centers which would also include appropriate supporting elements, project managers, and command elements.

The Army did not blindly accept the AMARC recommendation, but directed that a separate, indepth, unconstrained study be conducted to determine the prudence of such a move and to explore how it should be conducted if it appeared desirable. That study of the armament community took 6 months, using a staff of 30 to 40 plus a number of in-house and out-of-house consultants. The study verified most, but not all, of the AMARC's findings and recommended that the Army proceed with the creation of an armament research and development center or command. In brief, the study and the reviews of the study within the Army Materiel Command and the Department of the Army reinforced the conclusion that the current organization was both inefficient and ineffective. The dispersed locations, the headquarters and layers of management that separated developers of various components, and the subordination of R. & D. to the more demanding and urgent requirements of materiel readiness were among the existing disadvantages that contributed to a less than desirable performance by the armament R. & D. community.

In February 1975, the Secretary of the Army offered briefings on the study to the appropriate committees of the Congress and to the

delegations of the affected areas. The purpose was to permit the Congress to express its views before the Secretary made his decision. These briefings were conducted and the five area delegations submitted comments on May 1, 1975. Each provided specific comments on matters affecting its own area. These were seriously evaluated and some were adopted in the Army's decision as announced in December 1975. That announcement called for activation of the new organization between July 1, and October 1, 1976, but this was subsequently changed to January 31, 1977. As you can see, the timing of the decision did not permit including construction requirements in budgets for fiscal year 1976 or fiscal year 1977. It is for this reason that the initial increment is being presented as a reprogramming request. The bulk of the construction requirements are included in the regular fiscal year 1978 and fiscal year 1979 budgets.

CONSTRUCTION REQUIREMENTS

The funds involved in this reprogramming action are needed primarily to support the efficient transfer of R. & D. activities from Frankford Arsenal before it closes on September 30, 1977. In testifying before the Military Construction Subcommittee of the House Appropriations Committee in September of last year, the Under Secretary of the Army stated that the Army would have to continue on its planned and announced course of closing Frankford Arsenal as part of the Armament Command realignment. That decision was announced over 2 years ago, in November 1974. When queried on whether the action could proceed without these reprogrammed funds, he stated that it could be done, but that it could not be done nearly as efficiently and that it would adversely affect the working conditions of the employees at Dover, N.J., site. This is still the case. The movement plan is a necessarily complex but carefully balanced one. Failure to get started promptly on this construction will seriously upset the coordinated movement of personnel, development programs, and equipment as now planned. It will force us into more crowded conditions, costly and less effective use of contractors while our own equipment and equipment operators may stand idle awaiting a facility to house the machinery. It can be done; but as previously stated, efficiency will be reduced as a consequence.

CURRENT POSTURE

Now, since April 1976, an implementation task force of some 150 personnel has been at work completing plans and starting the implementation of the decision of the Secretary of the Army to create the Armament R. & D. Command, with its activation date of January 31, 1977. With the aid of charts, I would like to review the concept of the reorganization and expand on Mr. Greiner's statement.

EFFORT FRAGMENTATION

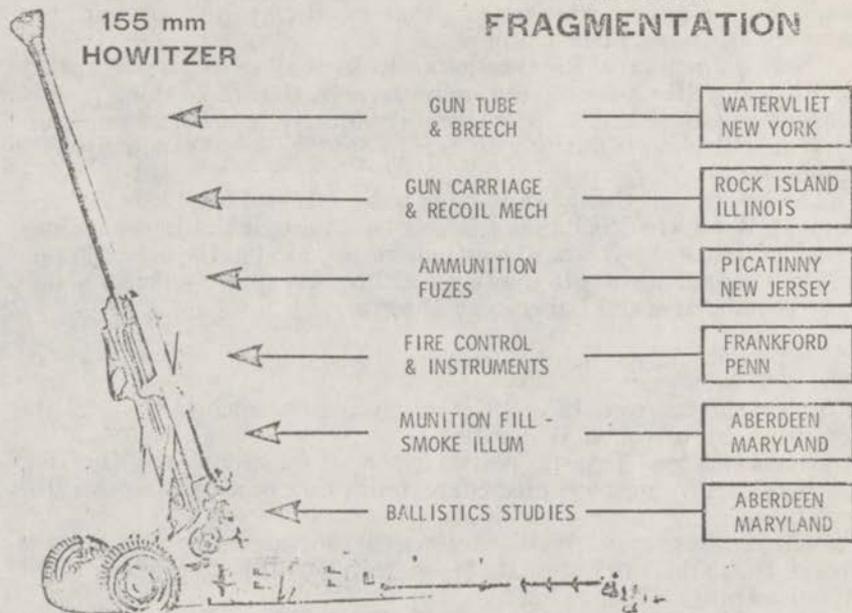


CHART 1

GEOGRAPHIC FRAGMENTATION OF CURRENT ARMAMENT DEVELOPMENT EFFORT

General LEWIS. The first chart depicts the geographic fragmentation of the current armament development effort. We have used as a representative example of armament hardware the 155-millimeter-towed howitzer, a very simple-looking but fairly sophisticated weapon.

From the many organizations shown, you can gain some understanding of the organizational dispersion and of the management effort required. Note that the development organizations are component-, not systems-oriented.

Senator JOHNSTON. All right; now let me interrupt you there, General. This is R. & D. Now, the 155-millimeter howitzer was a rather old weapon when I was in the Army.

General LEWIS. Now, the one you are looking at is one that has recently been accepted by the Army as standard. It has just finished its required developmental and operational tests. It is a new 155-millimeter howitzer. It has greater capabilities than the old 155.

RETOOLING OF WEAPONS

Senator JOHNSTON. I see. Then you can generally redo and retool these weapons.

General LEWIS. In response to the needs of either the actual user in the field who finds fault with our equipment, legitimate fault, or in response to the individual who represents the user for the future. There is an organization in the Army which states the needs of the

Army for the future, the Training and Doctrine Command, and it states the long-term requirements that we attempt to meet with our research and development programs.

Senator JOHNSTON. You are going to have all of these parts made at Picatinny, the tube, breech, gun carriage, the whole thing?

General LEWIS. Sir, the responsibility for development of the entire system will be at Picatinny in the Large Caliber Weapon Systems Laboratory.

The breech and the tube are going to be developed at Benet Laboratory at Watervliet, but that lab will be a part of the Large Caliber Systems Laboratory. The Benet Laboratory of slightly over 300 people will report directly to the Large Caliber Weapon Systems Laboratory Commander and Laboratory Director.

ACTIVITIES AT WATERVLIET

Senator JOHNSTON. In other words, you will continue to make the gun tube and breech at Watervliet.

General LEWIS. Yes, sir. Watervliet is a very unique facility. It is the only facility in the United States today that produces large caliber gun tubes.

Senator JOHNSTON. Well, why was it not necessary to have the interface fit and match and all of those things? Why did that argument not also apply to Watervliet?

General LEWIS. Sir, it does apply. We couldn't meet the ultimate objective of having everybody at one location.

Senator JOHNSTON. Why not?

General LEWIS. Because of personnel turbulence and costs.

Mr. GREINER. Well, there is another unique situation there. Watervliet is one of the very few remaining arsenals that manufactures things. As General Lewis said, they manufacture our gun tubes. Well, we decided to consolidate the Laboratories. We did consider moving those research people out of the Laboratory at Watervliet down to a new location, such as Picatinny, but upon examination we discovered that the interface of those particular Laboratory people was so great with the manufacturing process at Watervliet that when we looked at the tradeoffs and the alternatives, we were better served leaving those people at Watervliet adjacent to and availing themselves of the manufacturing facilities of Watervliet, and reporting to the Laboratory at Picatinny than trying to move them.

Senator STEVENS. What is the distance between Watervliet and Picatinny?

Mr. GREINER. Watervliet is upstate New York. Picatinny is roughly New York City, about 3½ hours' driving time.

But that was actually considered and some of our alternatives did have that Laboratory moving out of Watervliet.

Senator STEVENS. If you will yield for just a minute, if I understand, this is R. & D., right?

But now you are talking about a manufacturing process?

BENET LABORATORIES

General LEWIS. That is the uniqueness of Benet Laboratories.

Mr. GREINER. Benet Laboratories, because of their metallurgy and some of the exotic things they do in the gun tube business, have an in-

terface with that production capacity, and that is different from the other Laboratories that we have because they don't have, or don't have to have a relationship to the manufacturing capability.

EDGEWOOD ARSENAL LABORATORIES

Senator STEVENS. I just have one other question.

Can you tell us. Rock Island is involved, Frankford is involved, Aberdeen is involved. Now, as far as their facilities, is there any uniqueness in any one of those facilities?

General LEWIS. The Chemical Systems Laboratory at Edgewood is unique.

Mr. GREINER. And that is why that stayed in place.

Senator STEVENS. Edgewood? Where is that?

Mr. GREINER. It is part of Aberdeen. It is Edgewood/Aberdeen in Maryland.

Senator STEVENS. Thank you.

FALLBACK PROBLEM

Senator JOHNSTON. This particular problem that you described a moment ago, the shell coming back, the fallback, you have still got that problem now, don't you, with Watervliet?

General LEWIS. No, sir. We have now one man in charge of the operation at the head of the Large Caliber Laboratory with almost everything he needs at his disposal, with that one exception. But that man responsible for the tube and breech reports directly to the Laboratory commander and does not have to go through the arsenal commander, out to ARMCOM headquarters in Rock Island, through the ARMCOM staff, to the ARMCOM commander, back down through a commander of another arsenal, all the way down the line, to a laboratory worker.

Senator JOHNSTON. Well, can't you make those organizational changes and keep Frankford in place? In other words, couldn't you make the line on the chart, the line of responsibility, go directly from Picatinny, but keep the employees in place?

General LEWIS. With respect to that one point, the answer is yes, but there are many other considerations. We wanted to bring the currently dispersed mass of technical talent together. We wanted to bring the propellant people, the ammunition people, the fire control people together with the people who are designing the weapons. We have done this in our plan to a very high degree with the one exception of the breech and the tube, but even that will be controlled from Picatinny.

ALTERNATIVE CONSIDERED

Mr. GREINER. As I indicated earlier, Mr. Chairman, we did consider that alternative, and it was not as attractive either in management, technical expertise, or in costs.

Senator STEVENS. Would you yield right there, and I am sorry to interrupt, but I have another meeting. I wanted to come in and hear part of this because I am disturbed about some of the things I have been hearing. Can one of the two of you tell me how you justify the savings, this \$37 million savings annually? What is that based upon?

Mr. GREINER. The \$37 million is a combination of several elements. It is a reduction in overhead because we have fewer organizations involved. It is a reduction in the cost of operating as many locations as we have now, the cost of keeping a place open, guards, utilities and all of those things, which is—there is some cost as long as the place stays alive. It is a result of better management, consolidation, as well as some improvements in the way we do work and the mix of work. All of those things together comprise the cost savings.

Senator STEVENS. And what is the construction cost perceived as future annual savings?

Mr. GREINER. Our estimates involve not only the annual costs and the annual savings, but the one-time costs and the construction costs.

General LEWIS. And the 1976 cost study in which all of these studies were done, I believe it is \$20 million in constant fiscal year 1976 dollars.

General WRAY. In current dollars, the amount we are requesting in this reprogramming action, and in subsequent years, is \$31.5 million. That is in current year dollars.

REDUCTION OF OVERHEAD

Senator STEVENS. One last question.

The savings, you say are derived by reducing overhead. How much of that is civilian and how much of that is uniformed?

General LEWIS. Our organization is largely civilian. Our population today is 23,000. We have about 1,000 military.

Senator STEVENS. So this is primarily civilian you are talking about.

General LEWIS. Primarily, yes.

Senator STEVENS. Thank you very much.

PERSONNEL PROBLEMS AT WATERVLJET

Senator JOHNSTON. General, you said there was some personnel turbulence that would be caused at Watervliet.

General LEWIS. I thought the question was why not consolidate the entire command at one location, and we examined that. That was one of our alternatives. We looked at a number of locations. We even looked at Fort Irwin in California, a brand new site.

Mr. GREINER. We looked at Frankford.

General LEWIS. We looked at Aberdeen, and the costs of moving the population and the turbulence in the population indicated that was not a feasible course of action.

Senator JOHNSTON. Well, you wouldn't be comparing, for example, the personal turbulence and disruption and the unhappiness at Frankford and saying that it is any less there than it would be in Watervliet.

Mr. GREINER. Oh, no, sir.

General LEWIS. No, sir.

Senator JOHNSTON. In other words, you can't consolidate it all; you can't do too much.

General LEWIS. We couldn't put it all at a single site.

STATUS OF FRANKFORD PERSONNEL

Senator JOHNSTON. Now, you are losing a great many of your employees who are not willing to make the move. How many of those from Frankford are not moving?

General LEWIS. I have those statistics. Now in this, I am addressing the total command, both the readiness side as well as the development side. The population as of November 30 at Frankford was 2,223. Of that number, 1,018 declined relocation.

Senator JOHNSTON. That means they will be terminated, in effect, or terminate themselves.

General LEWIS. Retired or—yes, that is correct, 1,018. That left 1,205 we could slot against the jobs that were available, people who said “yes” to the canvass letter. Of that number, 336 were not given job offers. Now, we have received 869 responses to the job offers. As of January 5, 1977, 768 accepted, and 101 declined.

I must tell you that we have gathered some statistics, and we are very pleased by the numbers of people who said “yes.” With respect to the scientific and engineering types in the population, over 70 percent have said they would move.

Senator JOHNSTON. Well, now, General, if I were an expert working at Frankford and I had a good job with the Army and they sent me an application that says, are you willing to move, and I said, yes, does that mean I necessarily move?

General LEWIS. No, it doesn't.

Senator JOHNSTON. Now, do you have any experience with how many of those who checked yes to keep their option open—they want to look for a job in the meantime, and if they can't find one, maybe they will move—will actually make the move?

General LEWIS. Historical data was used in the estimates contained in the Case Study Justification Folder. For each location the factor was different; it depended in part upon the distance involved in the move. All of our experience thus far indicates these estimates are low. The favorable responses are above our estimates.

Now, these people haven't actually moved yet, but I have talked to the designated leaders of the new elements in the new organization to obtain some estimate of who will actually move. Mr. Gordon Sigman, who is head of the Fire Control at Frankford, has assured me that his key people are moving. Mr. Don Gyorag who is from Rock Island—

Senator JOHNSTON. But you don't have experience where you can say empirically that between, say 50 and 70 percent actually make the move?

General LEWIS. We have experience. Based on that experience, we estimated that 25 percent would actually move from Frankford.

FIGURES ON PERSONNEL TRANSFERS

Mr. GREYNER. Why don't we submit something for the record, because it varied so much from place to place that I don't know that we have at hand enough of an experience base to give you a quick response.

[The information follows:]

PERSONNEL TRANSFERS

Original estimates that between 20 percent and 45 percent of Frankford Arsenal's technical expertise will transfer to the Headquarters, Arradcom site appear to be overly conservative. Based upon recent responses to job offers, 72 percent of the technical personnel at Frankford Arsenal working in Fire Control, Munitions Development, and Engineering, and the Pittman-Dunn Laboratory will transfer to the Headquarters site. Although this figure may drop slightly due to individual reconsiderations prior to reporting dates, experience in other mission transfers suggests that a skill retention factor in the upper quartile range for technical personnel is not unusual.

When the PM for 2.75" Rocket transferred from Picatinny Arsenal to Huntsville, Ala., 88 percent of the professional staff moved with the function. Similarly, over 80 percent of the Naval Ordnance Laboratory's professionals moved from Corona, Calif., to the Naval Weapons Center at China Lake, Calif. 93 percent of the professionals in the PM Demil Office transferred with the function from Picatinny Arsenal to APG, Md. 75 percent of the professionals APSA, Joliet, Ill., transferred to Rock Island in the Mucom/Wecom merger. The relatively small number of Mucom professionals at Picatinny who transferred to Rock Island in this merger, 25 percent, was due to the large number of fallback positions available at Picatinny Arsenal.

Given the large potential for technical employment at the Picatinny site (ARRADCOM, PM for PBM, PM for Selected Ammunition, PM for Nuclear Munitions, PM for CAWS, PM for ARGADS, PM for Fuze) and the limited number of fallback positions in the Philadelphia area for technical munitions specialists, it seems safe to conclude that the overwhelming majority of the 392 technical personnel at FA who accepted job offers at Headquarters, ARRADCOM will transfer. The proximity of FA to the Dover area (80 miles) will further facilitate these transfers and permit a gradual family relocation process to take place (weekly commuting, etc.).

IMPACT ON ARMY FROM TRANSFERS

Senator JOHNSTON. What I am getting at is what is the impact to the Army to lose, of that 2,223, to lose certainly over half of them, because 1,018 declined, another 101 declined the job offers, and then you have only got 768 who said they would go, but they might not. I am just wondering the impact on the Army to lose that much skill.

I am sure you have got a good degree of accumulated skill here which would have to be replaced by people who have yet to be trained.

PENALTY

Mr. GREINER. There is a disruption, there is a penalty we have to pay, and that is why we try so hard to encourage people to move. But if you recall, earlier I said the Picatinny work force already has many skills in the same areas that exist at Frankford Arsenal.

So we have a base to build on. It is not as though we were going in the middle of the desert and there is nobody there that knows how to do that kind of work. So it is not as disruptive as it might otherwise appear.

But we have every desire to get as many of those people to move as we can. Unfortunately, as you very adroitly described it, it is a very personal thing for each individual, and we never really know until they actually show up at the job whether they are just keeping options open, they really intend to move, they may elect to retire, or whatever.

NET JOBS SAVINGS FROM PICATINNY MOVE

Senator JOHNSTON. The closing of Frankford and the moving of those operations to Picatinny would mean a savings of how many net jobs?

General LEWIS. It is very difficult to sort out just what the contribution of Frankford is alone because we are building an entirely new organization. I am not sure that we could give you a number that would be accurate.

Most of the job declinations I cited were people who were moving to the readiness command side of the house, in other words, going out to Rock Island. There was a statement made earlier that there had been a previous reorganization to bring guns and bullets together. What was actually brought together were the staff elements of two headquarters activities in support of the national procurement mission, but not all and the activities supporting the national maintenance mission, but not all. In the preceding reorganization, there was no pulling together of research and development at the bench level.

The current reorganization is in effect a natural follow-on to the prior reorganization. We are completing the consolidation of the national procurement mission and the national maintenance mission activities. They are going to be consolidated at the command headquarters at Rock Island Arsenal, and are now pulling together the research and development activities. It is really the second phase of a reorganization started some years ago.

Senator JOHNSTON. Senator DeConcini?

Senator DECONCINI. I have no questions.

SUBCOMMITTEE RECESS

Senator JOHNSTON. All right, gentlemen, thank you very much for your testimony.

I see it is now 12 o'clock. I think this would be a good stopping point. Unless Representative Eilberg or Representative Meyner have to be back over on the House side this afternoon, it would be very convenient for us to just come back at 2 o'clock.

Representative MEYNER. It would be very convenient for me.

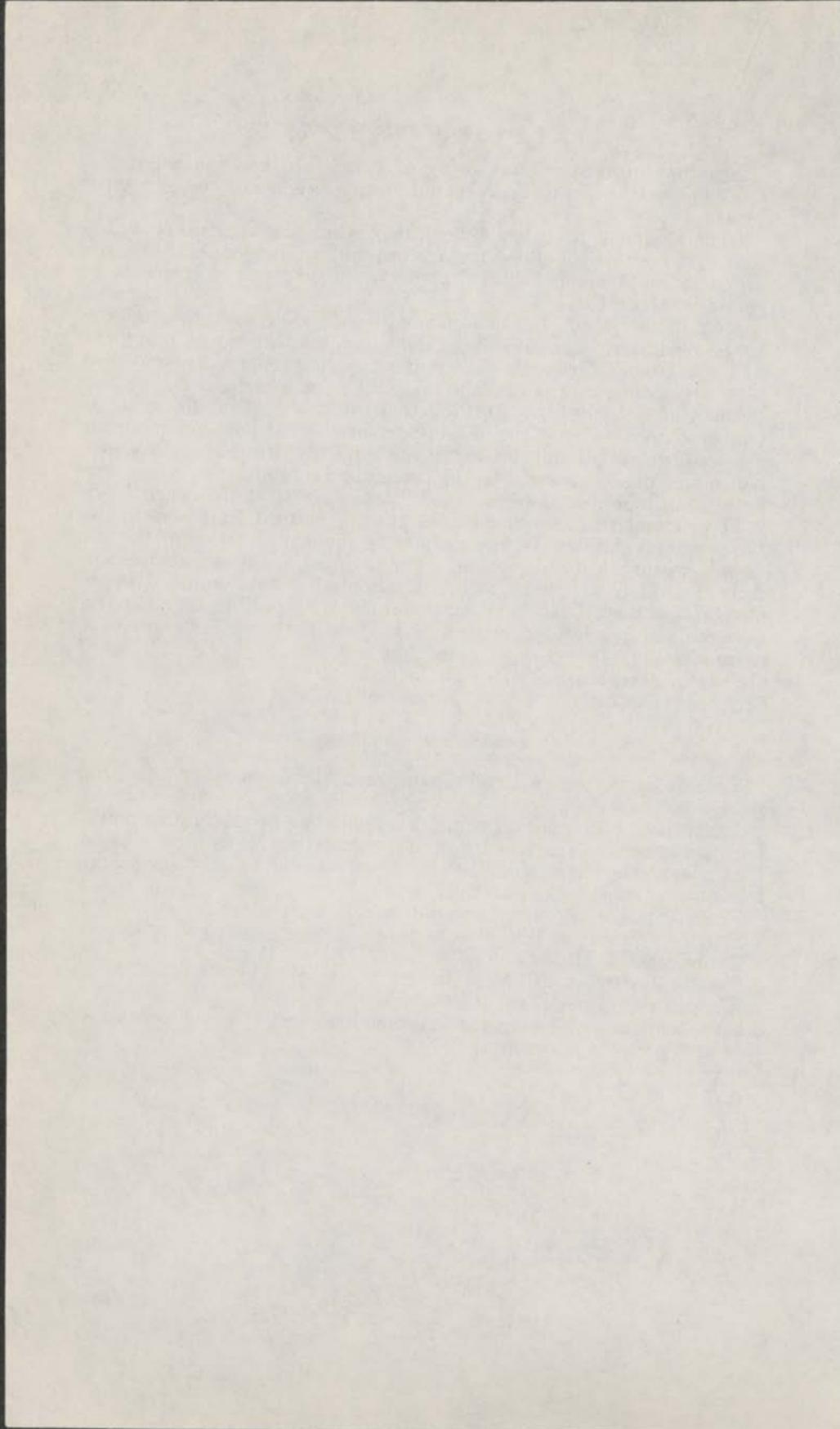
Senator JOHNSTON. Will that suit you, Congressman Eilberg?

Representative EILBERG. Yes, sir.

Senator JOHNSTON. All right, fine.

We will reconvene, then, at 2 o'clock.

[Whereupon, at 12 noon the subcommittee was recessed, to reconvene at 2 p.m. the same day.]



(AFTERNOON SESSION, 2:10 O'CLOCK, THURSDAY, JANUARY 13, 1977)

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

U.S. ARMY ARMAMENT COMMAND

STATEMENT OF MAJ. GEN. BENNETT L. LEWIS—Resumed

RESUMPTION OF CHART DISPLAYS

Senator JOHNSTON. The subcommittee will come to order.

I was just advised at the conclusion of the noon session that we cut General Lewis off in the middle of his statement, so General, if you would like to continue.

General LEWIS. All right, sir. Let us turn to chart 2.

ARMAMENT RESEARCH
AND DEVELOPMENT COMMAND/ARMAMENT
MATERIEL READINESS COMMAND

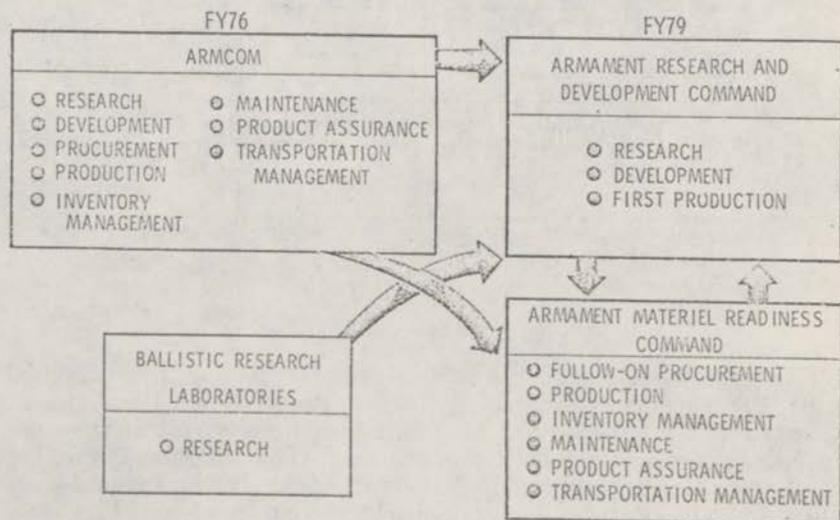


CHART 2

ORGANIZATIONAL CHART

Chart 2 shows the current armament community in its transition to the two new organizations, one charged with the responsibility for research and development and initial production, and the other with material readiness functions. Mr. Greiner explained that those charged with research and development responsibilities take a development project through initial production. The R. & D. Command is responsible for insuring that the prototype hardware that met the Army's needs in the development phase can in fact be produced to the quality desired in the quantity desired.

At present, Armament Command, with its 23,000-plus employees, is charged with both responsibilities. The ballistics research laboratories will be joining the armament community in this reorganization.

U.S. ARMY ARMAMENT RESEARCH AND DEVELOPMENT COMMAND
(ARRADCOM)

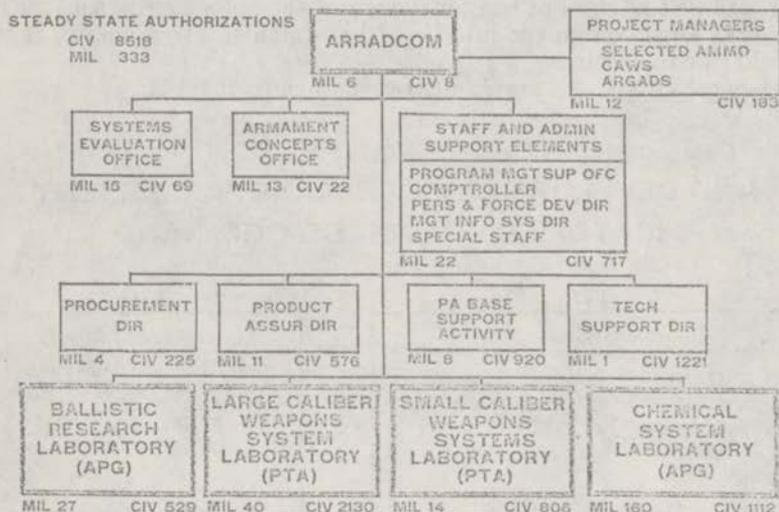


CHART 3

ARRADCOM

The next chart, chart 3, is a diagram depicting the principal subordinate elements comprising the new Research and Development Command. The laboratories, that is, the doing elements of the command, are shown at the bottom of the chart. The core laboratories are the Larger Caliber and Small Caliber Weapons System Laboratories. Both are to be located at Dover, N.J., the current location of Picatinny Arsenal. These laboratories will draw together the development of the various components of a weapons system such as the weapon, the recoil mechanism, the gun carriage, the projectile, the explosive, the shell case, the propellant, the fuze and the fire control elements that are now scattered in small laboratories and activities at several widely dispersed arsenals.

ARMAMENT COMMUNITY

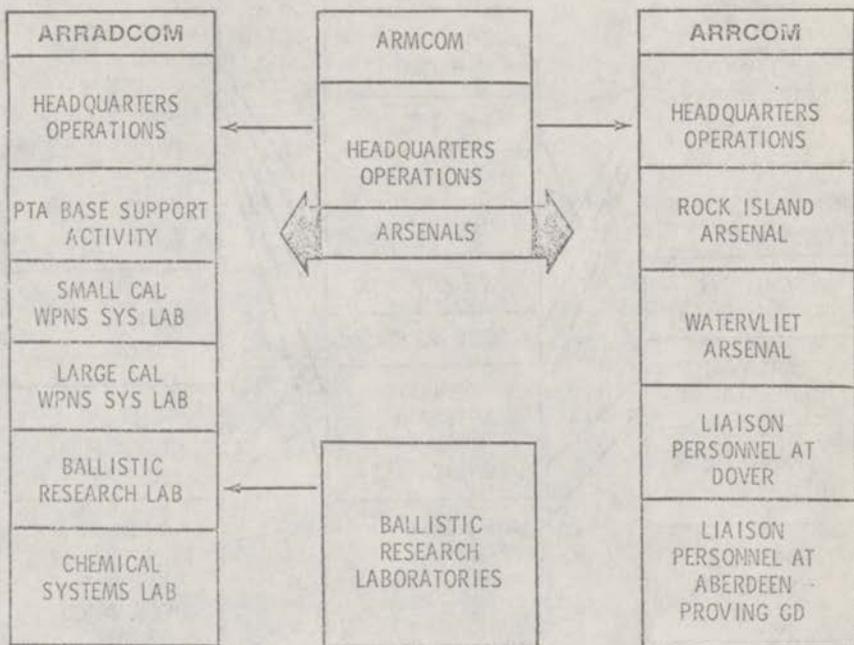


CHART 5

FRANKFORD ARSENAL

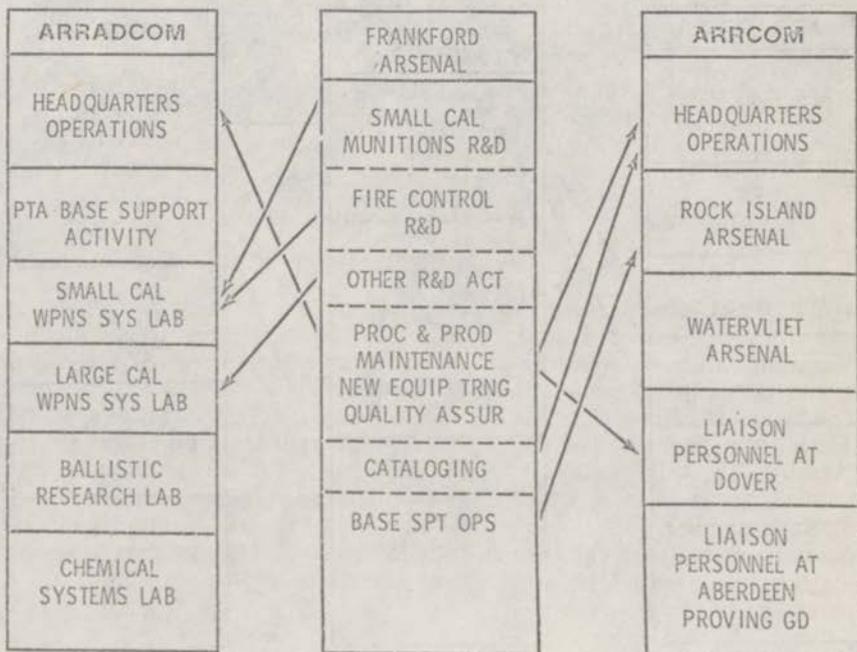


CHART 6

PICATINNY ARSENAL

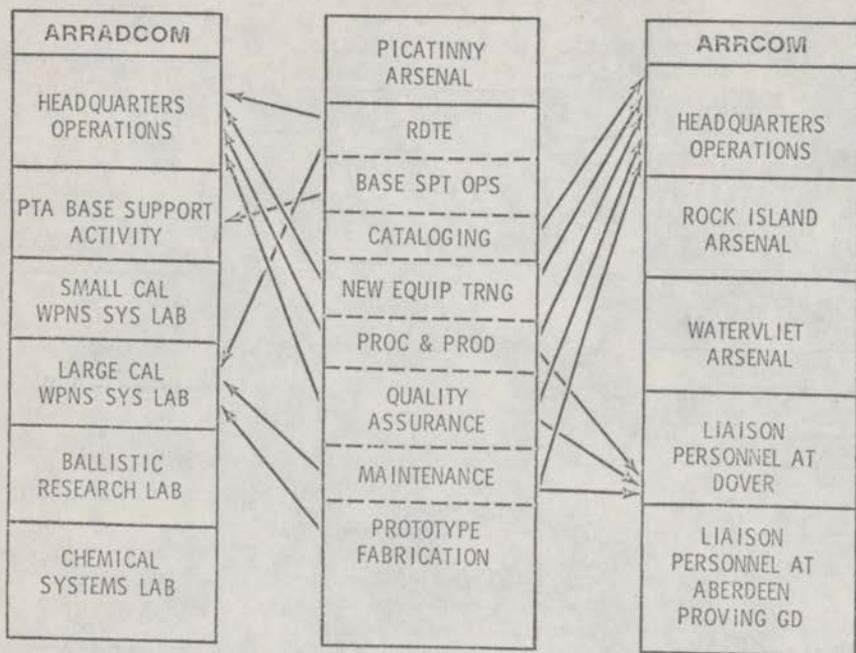


CHART 7

ROCK ISLAND ARSENAL

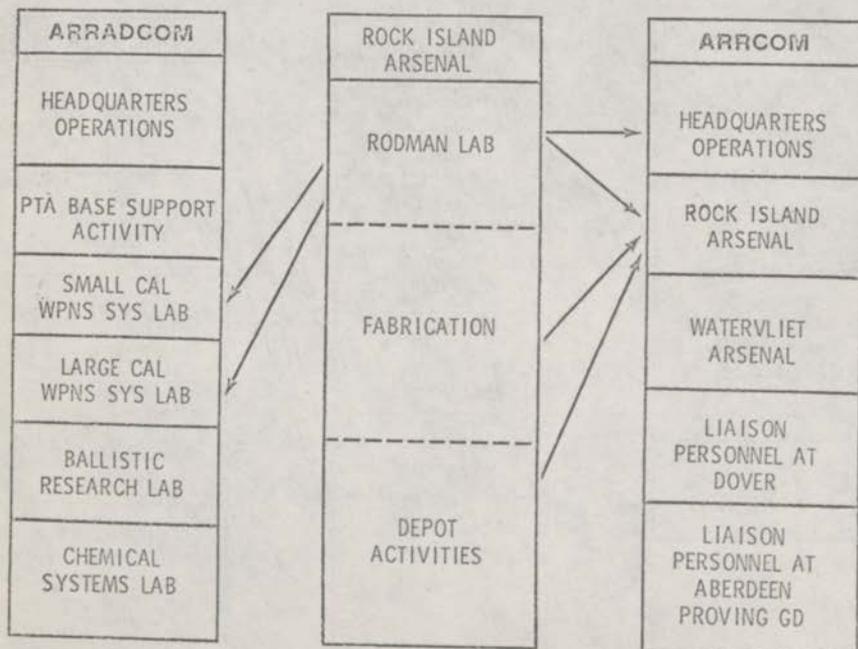


CHART 8

WATERVLIET ARSENAL

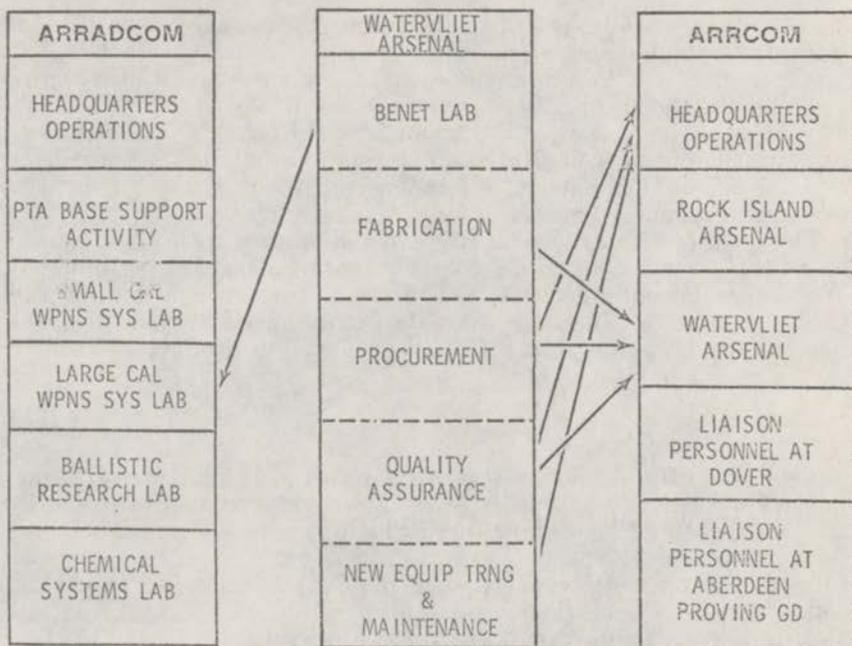


CHART 9

EDGEWOOD ARSENAL

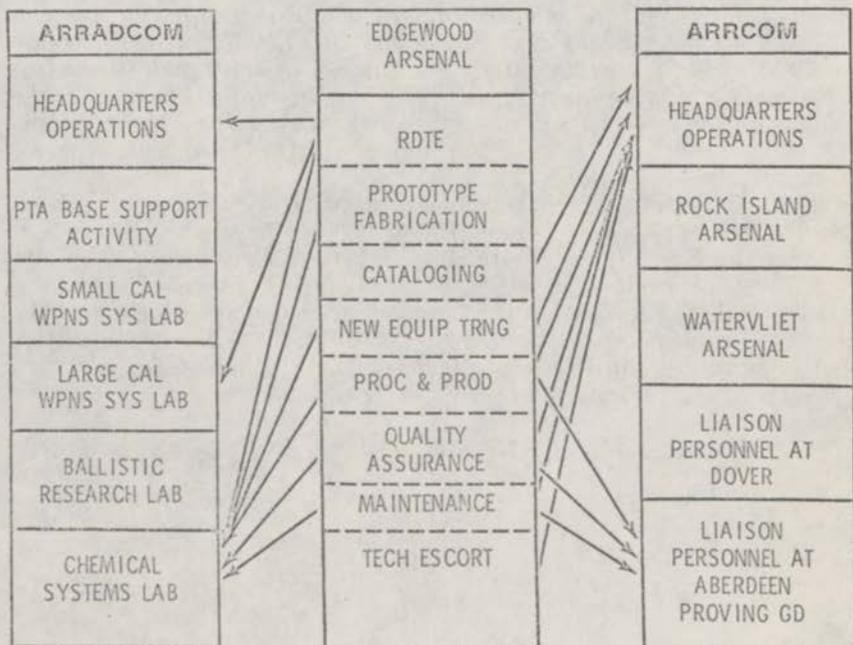


CHART 10

FUNCTION MOVEMENTS

General LEWIS. Charts 5 through 10 illustrate the movement of functions from the current organization to the two new commands, but you can see, if you look at any one, that there are functions that move from each of the arsenals to the readiness side of the house, ARRCOM, as well as to the R. & D. side of the house, ARRADCOM. In this reorganization we are finally consolidating the national procurement and the national maintenance missions, an action started under the previous reorganization.

The Large Caliber Weapon Systems Laboratory with a population of over 2,000 will maintain a small element of about 325 personnel at Watervliet Arsenal in New York to work on the development of large caliber gun tubes using that arsenal's unique production facilities as part of its laboratory. As a matter of fact, the production facility serves as a laboratory bed.

LARGE ROTARY FORGE

These facilities do not exist elsewhere in the United States, either in the Government's inventory or in the private sector. For example, they have a very large rotary forge which weighs 930 tons. There are four in the world. The United States has one, Austria has one—the forges are manufactured there—and the Soviet Union has two. That rotary forge can produce gun tubes up to 8 inches in diameter. It can also, of course, produce the 155-millimeter gun tube.

Also at the New Jersey site will be most of the supporting elements. The command headquarters will be there with the bulk of the command, providing full-time, onsite management, something our R. & D. program has never had before. Because of environmental considerations and because the development of defensive chemical systems is not dependent on the same sort of skills as the development of armament weapon systems, the Chemical Systems Laboratory will remain at the site of the current Edgewood Arsenal in Maryland, where this type of work is now performed. The fourth major laboratory, the Ballistics Research Laboratory, will also remain at the same Aberdeen Proving Ground site in Maryland with the Chemical Systems Laboratory.

In creating these new laboratories, the R.D. & E. elements at Rodman Laboratory, Rock Island, Ill., will transfer to the Dover, N.J. site by January 1, 1978. Similarly, the R.D. & E. elements at Frankford Arsenal, Philadelphia, Pa., will transfer to the same Dover location and become part of the weapon systems laboratories or the supporting elements by September 30, 1977. In the reorganization, both Frankford and Picatinny, as arsenals, are eliminated.

U.S. ARMY ARMAMENT MATERIEL READINESS COMMAND (ARRCOM)

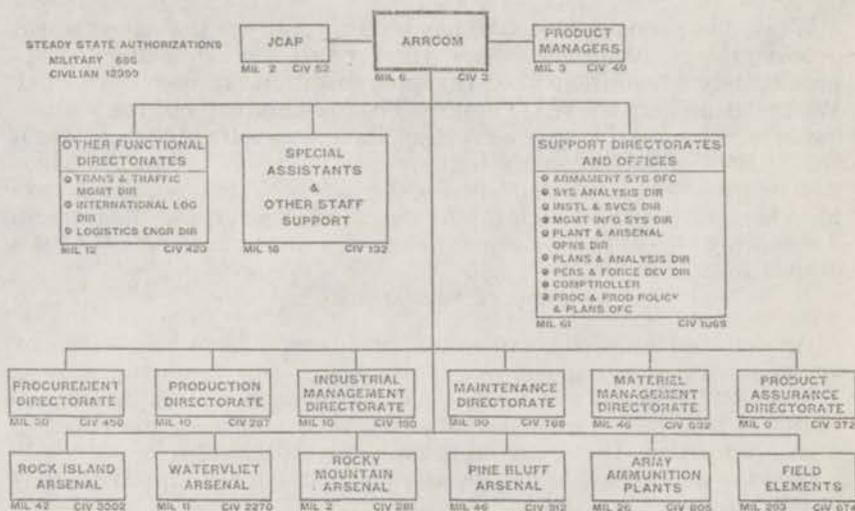


CHART 4

ARMAMENT READINESS COMMAND

Chart 4 is a schematic depicting the organization of the Armament Readiness Command. This command will be responsible for the logistics functions associated with readiness activities. You will notice from the bottom line of the chart that four arsenals and all of the Army ammunition plants will be the responsibility of this command. This command is also being assigned responsibility as the single manager for conventional munitions for the Army, Navy, Marine Corps, and Air Force. That will include the shifting of two very large Navy facilities, one at Hawthorne, Nev., and one at McAlester, Okla., to that command, also a part of Crane, in Indiana. The headquarters of this command will also be located at Rock Island Arsenal, Ill.

In summary, this total plan was specifically intended to do two things: One, improve the quality of the Army's armament materiel and two, provide better support to the readiness posture with reduced personnel and resources.

Contributing to the development of better weaponry will be the easier flow of scientific and technical information among the collocated scientists and engineers, the better opportunities for broadening assignment and advancement of the most skilled without the need to move families from one arsenal to another, the systems orientation of the organization which will replace the component orientation of the current organizations, the collocation of top management with major weapon systems laboratories, and management's improved ability to distribute workload among weapon systems developers as requirements inevitably fluctuate.

ANNUAL SAVINGS

While the primary objective has been to improve the development process, the resulting efficiencies will produce annual savings of approximately \$37 million when the reorganization has been completed. We are using here the GAO figures. The one-time costs of the realignment, including military construction, have been estimated to be about \$82 million. GAO gave us high marks on these estimates. These amounts are stated in constant fiscal year 1976 dollars. These data have been reviewed by both the Army Audit Agency and the General Accounting Office; neither reported any significant exceptions to these calculations.

FRANKFORD ARSENAL

As commander of the armament command, I have been made responsible for carrying out reorganization of this command into an Armament Research and Development Command and an Armament Materiel Readiness Command. My command is now in the midst of a reorganization. It impacts approximately 16,000 people.

Senator JOHNSTON. What do you mean it impacts approximately 16,000 people?

General LEWIS. We issued job offer letters or the fact that there was no job offer to over 15,000 people in our command of over 23,000.

Senator JOHNSTON. In other words, this change will change the jobs or job status of 16,000 people.

General LEWIS. Yes, sir. Now, many employees just remain in place and move to a new organization.

Mr. GREINER. It may just be a change in the organizational designation.

Senator JOHNSTON. That would be a minimal impact.

General LEWIS. Yes, sir, minimal.

In November 1974, when the Army announced its decision to close Frankford Arsenal, the arsenal's strength was 3,300. Mr. Chairman, you mentioned a figure of 5,500 earlier. I am not aware of the source of that figure. You also asked if the personnel leaving Frankford were moving to Picatinny. Some few individuals have moved there and a few went out to Rock Island. Picatinny itself reduced from 5,400 to just over 4,700 in the same time period.

Senator JOHNSTON. I see. Now, when you close Frankford, what will happen to Picatinny then?

General LEWIS. Many of the people from Frankford are scheduled to go to Picatinny at that time.

JOB SITUATION AT PICATINNY AS RESULT OF FRANKFORD CLOSING

Senator JOHNSTON. I am not talking so much about the physical bodies moving from Frankford to Picatinny, but what is the job situation going to be at Picatinny as a result of the closing of Frankford? You are eliminating 2,200 jobs at Frankford. How many would you add at Picatinny?

General LEWIS. I think the net increase—I will have to get that number for you, sir.

Mr. GREINER. While you are looking for the number, there are both adds and deletes at Picatinny because there is an imbalance of skills and jobs in onboard people.

General LEWIS. Approximately 1,000 net increase. A part of this net is a decrease in its current work force. For example, there will be a reduction at Picatinny of people with skills not needed in ARRADCOM. There will also be new positions created, and people can be hired.

Senator JOHNSTON. Is that where the \$37 million savings comes from, that employee saving?

Mr. GREINER. Part of it.

General LEWIS. Part of it.

Senator JOHNSTON. A good portion of it?

General LEWIS. There is an actual reduction of 3,000 in this reorganization.

Senator JOHNSTON. I see.

General LEWIS. 3,000. Not all of this reduction represents savings. If all were savings, we would expect the dollar value of savings to go to \$66 million.

Senator JOHNSTON. Now, you say there is an overall reduction of 3,000. Now, that 3,000 reduction is as a result of this whole new plan coming in, and is that the figure to which the \$37 million savings is related?

General LEWIS. Yes, sir.

SAVINGS

Senator JOHNSTON. So that when we talk about the savings, \$37 million a year, that does not mean that that is a savings on account of closing Frankford itself.

General LEWIS. That is correct.

Senator JOHNSTON. And, correspondingly, if some new plan were carved out for Frankford, for saving Frankford, that doesn't necessarily mean it would add the \$37 million back. There might be some alternative plan, even though more expensive, would not cost the full \$37 million.

General LEWIS. Possibly.

Senator JOHNSTON. OK.

FRANKFORD PERSONNEL REDUCTIONS SINCE 1974

General LEWIS. Since November 1974, reorganization actions, normal attrition, and a hiring freeze have reduced the Frankford strength by over one-third. By January 31, 1977, the end of this month, the strength is scheduled to be 1,651. Many functions have already been transferred from Frankford in whole or in part. Frankford was the national inventory control point for certain types of items; that function has been moved to Rock Island, Ill. The civilian payroll for Frankford employees is now prepared by Picatinny Arsenal, N.J. Allotment accounting has been moved to Rock Island. The administration of some, but not all, procurement contracts has been moved to Rock Island or Picatinny. About 5,000 pieces of equipment have already been moved out of Frankford, but much more than that is

yet to be moved. And here there has been no acceleration. I am responding to a comment made earlier. We have a plan that was published on August 3, was referred to by Senator Schweiker this morning. He referred to some correspondence of which he was aware. Equipment that he referenced was actually moved on December 29. It was scheduled for movement on January 5. It just so happened the building that was to house this equipment was available.

EQUIPMENT SLIPPAGE

There is some equipment that slipped from that movement schedule because the buildings are not available. The actual equipment shipped was 16 pieces. It was not the entire small caliber laboratory, but some equipment for some small caliber ammunition work.

Under ideal conditions, the Army would have preferred to present its construction requirements to the Congress before taking any other implementing actions, but we are faced with a dilemma. At this point in time, each month's delay in effecting the realignment with its resulting economies costs between \$2 million and 3 million additional. A delay of a week or two in issuing job offers in November caused serious morale problems among thousands of employees who understandably were most anxious to learn of their future employment status. The adverse impact was felt by the individuals and was reflected in reduced productivity. I mention these points to make it clear that in an operation of this magnitude and complexity, it is next to impossible to halt all actions without very serious consequences. There has been no intent to, in any way, pre-empt the prerogatives of the committee in continuing with these necessary actions pursuant to the 1974 decision to close Frankford Arsenal.

An earlier recommendation to close Frankford Arsenal based on an economic analysis was part of a study named CONCISE, which predated AMARC. In the Army's study of realigning ARMCOM, however, no decision was made on this matter until later.

ARMCOM REORGANIZATION STUDY

In the ARMCOM reorganization study, two of the alternatives evaluated included a small caliber weapon systems laboratory at Frankford or a new site in Philadelphia proposed by that city. Neither alternative stood up well against other options on a cost/effectiveness basis. In November 1974, with the ARMCOM reorganization study's analysis of the Frankford alternatives substantially completed and known to Department of the Army, the Secretary announced his decision to close Frankford Arsenal by September 30, 1977. In addition, subsequent proposals advanced for maintaining a small caliber development activity at Frankford have been analyzed from the point of view of operational benefits and cost and have not proved desirable.

In summary, the Frankford question has been repeatedly examined and reviewed over the period of the last several years by a variety of groups. There appear to be no economic or operational advantages which outweigh the serious operational and economic disadvantages of trying to maintain an armament R. & D. activity there.

Mr. Chairman, this concludes my statement on the Armament Command realignment in general and the Frankford Arsenal closure in particular.

Senator JOHNSTON. Thank you very much, General Lewis.

General Lewis, attached to Senator Schweiker's statement was a news article purportedly quoting you, and while we don't want to go into the specifics of it in this committee hearing, we have admitted it into evidence, and I think you ought to be given, if you desire, a chance to respond to that. So we will hold this record open if you care to.

CORRESPONDENCE

General LEWIS. Sir, I would like to. I would like to, very much.

I sent a letter to Senator Mondale and included the copy of the letter I sent to General Deane, the commanding general of DARCOM, and also a copy of a note or a message I had sent to the chief of public affairs of the Army, categorically denying making any derogatory remarks about the election or the outcome of the election. I also denied most of the other comments attributed to me. The words in the article of a derogatory nature are not my words. At the present time, the Army, in response to a letter to the Secretary of Defense from Congressman Eilberg concerning me is conducting an investigation of the incident behind that article, and I don't know the outcome of the investigation.

Senator JOHNSTON. Well, if you would like to leave it at that denial, that is fine. If you would like, submit something for the record; I don't think the committee ought to take a great deal of time going into the pros and cons of the particular article because it is not particularly relevant to the issues, but I think you ought to be given that opportunity.

General LEWIS. Thank you very much.

[The information follows:]

The following is a verbatim copy of a message dispatched by Major General Bennett L. Lewis, Commander, US Army Armament Command, to Major General L. Gordon Hill, Chief of Public Affairs, Department of the Army on 24 November 1976.

"1. Following is a statement by MG Bennett L. Lewis, CDR, ARMCOM, on the newspaper article in the 23 Nov 1976 Philadelphia Daily News. This is submitted per phone conversation with MG Lee, CLL.

"2. This morning I was given a copy of a newspaper article from the Philadelphia Daily News, dtd Tuesday, 22 Nov. The headlines of the paper and an article on page three (3) concern a visit I made to Frankford Arsenal on 17 Nov 76. The contents of the article are such that I find it nec to make a formal statement. First, the article attributes to me a number of stmts about the Pres & Vice President-elect. I categorically deny having made any derogatory stmts about these two gentlemen and I deny having made any statements about the outcome of the election. Secondly, the article leads one to believe that I made a statement vowing our intention to dismantle the Arsenal in defiance of the new administration. I made no such statement. As a soldier of over 27 years service I am fully aware that I take orders and that these orders ultimately come from our civilian leadership.

"My visit to Frankford on the 17th was to meet with many of the employees who indicated a desire to join the new US Army Research and Development Command to be established at Dover, NJ. The purpose of the meeting I believe is best stated in a letter I have just received from an attendee at the Frankford meeting. He writes, "We did appreciate your courage in appearing, to clear the air, to inspire future ARRADCOM employees with its mission responsibilities, and just talking to the civilians about the formation/closure exercise . . ." The air needed clearing because of the uncertainty in the minds of the 16,000 employees who are affected by the reorganization within the US Army Armament Command as to the status of their future. The

uncertainty arose when these employees became aware that the job offer letters which were scheduled to be issued in mid-November had been delayed. Also there had appeared in newspapers several articles about a 90-day moratorium, attributing it to an Army decision when in fact no Army decision had been issued.

"As described in the article, I did meet with the ARRADCOM Task Force at Picatinny a day previous to the Frankford meeting. Included in that Task Force are employees from Frankford Arsenal as well as employees from all installations affected by the reorganization. I did say, as I did at Frankford, that we are continuing with the reorganization that had been underway since the November 1974 decision to close Frankford. All actions have been in accordance with the plans approved by the Secretary of the Army and the Secretary of Defense.

"The Frankford decision was the first of two that led toward the separation of the large and complex Armament Command into two commands, one devoted to research and development (ARRADCOM) and one devoted to logistics readiness. These actions have been going on over two years, and are advanced to the point that the new commands are scheduled to become operational on 31 January next - two months away.

"There is another major consideration. Delay in realizing the savings resulting from the reorganization contributes to a budget shortfall for ARMCOM of \$28 million. If all plans are delayed, we could find ourselves having to reduce late in the year as many as 6,000 people or be in violation of the statute prohibiting us from spending money we don't have. I don't say all of this to be an alarmist. The point is that we are in the midst of a very complex and intricate reorganization whose sole purpose is to better and more economically support the Army with armaments. At stake is our very ability to do that. As the Commander directly involved, I'm very concerned about our future readiness posture and concerned for the welfare of all of the 23,000 people engaged in that activity.

"There are two other points in the article worth rebutting. These follow.

"I deny that I offered a position at Picatinny Arsenal to a Frankford official if he would "lay off" criticizing the Army action at Frankford. I met privately with only one Frankford employee. The employee was the President of the local Union, Mr. Edwin Lewandowski. I talked with Mr. Lewandowski by phone this morning and his recollection of the meeting is the same as mine. During the meeting I formally recognized his effectiveness as a critic of our management actions and that he had been a good employee.

"The Daily News article also states that I was not available for comment on Monday. Someone from the paper called my Office on Monday and was informed that I was at a meeting in Washington at that moment and would have to hurry to catch a plane back to Rock Island immediately after the meeting. The person who phoned was also advised that I would be in my Office on Tuesday morning. Throughout the reorganization, it has been my policy to be available and to keep the communication lines open with both the press and with the employees."

CONCLUDING REMARKS

Senator JOHNSTON. We are getting short of time. We have had some very good testimony so far from witnesses on both sides. I think now it might be appropriate to hear from Hon. Joshua Eilberg, a Representative from the State of Pennsylvania, whose interest in this is very abiding, I know.

We are glad to have you, Congressman, and we look forward to hearing from you.

CONGRESSIONAL WITNESSES

STATEMENT OF HON. JOSHUA EILBERG, A REPRESENTATIVE IN
CONGRESS FROM THE FOURTH CONGRESSIONAL DISTRICT OF
THE STATE OF PENNSYLVANIA

ACCOMPANIED BY EDWARD P. CARROLL

OPPOSITION TO FRANKFORD CLOSING

Representative EILBERG. Mr. Chairman, I would like to express my deep appreciation of your committee's efforts in reviewing the circumstances surrounding the closure of Frankford Arsenal as they relate to the Army's request for reprogramming authority. I might say to my left is my good friend and special assistant, Edward P. Carroll, who is a retiree of the Frankford Arsenal, where he spent 34 years of his productive life, and I would like to say I give him credit here for giving me a good deal of help in this particular matter. I think your committee may be impressed with his credentials if and when you ask any questions.

Senator JOHNSTON. Mr. Carroll is retired from Frankford?

Representative EILBERG. Yes, sir.

Senator JOHNSTON. Retired as a result of this closure or previous to that?

Mr. CARROLL. Prior to that.

Representative EILBERG. I especially appreciate the visit to the facilities concerned by a staff member of this subcommittee.

The diligent attempt by your committee to exercise its right and authority in the interest of the taxpayers and the security of this Nation is already clear in the serious consideration being afforded this matter.

For reasons never made clear to the public, the Army has predestined the closure of Frankford Arsenal, thereby abandoning some excellent facilities and decimating a skilled work force of over 3,500 employees and causing a concomitant loss of total payroll cited by the GAO for the city of Philadelphia of \$174 million.

Typical Army rationale for this action is stated on page 7 of the request for reprogramming, and I quote, "The scheduled closure of the Frankford Arsenal renders the facilities there unusable."

It is this type of wasteful and irrational thinking that brings me here today.

On November 22, 1974, the Secretary of the Army announced the closure of Frankford Arsenal, Savannah Depot in Illinois, Jefferson Proving Ground in Indiana and the realignment of certain other Army installations within the continental United States.

PROJECT CONCISE

An Army installation utilization and stationing study, Project CONCISE, alleged that the Frankford Arsenal, Savannah Depot, and Jefferson were too costly and outmoded to continue operation and therefore said they should be closed.

In early December 1976, the Army reversed its decision to close the Savannah Depot and Jefferson Proving Ground, based on erroneous initial cost savings.

By its own admission, the cost data developed for these closure decisions were not infallible.

At the time that the Project CONCISE Frankford Arsenal Study was being implemented, the Army Materiel Acquisition Review Committee Study was conducted by an independent group of senior officials from industry, the academic community, and government.

The Army Materiel Acquisition Review Committee Study focused on the material acquisition process of the Army.

One of the Army Materiel Acquisition Review Committee's recommendations was the proposed establishment of a development center capable of carrying out research and experimental engineering.

As a result of this recommendation, it was proposed to create a new Armaments Development Center at a single location by the consolidation of selected research and development activities of Frankford, Rock Island, Watervliet, Picatinny, and Edgewood Arsenals.

The present Army plan does not achieve consolidation.

The goal was the placement of all R. & D. facilities, that is, guns and bullets, under one roof so that research efforts could be dovetailed. But while the Rodman Lab is to be moved, the Watervliet Arsenal and Edgewood Arsenal functions remain in place. Aberdeen is assigned some new responsibilities and Picatinny is slated for others. Frankford is scheduled to be closed and its functions distributed elsewhere.

Whether we accept the wisdom of the single integrated unit concept or not, that objective has been compromised.

What we end up with is a makeshift redistribution of assets that can only compromise the defense of this Nation.

ARMAMENTS DEVELOPMENT FACILITIES

I would like to discuss the salient aspects of the Army's project request No. T-28600, dated January 1976, titled, "Armaments Development Facilities—Increment No. 1 for the Army's Picatinny Arsenal," which forms the basis for the recent request to your committee for approval of reprogramming authority for \$7.3 million of unexpended prior year funds.

May I say parenthetically, Mr. Chairman, that the Army has already spent \$5.7 million for the relocation of facilities at Frankford, at Picatinny Arsenal out of moneys that have been obligated by the Congress, but on which the Congress has not taken any action. In other words, while they are asking for a reprogramming of \$7.3 million for this purpose, the Army already has spent \$5.7 million without Congress acting to approve on those expenditures.

The \$7.3 million additional requested is primarily to be used to rehabilitate what the Army describes as older warehouse type buildings, so that Frankford Arsenal's personnel and functions can be relocated to Picatinny Arsenal, Dover, by September 1977.

A very disturbing factor to me regarding this reprogramming request is the fact that no where has the Army previously budgeted for these requirements and presented to the Congress in the prescribed manner the required defense for the need for these funds.

I must say, Mr. Chairman, parenthetically, that I find somewhat unacceptable to me, and perhaps ludicrous, the fact that over a 3-year period that they have been involved in this, that they have seen fit not to go through the normal authorization and appropriation process, and roughly slipped through the idea that this just was done in accord with their scheduling demands. I find that totally unacceptable as far as I am concerned, and the Philadelphia delegation shares that with me.

This, in effect, has denied the Congress a thorough and comprehensive review of these actions.

In my judgment, the reprogramming request is a continuing attempt by certain forces within the Army to deceive and defraud the Congress and the American people of an irreplaceable research and development asset.

FRANKFORD LOCATION

The asset in question is Frankford Arsenal's proximity to the transportation and academic facilities of the city of Philadelphia and the surrounding area.

The element of deception is a misinterpretation by the AMC implementation committee of a study chartered by the Army of its acquisition process.

In fact, the primary recommendation of this study, known as AMARC, was to locate a center for all weapons systems research and development in just such an environment as exists in the Philadelphia area.

The motivation of the outgoing administration in supporting the abandonment of this geographic advantage is unclear, but it is the announced intention of the new administration to review the decision of the Army to abandon the Frankford site.

Still, the forces within the Army persist in the path of self-destruction.

Based on the travesty of the closing of the Springfield Armory and the subsequent chaotic M-16 rifle program in Vietnam, the Army should be the world's foremost experts on the folly and loss of critical capability resulting from a turbulent and disruptive movement of research and development functions.

A definite clue to the clandestine nature of the attempt to abolish Frankford is the haste being made to empty Frankford of personnel and equipment regardless of the consequence in loss of skills, combat readiness and our national defense posture.

In all probability many of these accelerated actions are being taken to frustrate the new administration's declared intention to completely review these decisions.

For example, in October 1976, the Army plan was to move the small caliber ammunition load line to Picatinny Arsenal in June 1977, and they testified to that.

But, in mid-November, shortly after the elections and while this reprogramming request was before this committee for approval, orders were issued to hastily bring about this planned move by December 22, 1976.

This was ordered even though there is no one at Picatinny to operate this equipment and no one is scheduled to be there until some time later this year.

BUSING OF PERSONNEL FROM FRANKFORD TO PICATINNY

Should the need arise, the Army, incredibly, plans to bus people from Frankford to Picatinny to operate this equipment. In my judgment, this could involve approximately two hours travel time each way every day, and that is thoroughly impractical.

Their movement of equipment involved only a few truckloads of equipment, but I bring this overt action on the part of the Army to your attention to emphasize the apparent disdain the Army holds for the new administration and the presumption on the part of the Army that this committee would approve this reprogramming request.

This reprogramming request is to close the Frankford Arsenal before a thorough investigation can be made.

These funds will be used to rehabilitate warehouses at Picatinny into marginally habitable buildings with the documented intent of housing Frankford people.

It is the documented plan of the Army to subsequently abandon these marginally habitable structures at Picatinny Arsenal as soon as permanent structures can be built to replace them.

Meanwhile, permanent, ideal structures exist at Frankford where the fire control and small caliber functions are currently being performed. These existing, excellent facilities should continue to be used in lieu of the proposed inadequate facilities at Picatinny. This will result in a tremendous savings in one time cost with no time delays.

If attracting and keeping highly skilled personnel is already made difficult by the remote location of the Picatinny site, the prolonged use of inferior facilities for these personnel to perform research will guarantee an inferior payoff to this Nation's weapons R. & D. investment.

INFERIOR FACILITIES

Senator JOHNSTON. Let me interrupt you at this point.

Why are the facilities inferior?

Representative EILBERG. As I will show you in a moment, Mr. Chairman, I have here some photographs of some existing facilities at Frankford and facilities the Army proposes to move into at Picatinny, showing warehouses of the most crude type which will require substantial reconstruction. I will come to those in a few moments.

In this request for reprogramming we are only looking at the tip of an iceberg, and in the last 6 months the hidden base of this iceberg has broadened immensely.

General Wray in his testimony before the House Subcommittee on Military Construction in July 1976 indicated that one time costs of the realignment for the armament community would approximate \$86 million, and that they expect to stay within this figure.

However, I have evidence that the \$86 million figure has in fact soared to at least \$135 million.

So you can see the project request for \$7.3 million is only the smallest part of a gigantic unnecessary expenditure.

General Wray's estimated costs presented to the House subcommittee were in fact erroneous and misleading. It is presumed the House committee's approval of this request was based on these erroneous estimates.

General Wray stated that the Army's "realignment action represents a rational attempt to consolidate our geographically dispersed armament research, development, and acquisition elements within real world dollar constraints and within relatively reasonable levels of personnel turbulence."

Mr. Chairman, this statement is even more falacious as the facts and alternatives which I am about to present will show.

INSUFFICIENCY OF FUNDING FOR REALISTIC DEFENSE NEEDS

It might be of value to pursue with the Army, in detail, how and when the \$7.3 million, which had been previously justified and defended as realistic defense needs, became insufficient. A very interesting question.

It is very likely that this funding, which should have been turned back by the Army for reappropriation by the Congress, was kept in reserve for this purpose from the inception of the realignment with confidence that its reprogramming at this time would be routine.

I wonder how many other programs fall into a similar category?

This \$7.3 million reprogramming request is the means by which the Army is attempting to avoid congressional review of the total realignment costs and the abandonment of Frankford Arsenal until the Congress is committed by virtue of approving what may seem to be a minor facilities improvement effort. We are already aware that the Army plans in stage 2 to request \$27.1 million for the Picatinny and Rock Island Arsenals in the fiscal year 1978 Military Construction Submission and stage 3 will involve a request for \$2.2 million for Picatinny in the fiscal year 1979 MCA request.

I suggest to you, Mr. Chairman, that if you approve the \$7.3 million, there can very easily be a moral commitment on your part to go for the additional \$30 million odd that they will be requesting very shortly.

The preordained closure of Frankford Arsenal will eliminate an option of the Congress to deny follow-on requests because needed facilities abandoned there would have to be replaced.

To support the further actions in this realignment, the Army, according to a letter signed by Major General Lewis, dated September 2, intends to syphon off funds in the amount of approximately \$28 million from over 50 authorized fiscal year 1977 and fiscal year 1978 research, development, procurement, and operation and maintenance appropriations programs.

I am sure Congress did not approve these funds for this purpose.

Even though the funds for the first phase have not been approved, I have been told that, contrary to the Army's contention, that various increments of funding are irreversibly committed, its phase 2 project of \$27 million has been indefinitely deferred by the Office of Management and Budget.

BENEFIT TO GOVERNMENT FROM REPROGRAMING

Mr. Chairman, I would like to review with you and the committee some specific details regarding this request for reprogramming authority and what the Government will obtain for this large expenditure.

According to the Army, as stated in its project request T28600, dated January 1976, almost all of this \$7.3 million is required to rehabilitate and construct facilities at Picatinny Arsenal to house missions and activities to be transferred a mere 80 miles from Frankford Arsenal in Philadelphia, Pa.

The Army has also testified that 84 percent of the 350,000 square feet of new construction at Picatinny Arsenal will be to house Frankford Arsenal's functions and equipment.

A detailed review of this project request indicates that the buildings and facilities now utilized at Frankford Arsenal to perform these functions and house technical, scientific, and artisan/craftsmen personnel are far superior to those which will result at Picatinny after this large expenditure of military construction appropriations is consummated.

DOLLAR VALUE OF EQUIPMENT AND FACILITIES AT FRANKFORD

I suggest to you, sir, that the dollar value of the equipment and facilities located at the Frankford Arsenal presently is in excess of \$100 million, which they are prepared to abandon, and certainly which would have very limited use for any other purpose.

Additionally, the present, available, superior facilities now being utilized can absorb large numbers of additional personnel without expending any major AMC moneys.

In order to put this contention on the record, I would like to surface a few specific examples.

A. Presently at Frankford Arsenal there exists one of the finest, if not the finest, optical instrument facility in the free world, and it is manned by competent artisans and craftsmen.

This building contains 61,000 square feet and was constructed expressly as an optical facility in 1942.

It has been modernized and is up-to-date in all aspects. It is air conditioned and has the requisite climatic and environmental controls required in optical fabrication.

This facility, since its construction in 1942, has been in constant demand in supplying emergency, limited production requirements in the optical instrument field and in the present tank build-up program this facility has been extremely active.

The Army's project request under consideration states that \$721,000 will be expended to replace this facility and I quote the stated description of the replacement from the Army's project request:

STATISTICS BREAKDOWN OF OPTICAL FACILITY

An optic prototype facility will be located in 23,140 square feet in building 91. Building 91 is a one story concrete and hollow tile structure, total area 60,105 square feet and constructed in 1942 as a general purpose warehouse.

It was modified in 1966 as a general storehouse and office facility.

A request for diversion of an additional area of approximately 20,000 square feet is being submitted for approval.

This facility will house the prototype optical fabrication mission engaged in the design, development, prototyping, testing and evaluation of unique components and systems and their application to aircraft, air defense, artillery, infantry, armored vehicles and small arms fire control systems.

It will also serve as an assembly area for fire control devices.

PERSONNEL EMPLOYED AT OPTICAL CENTER

Senator JOHNSTON. Let me interrupt you at that point to ask a question.

How many are employed at the optical center?

Mr. CARROLL. Just the artisans and craftsmen, or do you mean in terms of engineering support associated with it?

If you would talk the total fire control mission, it would be several hundred people. If you would talk just in terms of optical processing, it would be in the neighborhood of—

Senator JOHNSTON. I am talking about the building we are describing.

Mr. CARROLL. In that specific building for optical work I would say 110 people, approximately.

SEPARATION OF OPTICAL UNIT

Senator JOHNSTON. Let me ask General Wray, why couldn't the optical unit be separated as a unit and retained at Frankford? Wouldn't that go together as a unit? Can't you make these optical devices and fit them in at Picatinny or elsewhere?

Mr. GREINER. Let me answer that. It goes back to something I said this morning.

Yes; you can keep any single component or element in place, but obviously, as was just indicated, if you have them in there, then they need some allied trade support, and then you need a civilian personnel office to support them, and then you need some comptroller support, and you need guards, and you need firemen, et cetera.

So yes; you could conceivably keep such a function in place, but the cost of operating an additional location does not disappear. In fact, the pro rata share of that cost escalates because you have a smaller work force which is supported by this large operating base. I will supply some additional information for the record.

[The information follows:]

OPTICAL CENTER PERSONNEL

The Army provided information that approximately 35 personnel are employed at the optical center.

PERSONNEL SUPPORT

Senator JOHNSTON. Would you like to reply to that. Congressman Eilberg?

Representative EILBERG. Yes.

Mr. Carroll?

Mr. CARROLL. I believe, Mr. Chairman, in the proposals that have been made by the Philadelphia delegation in terms of the civilian personnel support of the comptroller support, the intent at the time was to draw that support from the headquarters; in other words, there would have been minimal comptroller support personnel, with the basic idea to minimize the overhead factor at the arsenal.

When the reply came back from Army, they had included additional personnel, and it was not part of the Philadelphia proposal, and this was why we continually state we are not getting objective evaluation. We considered those things.

Mr. GREINER. And so did we.

Senator JOHNSTON. Please proceed.

Representative EILBERG. Thank you, Mr. Chairman.

This, on the face of it, hardly appears to be a wise investment of over \$720,000 to create approximately one-third of an outstanding facility which is to be abandoned in this action; especially when the replacement is a warehouse that requires partitions, suspended ceilings, floor covering, insulation, illumination, heating, process air conditioning, and increased power and steam generating capability.

At this point I would like to show you a photograph of the existing facility at Frankford and the proposed facility at Picatinny, and they are readily identifiable, Mr. Chairman.

[CLERK'S NOTE.—The photographs referred to are retained in the subcommittee files.]

FIRE CONTROL AND DEVELOPMENT ENGINEERING MISSION

Representative EILBERG. The fire control and development engineering mission is now housed principally in two fully air conditioned buildings at Frankford Arsenal consisting of approximately 90,000 square feet.

They are excellent brick buildings and were constructed in 1941.

The project request under consideration will expend \$874,000 to provide housing for these activities as follows, and I quote the Army's project request:

DESCRIPTION OF BUILDINGS

The fire control lab will occupy 25,000 square feet of Building 95, all of Building 18, 3,150 square feet, and two new additions, Optics Lab 9,750 square feet area, and dark tunnel 2,600 square feet.

Building 95 is a steel and brick/concrete structure completed in 1961 as a special weapons pilot plant.

Its present use is as a special weapons and general administration facility.

Building 18 is a hollow tile walled and corrugated asbestos roofed warehouse constructed in 1918 and presently used as a warehouse.

A request for diversion of Building 18 from warehouse space is being submitted for approval.

This facility will conduct activities in the design, development, prototyping, testing and evaluation of unique components and systems in the fields of optics, radiometry, electro and photo optics, electronics, radar and microwave, and laser countermeasure technology as applied to aircraft, air defense, artillery, infantry armored vehicles and small arms fire control systems.

Included in this facility configuration are 1,000 square feet assigned to quality assurance inspection function.

EXTENSION TO EXISTING BUILDINGS

Representative EILBERG. It is not a prudent investment to add almost 13,000 square feet to a 1918 warehouse and include ceilings, floor coverings, partitions, air conditioning, heating, power, and illumination.

And I would like to submit photographs of the arsenal and the proposed site at Picatinny at this point.

[Clerk's Note.—The photographs referred to are retained in the subcommittee files.]

Representative EILBERG. C. The present technical data facility at Frankford Arsenal possesses the most outstanding capability of all of the armament command's, formerly Army materiel command, agencies. Certainly, it exceeds any other facility in the involved armament command arsenals and is capable of expansion.

The project request under consideration states that \$1,658,000 will be expended to house this activity at the armament development command.

I quote the project request.

The technical data facility will occupy 30,000 square feet of new construction immediately adjacent to Buildings 5 and 58.

Building 5 and a portion of Building 58 presently utilized for the Picatinny Arsenal technical data functions will be integrated with the Armament Development Command technical data facility.

This facility will perform a full range of services in the area of technical data management including the direction, implementation and control of the centralized automated technical and configuration management data control systems.

The operation of a central technical data system will interface with the technical data banks, all data sources and other installations will manage and control the central micro data repository of technical data acquisition acceptance, processing, storage, retrieval, reproduction and distribution including the class 'A' microfilm project.

This entire cost could be avoided by using Frankford Arsenal's excellent facilities.

It should be noted that the requirement for a technical data repository was completely overlooked by the Army in all the planning of CONCISE, AMARC, and the armament realignment. And I would like to submit the photographs for your view at this time which show Frankford.

[Clerk's Note.—The photographs referred to are retained in the subcommittee files.]

BALLISTIC TEST RANGE

Representative EILBERG. D. Presently at Frankford Arsenal there is the most modern ballistic testing range for small arms ammunition and weapons in the United States. I am advised by technical experts this is an essential facility to the proper conduct of research and development in this commodity area.

It is alleged that some uninformed individual or individuals in the Army superstructure planning this action indicated to the Congress in some fashion that no range facility was required.

COST

Therefore, nowhere in present plans are there any funds to provide this existing capability that is essential, close at hand to available research and development activity. I might say there has been some indication in some of the discussions we have had and some of the Army people that a year or two from now there would be a request for such a range.

Additionally, this facility is presently the North American NATO test center for small caliber ammunition.

It is estimated that it would take \$25 million to duplicate this facility; present plans call for abandoning this facility and splintering these functions in many other areas.

PENNSYLVANIA OFFERS

A long series of proposals have been made to the Army that included an offer on the part of the State of Pennsylvania to provide land adjacent to the international airport in Philadelphia to house the entire development center built to Army specifications.

Another offer was prepared under the direction of the Philadelphia congressional delegation, and I am prepared to say that as of yesterday the city administration is prepared to endorse the plan as it has before, that would require no MCA expenditures and involved establishing only the small caliber weapons systems lab in some of the outstanding buildings at Frankford Arsenal.

None of the proposals received an objective consideration by the Army, the Secretary of Defense, or the outgoing administration.

I would like to submit for the record the line by line rebuttal of the Army's rejection of the Philadelphia congressional delegation's proposal as an example of the no objectivity afforded these proposals.

[Clerk's Note.—The referenced material, with 23 enclosures, is retained in the subcommittee files.]

CORRESPONDENCE

Representative EILBERG. The rebuttal was sent to the Secretary of Defense on July 7, 1976, and I submit for the record the Department's reply dated October 1, 1976, as evidence of lack of objectivity.

Senator JOHNSTON. Without objection, the letter will be printed at this point in the record.

[The letter follows:]

SECRETARY OF THE ARMY,
Washington, October 1, 1976.

HON. JOSHUA EILBERG,
House of Representatives,
Washington, D.C.

DEAR MR. EILBERG: The Secretary of Defense has asked me to reply to your recent letters regarding Frankford Arsenal. It is regrettable that the Army's responses to the proposals of the Philadelphia Congressional Delegation have not met with your satisfaction. You can be assured that these responses were carefully prepared and reviewed to produce objective assessments of your proposals.

The 2 December 1975 Army announcement of the armament community realignment was made with the approval of the Department of Defense. At that time, it was also reaffirmed that the closure of Frankford Arsenal, announced in November 1974, would continue. The Army, as evidenced by the background listing in its May 1976 evaluation, has made a continuous effort before and since the decision to explain its position, analyze proposals and respond to many comments and suggestions.

Our review concluded that no substantive new issues were introduced by your 7 July 1976 letter to the Secretary of Defense. Examination of the additional information supplied in your second letter to Mr. Rumsfeld also fails to reveal substantive and impelling rationale for retaining Frankford Arsenal. Under the circumstances, it is not considered appropriate to reopen the matter.

We know that you share our dedication in providing the best possible National Defense for our nation at the least cost to the taxpayer. The objectives in reorganizing the Army's armament community are pointed in that direction.

Thank you for your interest in this matter.

Sincerely,

MARTIN R. HOFFMANN.

EXCERPTS FROM CORRESPONDENCE

Representative EILBERG. I will just read a few lines from it. It is signed by the Secretary of the Army, Mr. Hoffmann.

"Our review concluded that no substantive new issues were introduced by your July 1976 letter"—this letter from Secretary Hoffmann is addressed to me—"to the Secretary of Defense. Examination of the additional information supplied in your second letter to Mr. Rumsfeld also fails to reveal substantive and compelling rationale for retaining Frankford Arsenal. Under the circumstances, it is not considered appropriate to reopen the matter."

I suggest to you, sir, that this is not an adequate consideration of the Philadelphia plan. We never had an opportunity to meet with them, to talk with them, and we get a single paragraph, short paragraph, rejection of the Philadelphia plan out of hand.

NEW PROPOSAL

We have prepared a new proposal requiring total MCA expenditures which are less than the first increment requested by the Army.

This proposal has been prepared for presentation to the Vice President-elect in conjunction with his public commitment on behalf of Frankford Arsenal.

This proposal is supported by the city of Philadelphia, the State of Pennsylvania, the Pennsylvania congressional delegation, and Senators Schweiker and Heinz.

The highlights of this proposal are presented at this time to verify that the construction program the Army is currently planning is

completely unwarranted and that the armament development command can be more effective without it.

It proposes locating the small caliber weapons systems lab, the armament development command headquarters and associated project managers at the Frankford site.

This new proposal is also presented to the committee for consideration in your deliberations.

[CLERK'S NOTE.—The material referred to is retained in the subcommittee files.]

ARMY CLOSURE SCHEDULE

Representative EILBERG. Meanwhile, the Army is proceeding on an accelerated time table to bring about the closure of Frankford Arsenal.

Canvass letters and job offers were issued to arsenal employees to implement their transfer before the new administration could review the realignment plan.

A further example of the Army's intent to accelerate closing Frankford was evidenced in the November 1976 transfer and termination notices which were recently declared legally defective and inequitable by the U.S. Civil Service Commission.

The Commission advised the Army that it was on the wrong track with the November 1976 letters, but the Army in its haste ignored this advice.

As a result, the Army has been forced to delay these transfers until an as yet unspecified date.

I ask this committee to provide its unbiased and astute evaluation of our new proposal when deliberating the Army's reprogramming request.

I feel certain that the committee will find that our proposal will lead to:

EFFECTS OF NEW PROPOSAL

1. Greatly reduced one time costs both in MCA moneys and transfer of personnel related costs.
2. Reduce the annual operating costs below those now planned for the armament development command.
3. Substantially increase retention of vital and critical technical skills and capabilities in fire control, small caliber ammunition and weapons, as well as the highly critical limited production of optical instruments.
4. Enhance the preservation of our national security posture.
5. Drastically reduce the impact on human environment inherent in present plans.
6. Retain the operational concepts and organization of the Armament Development Command.

The highly specialized skills and technologies involved in fire control and small caliber ammunition and weapons will provide only minimal interchange by collocation with the other disciplines of the armament development command.

The tank and aircraft weapon development centers use the majority of the efforts of the small caliber weapons systems lab and they are located in Detroit, Mich., and St. Louis, Mo.

Respectively, both of these areas are considerably more accessible from Philadelphia than from Picatinny Arsenal.

Mr. Chairman, I would like to invite you or anyone you may wish to join me in an on-site visit of the existing facilities at both Frankford and Picatinny Arsenal.

I believe this would be extremely beneficial and we will, if desired, present an in-depth review of our expanded proposal.

In closing, I will leave you with these thoughts:

IMPACT OF ARMY REQUEST

The Army's request, if approved, will directly and adversely impact on the capabilities of the Army to perform research and development of weapon systems; will impact directly and adversely on the economy of a major northeastern city already desperately in need of economic aid.

This request, if approved, will take desperately needed employment from minorities.

Inasmuch as the incoming administration has indicated an intent to review this matter, approval of this request will unnecessarily place the Senate in the position of having established possibly an adversary relationship with the incoming administration.

In light of the clandestine nature of this move on the part of the Army, it would serve this committee to have the results of the new administration's evaluation of our latest proposal in hand before endorsing the irreversible deathblow to an installation with a record of outstanding contributions to this nation's security.

Finally, two points, Mr. Chairman. There has been reference to the fact that they expect 25 percent of the Frankford personnel to move. I have gone into this very thoroughly, and our expectation is that the percentage would be approximately 3 percent rather than 25 percent.

SPECIFICS OF RECENT COURT DECISIONS

There is also reference by two of the Army people this morning to the three court decisions, and they place great significance in those decisions. Federal district court cases in the eastern district of Pennsylvania.

Let me say that those cases have nothing to do with the issue before you: whether or not the reprogram should be granted. Each of these cases were irrelevant to the causes in today's issues, and let me explain to you why.

The first case brought before the third district court in Philadelphia, the plaintiffs, myself included, argued a technical point in that the Army did not give proper notice to Congress before announcing the closure of Frankford Arsenal.

The issue argued in the second case brought before the same district judge in Philadelphia was the improper environmental impact assessment prepared by the Army.

And the third case brought to the court by the city of Philadelphia dealt with the minority issues involved in closing a major employment installation in an urban area.

In all of these cases, the issue of the \$7.3 million was not an issue and not decided upon.

Thank you very much, sir, for allowing me all of this time.

PLAN FOR SAVING FRANKFORD ARSENAL

Senator JOHNSTON. Thank you very much, Congressman Eilberg. Was your plan for saving Frankford within the context of the Army's overall relocation at Picatinny, or is it more or less a preservation of the present plan? In other words, does it only affect Frankford, or does it affect the whole R. & D. community?

Representative EILBERG. It only affects Frankford. We would retain part of Frankford, some of the essential elements of Frankford, and I could let Mr. Carroll explain in detail.

Senator JOHNSTON. Yes; very quickly.

Mr. CARROLL. It basically would not impact their realignment. They could continue with larger caliber realignment. They could continue with the chemical lab. All we have basically stressed is the small caliber weapons lab, which includes fire control. Eighty-five percent of the personnel are presently at Frankford now. The facilities to support those missions are currently at Frankford. So we are really dislocating or relocating 85 percent of the people to a new installation and losing a better portion of that capability in the process. If we retain it in place in those particular facilities, we will retain the capability and be able to be responsive.

Senator JOHNSTON. All right.

UNEMPLOYMENT PERCENTAGES IN AFFECTED AREAS

What is the unemployment percentage in Philadelphia as opposed to the Picatinny-New Jersey area?

Mr. CARROLL. It is 9 percent, I believe, in Philadelphia.

Representative EILBERG. It is 9 percent approximately in Philadelphia. It is much greater in the black community in Philadelphia.

Dover, N.J., which is where Picatinny is located, is a relatively small community, and I don't know that the unemployment figure there would be really very relevant as compared with the impact on Philadelphia.

Senator JOHNSTON. You mentioned minority employment.

Representative EILBERG. Yes, sir.

Senator JOHNSTON. What percentage of Frankford employees are minorities?

Representative EILBERG. Twenty percent.

Senator JOHNSTON. Twenty percent?

Representative EILBERG. Yes, sir.

Senator JOHNSTON. Thank you very much, Congressman Eilberg. You have done a great deal of very effective work on this issue, and we appreciate your leadership in it very much.

Representative EILBERG. Thank you.

[CLERK'S NOTE.—The Army subsequently provided the following information relative to closure acceleration.]

CLOSURE ACCELERATION

The June 30, 1977 date referred to by Mr. Eilberg as the Army's original plan for moving the small caliber load and pack line was an early, tentative date established last spring. This was based on an estimate that the building; designated to receive that equipment at Picatinny would not be ready until about June 1977. Last summer, we found that the building would probably be ready in December 1976. As a result, on August 3, 1976, we formally scheduled the date for clearing the equipment out of Frankford Arsenal as January 5, 1977, with the line to be set up and functioning at Picatinny by March 2, 1977. As of now, we are slightly behind on the schedule for completion of equipment movement, not ahead. We may, however, still make the March 2, operational date. Further, the present schedule was established well before November.

As to the proposed transportation of employees by bus from Frankford to Picatinny to operate the equipment, I am not aware of any such plan at my level. We had planned to use Frankford employees who transfer to Picatinny to operate it. If necessary, we can train employees already at Picatinny to do it. It is not all that difficult.

One further point, Mr. Chairman. From some comments made here today, it would appear that some people believe that the Small Caliber Weapons System Laboratory is already in existence at Frankford and that we are proposing to move it to Picatinny. Before we began the closure, Frankford had a mission for part of the small caliber ammunition and all of the small caliber fire control materiel we envision being the responsibility of the new systems lab. All the small caliber weapons work has been at Rodman Lab in Rock Island, since 1968. Some of the small caliber ammunition, principally for 40mm systems, has been at Picatinny all along. Frankford has never, in modern times, had total responsibility for any small caliber weapons system.

INTRODUCTION OF CONGRESSWOMAN MEYNER

Senator JOHNSTON. We are now very pleased to hear from Congresswoman Meyner, who has also done a great deal of work, not quite on the same side of the issue, and we are glad to hear from you, Mrs. Meyner.

Representative MEYNER. Thank you very much, Mr. Chairman. I appreciate the opportunity to testify before you today, and I—

Senator JOHNSTON. Excuse me. May I interrupt just a moment? I have just been handed a note that Congressman Lederer was to testify with Congressman Eilberg.

Congressman Lederer, did you want to testify at this time, or would you like to wait until afterward?

Representative LEDERER. I will leave it up to the lady from New Jersey. What is her pleasure, I will abide by.

Representative MEYNER. I will yield to the gentleman from Pennsylvania.

Senator JOHNSTON. Excuse me, Mrs. Meyner.

Representative MEYNER. That is perfectly all right.

Senator JOHNSTON. We will now hear from Congressman Lederer.

STATEMENT OF HON. RAYMOND F. LEDERER, A REPRESENTATIVE
IN CONGRESS FROM THE THIRD CONGRESSIONAL DISTRICT
OF THE STATE OF PENNSYLVANIA

OPPOSITION TO FRANKFORD MOVE

Representative LEDERER. Mr. Chairman, I have asked for the opportunity to appear before your committee today to express my personal opposition to the Army's request for funds, in excess of \$7 million, for the immediate purpose of refurbishing the Picatinny Arsenal

located in Dover, N.J. The ultimate effect of that request, if granted, would be to guarantee the closure of the Frankford Arsenal, which is located in the city of Philadelphia. The fate of the Frankford Arsenal, then, is directly linked to the decision this committee makes here today.

I am also here to give my complete support to the proposal that Congressman Eilberg has prepared for your consideration.

The Congressman has traced the history of the Frankford Arsenal, carefully compared the facilities in question, questioned the Army's economic justification for the shutdown of the Frankford plant, and has proposed a feasible solution to this problem.

In short, the Congressman has attempted to expose something that the Army has tried to hide, the truth.

The truth is that Vice President-elect, Walter F. Mondale has pledged the efforts of the Carter administration to keeping the Frankford Arsenal open, and to that end, has requested an immediate review of the Pentagon's decision to close it.

The truth is that since the next Vice President of the United States uttered that fateful promise, the Army armament research and development command has done everything in its power to step up the transfer of personnel and equipment from Frankford to Picatinny. The Army's request before you today is a continuation of the efforts to frustrate the wishes of the incoming administration.

Admittedly, I am distressed by the incredible number of jobs that Philadelphians have lost because of similar Pentagon decisions, first at the navy yard, then at the U.S. Electronics Command, and finally at the arsenal. I cannot help wondering why my city has been so shabbily treated.

GENERAL EFFECT FROM PROPOSED MOVE

But this is not simply a parochial issue, of concern only to the Pennsylvania delegation. It is an issue that concerns us all.

It affects everyone who is concerned about the total disregard of the stated position of the next administration.

It affects everyone who is concerned about matters of national security, because the Army's decision was made without regard to those considerations, as Mr. Eilberg's testimony has demonstrated.

It affects everyone who is concerned about the truth, because the history of the Army's decision to scuttle the Frankford Arsenal is filled with broken promises, specious arguments, misinformation, and half-truths.

The Frankford Arsenal has acted as a restraining influence on the costs of armaments produced by private industry, and its demise will severely undermine the Government's control over the cost and quality of this country's weapons systems. That should concern people everywhere.

And finally, this issue should concern everyone who is disturbed by the prediction of the Philadelphia Daily News that some day an investigation would show "what really happened at the Frankford Arsenal" and that the Pentagon would "suffer its own Watergate in the corruption laced field of armaments contracts."

In conclusion, I ask you to carefully weigh the facts that Mr. Eilberg has presented to you today, and I hope you will deny the Army's request for funds to expedite the ill-advised plans to dismantle the Frankford Arsenal.

ARTICLES RETAINED IN SUBCOMMITTEE FILES

Mr. Chairman, I will within a day or so give you the different news clippings that were done in the Philadelphia area newspapers by some investigative reporters that I think maybe your staff should look at what I think are very important articles.

[CLERK'S NOTE.—The articles referred to are retained in the subcommittee files, as are other pieces of correspondence subsequently received from Representative Lederer. These include articles appearing in the Congressional Record and a presentation to the American Legion National Security Commission dated March 3, 1976.]

Representative LEDERER. I thank you again for the opportunity to be with you today.

Senator JOHNSTON. Thank you very much, Congressman. The articles will be retained for reference.

Now, Mrs. Meyner, you may proceed.

STATEMENT OF HON. HELEN MEYNER, A REPRESENTATIVE IN CONGRESS FROM THE 13TH CONGRESSIONAL DISTRICT OF THE STATE OF NEW JERSEY

SUPPORT OF ARMY'S REPROGRAMING REQUEST

Representative MEYNER. Thank you very much, Mr. Chairman, I do appreciate the opportunity to testify before you today on a matter of vital importance to both the people of New Jersey and the Nation, and to our Nation's defense effort. I am here to urge you to approve the Army's request to reprogram \$7,300,000 for the purpose of construction and modification of facilities for the establishment of its armament research and development command, also known as ARRADCOM, at Picatinny Arsenal in Dover, N.J.

I don't want to be repetitive, Mr. Chairman. You have heard testimony this morning from Senators Case and Williams from New Jersey, and later on from General Lewis and Secretary Greiner, but there are some points that I particularly would like to make.

HISTORY OF ARRADCOM PROPOSAL

The history of developments that bring us here today is long. The ARRADCOM proposal is not—I repeat, it is not—a proposal conceived in impulse and the result of slipshod decisionmaking, nor, I might add, is it a question of what empty building would be a better facility than another empty building.

It goes back over a period of 4 years. Current plans are the result of exhaustive study by two blue-ribbon panels established by the Army, and have received the endorsement of all relevant executive agencies. They comply with the desire on the part of the incoming Carter administration to reduce unnecessary military expenditures.

They reflect a concept which I for one wholly support. What we need is not more military spending, but more efficient military spending.

Four years ago, the Defense Department ordered all of its branches to study ways and means of economizing. In the Army, this prompted the creation of the Army Materiel Acquisition and Review Council, or AMARC.

AMARC studied different Army commands, looking for ways to cut back on costs, to streamline operations and to make the delivery of its services more efficient.

In studying the armament command, AMARC concluded early in 1975 that it was necessary to consolidate certain research, development and engineering functions within the armament command. The Army suggested a number of alternatives for doing this, and then asked for the input of congressional delegations affected by its proposals.

Several months later, the entire New Jersey congressional delegation submitted a report in behalf of what was then known as alternative 5A, a proposal to consolidate large and small caliber weapons systems at Picatinny, and to make it the new armament command headquarters. Chemical systems and ballistics research were to be consolidated at Edgewood Arsenal, Aberdeen, Md.

REPORT ON ESTABLISHMENT OF ARMAMENT DEVELOPMENT CENTER

I would like at this point to insert into the record this report, if I may, Mr. Chairman.

Senator Johnston. Without objection, the report will be printed at this point in the record.

[The report follows:]

REPORT OF THE NEW JERSEY CONGRESSIONAL DELEGATION
TO THE SECRETARY OF THE ARMY
RE: THE ESTABLISHMENT OF AN ARMAMENT
DEVELOPMENT CENTER

APRIL 30, 1975

SUMMARY

The Department of the Army is currently reviewing the pros and cons of consolidating armament development into one center. The benefits of consolidating a process which is so costly, vast, and essential are numerous.

The Army presently has available a comprehensive, in-depth study (the Lewis study) of assorted alternative methods of organizing and implementing such a development center (ADC), prepared by the Army Materiel Command Committee-Armament.

Among these alternatives, we recommend strongly that Alternative 5A be implemented. This paper presents an abundance of documented information to substantiate our final recommendation. Alternative 5A would establish a two-site ADC, with large and small caliber weapons systems and ADC headquarters at Picatinny Arsenal in Dover, New Jersey, and Ballistics Research and Chemical Systems at Aberdeen Proving Ground in Aberdeen, Maryland.

The Lewis study itself recommended Alternative 5A "because the ADC would be collocated with the two principal weapons systems laboratories which constitute 70 percent of the ADC population, it enjoys relative ease of implementation, and because top management is located where it can directly influence generation of a fresh start." Alternative 5A would also displace the least number of people, cost the least amount of money to implement, and be operational by 1980, as early as any alternative studied.

We intend in this paper to emphasize certain points raised by the Lewis study and to point out, for consideration by the Secretary of the Army, additional facts that we believe should play a major role in choosing the plan to be implemented, particularly considerations concerning economic impact.

GREAT BULK OF DEVELOPMENT WORK
PERFORMED AT PICATINNY

It is important to remember that the development process is the one that is being addressed. As a general rule, production of all but prototypes is a process done apart from developmental work. Additionally, the research procedures so essential to the development of munitions and armament systems are wholly different from the developmental activities which would be consolidated in an Armament Development Center.

Armament development activities presently take place at seven installations. The largest contributor to the development community, by a substantial margin, is Picatinny Arsenal.

More than 43 percent of the armament development budget currently is allocated to Picatinny. More than 41 percent of the armament development personnel are now at Picatinny. It would be illogical to move them to another location, in effect, moving the mountain to Mohammed. The abundance of available information supports this logic.

Picatinny Arsenal is, in a sense, functioning now as an armament development center insofar as the greatest bulk of the armament development activities are located there.

SUCCESSFUL HISTORY OF PICATINNY PERFORMANCE

Although consolidation of the armament development process is desirable and warranted in the eyes of AMC, it is not being considered as a result of any failure or shortcoming by Picatinny or any other specific installation.

As a matter of fact, the original AMARC report published on April 1, 1974, stated, "In several laboratories, e.g., MICOM...Edgewood...Picatinny...and Night Vision Laboratory, it was very obvious that good leadership, merged with significant mission assignments, resulted in a productive environment."

Reinforcement of this favorable assessment is readily available.

Retention of large caliber systems at Picatinny is the only factor that makes possible the establishment of an ADC without total new

construction (Alternative 2, Ft. Irwin) or relocation of fully half of those people (Alternative 3, Aberdeen) essential to the armament community in an ADC.

Only one of the final three recommendations attempts to implement the ADC without giving the responsibility for large caliber systems to Picatinny. That recommendation costs 55 percent more to implement (\$138 million for Alternative 3 versus \$76.5 million for Alternative 5A). It also requires 112 percent more new personnel to be relocated --with attendant costs--than would Alternative 5A--another reason why Alternative 5A was judged "best" by General Lewis.

In addition, Alternative 5A can be implemented in four years while Alternative 3 would take five years.

COLLOCATION OF RELATED ACTIVITIES AND WORKFORCE FLEXIBILITY

In the Internal Interfaces section of Operational Considerations, the Lewis report states, "There should be a constant flow of technical information between the Small Caliber and Large Caliber Weapons Systems Laboratories in the areas of fire control, fuzes, munitions, and other common technologies. Some alternatives facilitate this interchange through collocation of laboratories which permits housing common disciplines together." This is an outstanding attribute inherent in Alternative 5A.

Development expertise for fuzes, munitions, propellants, and explosives--those technologies most closely related to weapons systems--is presently at Picatinny Arsenal.

The inescapable conclusion is that the greatest opportunity for collocating related processes exists in the implementation of Alternative 5A. This fact is substantiated in two ways: first, the overwhelming majority of alternatives addressed recognized the practicality of placing the large caliber weapons systems at Picatinny; and, second, the expertise in related activities is already there.

The Lewis study notes this when it addresses the flexibility of the

workforce. "If all personnel in the center working within a specific technology area, such as fire control or munitions, are at a single location rather than dispersed, there is a greater potential for shifting personnel to meet changes in workload, revitalizing an ailing activity, or 'cross-fertilizing' the laboratories." Alternative 5A would adequately ensure this interaction.

Large and small caliber weapons development accounts for 70 percent of the armament population.

Regarding the location of the Small Caliber Weapons Systems Laboratory, the Lewis study suggests that it could be located at Picatinny Arsenal "with the Large Caliber Laboratory where there would be an opportunity for personnel to interact in the functional areas of weapons, munitions, fire control, fuzes, and supporting disciplines, as well as an opportunity to share unique facilities." (underlining added for emphasis)

Collocating these activities at Picatinny Arsenal would make the assignment of the HQ function of the ADC an easy task. The Lewis study states, "It is believed essential that the HQ be located with the mass of those people engaged in the truly developmental activities within the ADC." This clearly would assure the most effective management of the greatest amount of activity and greatest number of people.

DEFECTS IN SEPARATION

The organizational defects inherent in separating the small and large caliber weapons systems (Alternative 5) are numerous.

The Army would lose a great deal of that flexibility previously discussed. It would not be able to consolidate to as great a degree as it could through collocation, and would suffer many of the operating and management hardships prevalent in the status quo.

In contrast to Alternative 5A, Alternative 5 is an "artificial" organization arrangement that looks much better on paper than in the application. It reintroduces several decisions that would be made implicitly

in the acceptance of Alternative 5A (e.g., where to locate fire control, fuze, and munitions activities?) and ignores the fact that these activities are to be collocated to the greatest extent possible, but would be dispersed again under Alternative 5.

Regarding the use of firing ranges for testing purposes, the Lewis study says, "All alternatives include some collocated firing ranges, but the alternatives differ markedly in capability of ranges available."

For example, Aberdeen Proving Ground has firing ranges in which high explosive shells can be fired at longer ranges over land. However, the waiting time for those ranges at APG which must now be utilized for testing some of the items developed at Picatinny normally is from several months (for high priority testing) to a year or more (for lower priorities). Also, the great bulk of ammunition development testing is presently being done elsewhere: Yuma Proving Ground, Ft. Sill, Camp Edwards, White Sands, and Picatinny. This would not change no matter which alternative is chosen for locating the ADC. If the ranges that now accommodate testing at Picatinny were totally excluded from use, this waiting time for range use at APG--reportedly a chronic reason for schedule slippages over the years--could only grow worse.

Termination of these facilities at Picatinny Arsenal in the name of consolidation would, in this case, be counter-productive to increased efficiency.

THE "FRESH START" CONCEPT:
BENEFITS AND DANGERS

In explaining the "fresh start" concept as a point that needs to be more substantial than cosmetic, the Lewis study says, "A new alignment of management, some new faces, some new buildings or laboratory facilities, some changes in location, some changes in delegation of authority and changes in operational and procedural policies can all contribute to a climate of newness and should be deliberately exploited."

Once again, however, care must be exercised to ensure that this is not a principle which is better on paper than in the application.

The Lewis study recognizes this danger when it notes the decision to implement any alternative should be made with recognition of "the need for skillful and flexible implementation to retain the people--professional, subprofessional, support, and administrative personnel--who comprise the expertise in the current community, thereby maintaining continuity in important programs and the capability to produce armaments."

The risk to Army RD&E and to the defense posture is the greatest under Alternative 3. Because this alternative requires more personnel to relocate than any other, chances of losing the expertise of those who will not move are the highest.

It is a fact of life that those with top-level scientific and technical skills so essential to the armament development process are also those who would find their skills most marketable in the private sector, probably at higher salary levels as well.

If these experts could obtain positions without enduring the relocation process for themselves and their families, the Army would be in real danger of losing those skills that would be hardest to replace.

Certainly a "fresh start" is a good idea conceptually. It would serve many useful purposes. But it must be determined positively that the quest for this "new beginning" will not have adverse effects on the consolidation process--as well it might if not applied prudently.

Alternative 5A assures adequate attention to the "fresh start" as a concept and least jeopardizes the continued operation of the armament development process by requiring far fewer people to relocate (1374, or 18 percent, for Alternative 5A versus 3105, or 49 percent, for Alternative 3).

COMMUNITY ECONOMIC IMPACT

Finally, we should elaborate on the economic impact upon those communities involved that would result from implementing any plan to form an ADC.

The Lewis study says that "the two-site alternatives appear to provide the best balance between cost, personnel dislocations, and operational effectiveness." We would concur while adding community impact as an additional factor that is best balanced by choosing a two-site plan.

Community impact, we strongly believe, should be considered by the Army in its decision-making process.

The disastrous economic effects which would accompany the closing of Picatinny Arsenal are addressed at length in Appendix A (attached). But a few critical points should be examined here.

New Jersey's current rate of unemployment is 10.9 percent. The state consistently has endured one of the highest unemployment rates throughout the current recession. Thus, its residents have been subjected to the harsh realities of an economic slump to a far greater extent than residents of other states.

The Lewis study, in summarizing the community economic impact of reductions at Picatinny Arsenal, says, "The local community at this site is currently in an economic slump, precipitated to some degree by past DOD actions at the arsenal. Unemployment is significantly higher than the national average. Further reductions would aggravate this situation."

The study supports this finding by characterizing as "severe" the community economic impact that would result from choosing Alternative 3. New Jersey simply should not be asked to tolerate this severe economic upheaval.

As will be noted in Appendix A, the economic effect that would result from implementing Alternative 3 would be far greater than the direct loss of the 5700 jobs and the \$100 million annual payroll presently at the Arsenal.

Indeed, use of Department of Defense economic multipliers shows that a minimum of 8800 jobs and perhaps as many as 16,700 would be lost (both directly and indirectly) by closing Picatinny Arsenal.

It should be noted also that, with the imminent closing of Frankford Arsenal in Philadelphia, New Jersey will be forced to absorb the loss of

about 600 jobs (one-sixth of the 3600 workers at Frankford are estimated to be New Jersey residents). Many of those people who are due to lose their jobs at Frankford could easily be placed at Picatinny. This is possible both because of the commutable geographic distance and the close relation of tasks presently performed at Frankford to those accompanying weapons systems development at Picatinny under 5A.

This would allow a greater degree of collocation of related functions as well, an objective of an effective ADC.

Evidence of the dire economic situation can be found within the Department of Defense itself. The Office of Economic Adjustment (and its Economic Adjustment Committee) in the Office of the Assistant Secretary of Defense for Installations and Logistics has stated in its Report of Economic Adjustment Program: Dover Area Communities, New Jersey (January 1975): "...the impact caused by the Defense realignment actions at Picatinny Arsenal has significantly added to the depressed state of the local economy and thereby warrants assistance by the EAC."

To this end, the EAC has developed a plan of action aimed at restoring a healthy economy to the area through an energetic economic development program that is sorely needed. The inadvisability of further reductions, possibly more than 16,000 jobs, in the face of this recovery program is obvious.

Additionally, economic considerations consistently point to the devastating effects inherent in Alternative 3.

ALTERNATIVE 5A -- THE ALL-AROUND BEST CHOICE

We believe that General Lewis' recommendation that Alternative 5A is the all-around best choice for establishing an ADC is amply supported by the facts. We ask only that you give additional consideration to the critical matter of economic impact and to New Jersey's unfair share of the burden under Alternative 3.

The case recommending the choice of Alternative 5A can be made on operational, management, and cost considerations most crucial to the Army.

We ask that you make Alternative 5A your final choice.

RESULTS IF STATUS QUO IS MAINTAINED

Representative MEYNER. In essence, the New Jersey delegation report supported the arguments of the Army's own study of the needs and benefits of the armament command.

If nothing were done, the Army pointed out, the existing arrangement of operations and personnel allowed for overlapping of functions and fragmented production capability. For instance, it was pointed out here this morning, the manufacture of a 155-millimeter howitzer cannon required six operations at five military installations scattered across the country. These will be consolidated now at Picatinny Arsenal in Dover.

Briefly, let me touch on several other salient points.

First, the great bulk of the development work under ARRADCOM is already performed at Picatinny Arsenal. More than 43 percent of the armament development budget currently is allocated to Picatinny. More than 41 percent of the armament development personnel are now at Picatinny. It would be simply illogical to move them to another location.

Furthermore, many people have already made commitments, bought houses, and changed schools for their children. Consideration of the families involved is in order.

Senator JOHNSTON. How many are in that situation?

Representative MEYNER. Well, 1,000 people coming from Frankford, and other people coming from Rodman Laboratory out in Rock Island.

How many, General Lewis?

General LEWIS. We will get the number for you of the people that made commitments already.

Senator JOHNSTON. Yes.

Representative MEYNER. People have made commitments, they are looking for houses. They are coming.

PERSONNEL COMMITTED TO MOVE

Senator JOHNSTON. I would particularly like to get the number that would be upset by accepting Congressman Eilberg's proposition.

General LEWIS. Yes, sir. We will supply it for the record.

[The information follows:]

HOUSING COMMITMENTS TO MOVE

A total of 108 people have made a housing commitment to move.

DELAY IN RECEIPT OF REPROGRAMING FUNDS

Representative MEYNER. We can give you that exact figure.

Any delay in receiving the reprograming funds would not only affect 5,000 employees at Picatinny, but also 2,300 at Frankford and 600 people at Rock Island.

Second, Picatinny Arsenal has a history of successful performance—

Senator JOHNSTON. Excuse me. Let me interrupt you again. Let me request that we get the Army to get us a cost estimate as best you can on a fairly short notice of Congressman Eilberg's proposition, both on a one-time basis and on an annual cost.

Mr. GREINER. Yes, sir. We will provide that for the record.

[Clerk's Note.—This material is preceded by a cost analysis forwarded by Representative Eilberg's office (without accompanying tables, which are on file).]

SUMMARY OF ALTERNATE PROPOSAL
FOR LOCATION OF ARRADCOM HEADQUARTERS AND SMALL CALIBER WEAPONS SYSTEMS LAB

An alternate proposal to the Army's current realignment plan for the Armament Research and Development Command (ARRADCOM) has been developed which more closely implements AMARC recommendations. The alternate proposal justifies locating the Small Caliber Weapon Systems Laboratory (SCWSL), the Headquarters for ARRADCOM and the associated armament Project Managers at the present Frankford Arsenal (FA) site. The Large Caliber Weapons Systems Laboratory (LCWSL) will be established at Picatinny Arsenal (PA) with critical skills, expertise and specialized facilities preserved.

ARRADCOM CONCEPTS

None of the operational concepts of ARRADCOM are violated by the alternate proposal and over the long term, these concepts will be enhanced by preserving critical skills and expertise essential to effective headquarters and laboratory operations. With the headquarters located in Philadelphia, the resources of all ARRADCOM installations will be cohesively centralized making maximum use of existing assets for present and future requirements.

SITE SELECTION

The AMARC study specifically said: "Promote innovation and excellence by careful selection of location for attractiveness to high caliber professionals, availability of adequate facilities and real estate, proximity to academic institutions, and accessibility to transportation in addition to detailed cost considerations."

Evaluation of locational assets discloses that Frankford Arsenal, with its proximity to universities offering graduate degrees in physical sciences, engineering and management; with two airports and high speed rail passenger service; with lower cost of comparable housing and availability of public transit as a commuting alternative, should attract "high caliber professionals" more readily than the same headquarters and SCWSL located at Picatinny.

The Army management level to which ARRADCOM will report is located in Washington. The Armament's Research & Development Command Laboratories are to be located in a straight line on the eastern corridor at Edgewood-Aberdeen, Picatinny, and Watervliet. It is logical to locate the headquarters management function at the center of the northeast corridor at Frankford Arsenal. The Arsenal has more than adequate general and superior specialized facilities, and is ideally located with respect to the others, to educational institutions, to transportation, to industrial concentration, and to a highly skilled labor market.

The alternate proposal overwhelmingly meets the site criteria recommended by the AMARC report and will greatly enhance the principles and objectives of the ARRADCOM mission and operation.

CONSOLIDATION/COLLOCATION FALLACY

The Army's main defense of the collocation of the Large Caliber Weapon Systems Lab and the Small Caliber Weapons System Lab is contained in a statement by the Under Secretary of the Army (Mr. Augustine) before the House Subcommittee on Military Construction as follows:

"This consolidation provides the essential management efficiencies and opportunities for mission effectiveness by joining weapon, fire control, ammunition and fuze components in system-oriented laboratories, capable of quickly reacting to mission needs and mission workload fluctuations." 1/

1/ (Underlining provided)

This statement covers in broad "Love Motherhood Hate Sin" terms without any justification or quantification of the following:

- a. Management efficiency
- b. Mission effectiveness
- c. Quickly reacting to mission needs
- d. Mission workload fluctuations

Each of these are addressed below:

a. Management efficiency: Presumably this addresses the potential of supervisory layering in separating the LCSWL and SCSWL. A minimal degree of this may occur primarily in the non-scientific support activities. For example in the procurement function all major item procurement will be done in Frankford. Some post, camp and station supply purchases will be made at Picatinny while the duplication of supervision of this function will be minimal and may provide more responsive support of the real mission.

All cases of minimal duplication can be accomplished in the same average grade structure now established for ARRADCOM.

b. Mission effectiveness: Mission effectiveness will not be impaired. The Small Caliber Weapon mission is separate and distinct from the Large Caliber (this is admitted even in the ARRADCOM organization at one site since they established distinct labs to perform each mission). In fact, no large caliber weapon system uses small caliber weapons in conjunction with the large caliber weapon - tanks in Detroit, Aircraft in St. Louis, each do. The same is true for fire control except large caliber weapon systems do have integrated fire control systems. The tank has 50% of all FC development demands, aircraft 25% and only 10% is expended on Large Caliber and 10% to independent FC requirements such as Aiming Circles, etc. not directly related to any particular or individual Weapon System, and 5% to miscellaneous such as Missile, Marine Corps, etc. requirements.

Obviously mission effectiveness of the Small Caliber Weapons Lab has very little if any relation to being collocated with the Large Caliber Weapons at Picatinny. In fact, Detroit/Tank and St. Louis/Aircraft is much more accessible to Frankford than Picatinny. Relocating the fire control development to Picatinny would not change the interface and coordination that will continue to be required in support of the Marine Corps or other major Army Tank, Aircraft or Missile Systems being developed at dispersed geographical locations.

c. Quickly reacting to mission demands: The above comments are directly applicable to this ingredient - quick reaction in the Small Caliber Weapons System mission is obviously not improved by coalition with the Large Caliber Weapon System.

d. Mission workload fluctuation: This statement implies that the "critical mass" of technical personnel can be significantly reduced by collocation since personnel from one technology or mission area can immediately and effectively be reassigned to another mission or technology area.

To a very limited degree this is true. Only in the Administrative and lower grade technical positions can a rapid and effective reassignment be made. Certainly one familiar with the higher grade technical job will not contend that a fire control expert can rapidly and effectively be reassigned to a large caliber artillery ammo round nor that a small caliber ammo expert can be assigned to a large caliber weapon slot. Certainly the degree of effective reassignment flexibility does not warrant the deterioration of technology posture which will result in the present plan. Collocation

could improve "Systems" development if the collocated component developers involved interface directly with each other. However, system component interface between fire control and ammunition and between vehicle and ammunition are not direct interfaces. In fact the area of close working interface between weapon and ammo is in the interior ballistic cycle where the round releases energy, exerts pressure on the breach and barrel and is physically in contact with the inside walls of the tube in its acceleration out of the tube. The effect of the ammunition on the rest of the system and vice versa is transmitted through the tube.

The point to be made is that working relationships of technical personnel in the development of a system in complexity, variety and total extent of the system problem is a relationship of the vehicle with the weapon and vehicle with the fire control. The Army's plan for collocation of ammo and fire control at a location where it is difficult to reach the location of the vehicle developers is counter productive when the Ammunition and Fire Control have no direct physical and functional interface in the system. The fallacy of the Army's argument is seen when we consider that the Army has fully justified not collocating Barrel and Breach R&D with the Ammunition, the two components of the Large Caliber Systems that have a development technology interface.

The principal technologies that are employed in weapons systems design and development that are common to both large caliber and small caliber weapons systems are essentially the following: Aerodynamics, Terminal Ballistics, Interior Ballistics, Stress Analysis, Metallurgy, Kinematic Analysis, and Thermo Dynamics. Currently, BRL at APG, MD performs basic research in these disciplines. This work is performed essentially independent of size and is not directed at one particular designated weapons system. Experts employed at the particular development center use the BRL basic data to build upon and to apply to their specific projects. At that time, other considerations are applied that distinguish large caliber application from small caliber application. Some of these identifying characteristics that affect commodity design and utilization are: kill mechanism, range, rate of fire, magazine, belted, linked, unlinked, clips, production rates, etc.

It is the detailed knowledge of precise application of the above characteristics that is necessary for the successful development of a particular weapons system. Expertise in these characteristics is only obtained by working in the particular commodity field. Those well versed in development and design of small caliber weapons will be considered novices for years if assigned to large caliber projects.

MANAGEMENT IGNORANCE OF DEVELOPMENT PROCESS

In expounding on the fragmentation of the development process for weapons systems, Colonel Doyle (commenting on page 17) illustrated the 155MM Towed XM198 Howitzer System. He emphasized that the development of various major components of the XM198 were arsenal-apportioned: Watervliet, Rock Island, Picatinny, Frankford and Ballistic Research (APG). He emphasized that this type of fragmentation, that evolved over the years, based on many individual decisions, isn't the way to go today. It is not cost or system effective. Rather, the completely integrated system-development approach, with three distinct development laboratories will provide an in-house technology base. However, true integration of armament development systems is not realized in the proposed Armament Research and Development Command (ARRADCOM). Watervliet Aberdeen and Edgewood remain as separate technical and geographical entities while Rock Island, Frankford and Picatinny become amalgamated in Dover. In essence, this fragmentation of the development community continues. Now, for the epitomy of fallacious reasoning when stressing the minimizing of the fragmentation of the development process.

1/ Hearings SubCom. of Com. on Approp,
House of Rep, MCA Approp. 1977

The illustration by Colonel Doyle as to the XM198 Howitzer, which was developed by the "fragmented" development arsenals (i.e. Rock Island, Frankford and Picatinny) fails to portray the complete picture. The XM198 has evolved in development into a highly reliable weapon system as demonstrated during DT I and DT-II. In case of the fire control, reliability has progressed to a level of 46000 Mean Rounds Between Failure which is of the magnitude of 7 times greater than the required 6600 MRBF. And ironically this excellent technical thrust by the Arsenal community was accomplished in a fragmented arsenal arena! Thus, the illustration by COL Doyle fails to lend credence to the hypothesis that fragmented development in the Armament Community only detracts from successful design genesis.

In its arguments offered in behalf of collocation of Frankford functions at Picatinny Arsenal, the Army has implied that interfaces of weapon components required "tailoring" that somehow is not being provided by the weapons development community. Compatibility of one component with another is accomplished by establishing interface requirements. This is the definition of each component as to its form, fit and function providing limits for variability from item to item that are permissible so that interchangeability is achieved; i.e., any item can be used to replace any other item of the same part number.

Collocation has far less impact on establishment of interface than has technically knowledgeable management.

Interchangeability is the root concept of fielding and maintaining conventional weapon systems and is the basis for design, procurement, repair and all other logistics functions, the first principle of a weapons technology.

Responsibility for Hardware Failure

The Army has implied that when a failure occurs the Army is somehow unable to ascertain which component failed and whose responsibility it is to take corrective actions. This is sometimes true because further testing is required to investigate the cause but often the cause is related to fear of failure. Big problems result when failures come to the attention of high level General Officers and management is unqualified to defend diagnostic and corrective action required. Because top management is military, reports of failures incurred and proposed corrective actions are staffed with the prime objective of career preservation, rather than systems or technology advancement. Establishment of valid management objectives and a heavy infusion of scientifically experienced rather than combat experienced management will have a far greater positive effect on information flow, technical interchange, clear delegation of technical responsibility and responsiveness to all technical (scientific and engineering) problems, than geographic musical chairs.

Exclusion of technology competence from top line management will inhibit research, development and competent systems innovation regardless of organizational structures or location of functional elements.

UTILIZATION OF EXISTING FACILITIES

The utilization of existing facilities is of paramount advantage in the alternate proposal. At the present time, no headquarters exists at either Frankford Arsenal or Picatinny Arsenal. Both installations provide adequate real estate; however, facilities are currently available at Frankford Arsenal while construction is required at Picatinny Arsenal.

Activating the headquarters and small caliber weapon system laboratory at Frankford Arsenal does not require any initial temporary facilities or follow-on permanent facilities as would be required at Picatinny. Of the current 110 acres and approximately 209 buildings currently available at the Frankford site, only approximately 47 compact acres and 42 well structured buildings would be used to accommodate the alternate proposal.

The availability of excellent and readily occupiable administrative and engineering buildings and testing facilities at the Frankford site affords rapid personnel assimilation on an immediate and permanent basis.

PERSONNEL DISTRIBUTION

Under the Alternate Proposal, the personnel distribution within ARRADCOM would be the same except that part of the personnel destined to be transferred to Picatinny Arsenal in Dover will be retained at Frankford or transferred to Frankford instead of Dover from Rock Island.

Picatinny retains the Large Caliber Weapons System Lab and Support functions and totals approximately 3500 personnel. This total is in line with current projected strength to be reached after loss of Production, Procurement and other functions scheduled to be absorbed by the Logistics Command at Rock Island.

Frankford will have approximately 3100 personnel. This total will be made up of the current Frankford force plus gains primarily in the acquisition of the Headquarters and its supporting elements and in acquisition of PM's associated with the Headquarters. Other ARRADCOM installations will remain in place and not be affected by a change from the current plan to the alternate plan.

ANALYSIS OF ARRADCOM/ARMY STATEMENT OF IMPACT IF DELAY IN CLOSURE OR RETENTION OF FRANKFORD ARSENAL WAS IMPOSED

In testimony before the House Subcommittee in September 1976, the Undersecretary of the Army (Mr. Augustine) stated that "If a delay in construction funds were incurred...it would cost an additional \$0.5 to \$1 million per month....".

Immediately after the recent presidential election, the ARRADCOM Staff started developing data relative to the impact and change in the present plans for activating the ARRADCOM. This action was prompted by the necessity of coping with and rendering mute, the pre-election pledge given by the now Vice-President Elect, Walter Mondale, to keep Frankford Arsenal open. The data were obviously biased in favor of no change and objectivity was once again noticeable by its complete absence.

Erroneous Time Delay Estimates

A. Time Delay - Frankford Continues to Close

The ARRADCOM staff has advised higher authority that if the job offer letters were released to ARRADCOM employees by 26 Nov 76, then the ARRADCOM would be activated on 31 Jan 77 (2 mos. timeframe).

ARRADCOM then claims that if Frankford Arsenal is to continue to close and the issuance of the letters is delayed to 31 Jan 77 or later, it would then take 5 months from the issuance of the letters to activate ARRADCOM. Their justification for this claim was that replotting/slotting will be necessary and will take 90 days plus the 60 day notice to the employees.

In reality, all plotting/slotting was done; nothing in a hold position would alter any of these job offers and all that is needed to be done is to change the dates on the letters and allow the 60 days notice to employees; hence, the two month timeframe for activation of ARRADCOM would remain realistic.

B. Time Delay - Frankford Continues in Existence

The ARRADCOM staff has advised higher authority that if new guidance was imposed on the Army on 31 Jan 77 or thereafter to keep Frank-

ford Arsenal open - then it would take 17 months after receipt of the guidance to activate ARRADCOM. Their justification for this estimate was that it would require a case study and justification folder (CSJF) and a new TDA which they claim would take a total of 15 months to do. An additional 2 month unexplained period was included in their projection making the total of 17 months.

In reality, in 1973, Frankford Arsenal prepared two separate CSJF's from scratch in a period of two months. The revision required to the current CSJF to implement the alternate proposal would be much simpler and assuming a dedication to the task could be realistically completed in one month.

Only a nominal adjustment of the present TDA is required since all organization segments have been created, all job designations have been established and very little, if any, change of any of these would be required. Allocations of positions to a different location is all that is required to revise the current TDA. Time for this effort is not additive since it could be accomplished during the CSJF effort.

Canvas letters would have to be cancelled and reissued and job offers partially recast. This could be done in a total of 4 months cumulative time (2 mos. for cancellation and reissue and 2 mos. notice period).

It is obvious from the above that the ARRADCOM/Army Staff projection of a 17 month delay in activating ARRADCOM which would result from keeping Frankford Arsenal open is erroneous and void of objectivity. In reality, the ARRADCOM activation could take place within 5 months after the decision is made to keep Frankford Arsenal open.

Erroneous Cost Estimates

Since November, 1976, an unjustified claim is being presented by the ARRADCOM/Army staff and announced by Secretary of the Army (Mr. Hoffman) that it is costing \$3,000,000 per month per delay in the closing of Frankford Arsenal. This claim cannot be supported by fact because sufficient Class A project money is on the books of Frankford Arsenal to support all the direct labor personnel at Frankford for the next 1½ years.

If, in fact, such expenditures are being experienced, it must be at Picatinny Arsenal and due in large part to an aborted RIF which was started in April 1976 to eliminate several hundred over-strength jobs. This RIF was ordered to be stopped and started anew by the New York Region of the United Civil Service Commission because of faulty competitive levels which were eliminating the rights of employees. Consequently, the several hundred over-strength personnel have been on the payroll at Picatinny Arsenal almost one year and this should not have a bearing on the cost of delaying Frankford Arsenal closure at all.

The decision apparently was made by ARRADCOM/Army staffs to amalgamate the aborted RIF into the Frankford Closure and ARRADCOM formation. Certainly, all the facts were not presented and even if these over-strength personnel are considered, \$3,000,000 per month is a gross inflation and cannot stand the light of audit.

ECONOMIC IMPACT

The closing of Frankford Arsenal will have a devastating economic

impact on Pennsylvania, New Jersey and the Philadelphia metropolitan area as shown in the following chart:

\$33,600,000	- Net Payroll Loss
\$70,000,000	- Private Industry Contract Loss
\$ 1,900,000	- Philadelphia City Wage Tax Loss
\$ 1,300,000	- Pennsylvania and New Jersey Income Tax Loss
\$ 560,000	- Pennsylvania and New Jersey Sales Tax Loss
\$ 1,422,000	- Utilities Loss
\$27,000,000	- Unemployment Compensation Payments
\$ 1,270,000	- School Subsidy
\$136,522,000	- Direct Annual Loss to the Community

Adjusting the direct annual loss by the Department of Commerce Economic Impact Index (2.5), results in a total yearly economic impact of over 300 million dollars.

SOCIOLOGICAL IMPACT

In the past six years or more, Philadelphia has lost thousands of federal defense jobs with the transfer of the Electronics Command (ECOM), the Marine Depot and the Naval Engineering Center. The action being taken by the Department of the Army to close Frankford Arsenal will result in a loss of 3500 additional federal civilian jobs, having an adverse and devastating effect on Philadelphia and the entire surrounding metropolitan area.

The Philadelphia area is virtually a melting pot for large numbers of every ethnic minority with an extremely heavy black and Spanish-speaking population. The employment percentage of minority employees at Frankford Arsenal has been nearly 20% of the total employment of 3500. In the Philadelphia area, the unemployment rate among minorities has recently reached a staggering level in excess of 34%.

Almost 24% of Frankford's workforce is female and approximately 200 of these are minority. A significant number of these are heads of households. Consequently, due to the lack of moderate priced housing in the Picatinny area, the minority women will be forced to leave government service and go on unemployment/welfare rolls with a large number of dependent children affected.

The minority employees have been deployed in every phase of operation at Frankford Arsenal and their contributions have been recognized throughout the entire defense system. Many of the minority employees had been effected by the earlier relocations, closures and transfers and were placed on the rolls of Frankford Arsenal at the time when their services were being transferred out of the Philadelphia area. For some, it was the second and third bite of the apple.

The Department of the Army is now asking the minority employees of Frankford Arsenal to relocate to a resort area with an extremely high cost of living, with a minority population of less than 2% and with all the vast cultural differences and negative racial attitudes which invariably make life difficult for minorities attempting to settle themselves in such settings. The Army, in effect, is asking people who have faithfully served the Federal Government to give up all the uniquely identifiable aspects of their existence - the things which give shape and meaning (substance) to their lives.

TOTAL IMPACT OF ALTERNATE PROPOSAL

The alternate proposal uses, without cutback, all the existing pyrotechnic capability at Picatinny Arsenal and adds the large Caliber Weapons function and large caliber ammunition metal parts function. There are

sufficient good buildings for these activities at Picatinny and no construction will be required there.

At Rock Island Arsenal, functions to be lost have largely been depleted of personnel by job openings made available in the Logistics Center established there under the current realignment by transfer of functions from Picatinny and Frankford. The majority of personnel have chosen to transfer from R&D to Logistics rather than move.

Frankford would retain its small caliber ammunition function and its fire control function and gain the small caliber weapons function from Rock Island. This amounts to 254 jobs to be transferred from Rock Island to Frankford but again, few personnel fill these jobs at this time.

The headquarters, located at Frankford, will be easy to get to from Watervliet Arsenal and Washington by air and from Picatinny and Aberdeen by car. The headquarters, located at Frankford, would benefit from the Philadelphia business and academic assets.

Skills at Picatinny and Frankford would be saved. Maximum use of existing facilities would be made. No geographic area would be negatively impacted. Major consolidation would be accomplished by moving weapon R&D to the east coast with other functions.

The currently planned and approved organization would be implemented with only minimum (60 days) delay to comply with CSC requirements for job offer adjustments. Because few jobs will be moved, little talent will be lost, and operations would not be seriously interrupted. An operation saving of \$5 million per year will be saved by this proposal along with more than \$160 million in one-time costs.

ALTERNATE PLAN ADVANTAGES

- Major cost avoidance can be realized by preventing the need for new or replacement construction at Picatinny.
 - Cost savings in excess of 160 million dollars can be effected over a five year period.
 - Personnel turbulence can be avoided or at least minimized with the resulting retention of vital skills.
 - The Army's and Nation's defense posture can be preserved.
 - The AMARC recommendations can be accomplished and refined.
1. The cost avoidance or one time cost savings realized by establishing the alternate site* at the Frankford Arsenal is estimated in excess of \$125,000,000 over five years.
 2. The one time costs for the Armament Community reorganization is \$107,700,000 during FY 76 - FY 80. 1/
 3. The \$107,700,000 one time total cost includes \$46,000,000 Military Construction Appropriation for Picatinny Arsenal construction. 2/

*Represents ARRADCOM Hq and Small Caliber Weapons System Laboratory.
 1/Chart, Armament Community Reorganization, One Time Costs, FY 76 Dollars.
 2/Ltr. Gen. B. Lewis to Gen. J. Kelly, 12 May 76.

4. The \$61,700,000 balance of one time costs (\$107,700,000 - \$46,000,000) is synthesized by apportioning funding from authorized program categories as: ^{3/}

OMA	\$19,900,000	(Operations)
PAA	9,000,000	(Procurement)
RDTE	32,500,000	(Research/Development)
FHMA	250,000	(Housing)
MPA	140,000	(Military)

5. In addition, the one time costs for in-place, replacement of the Frankford Small Caliber Ammunition Ballistic Proof Range at Picatinny is at least \$25,000,000.

6. Further, the one time relocation costs and severance pay for Frankford employees is estimated at \$3,070,000; for Picatinny employees, it is estimated at \$500,000. ^{4/}

7. The one time cost for minor renovation (42 buildings and 47 acres) at Frankford for the alternate proposal is estimated at \$5,959,000. ^{5/}

8. By adopting the alternate proposal, a resulting cost avoidance of \$129,311,000 is then derived:

ARMAMENT COMMUNITY AT PICATINNY

\$107,700,000 (Arm. Commun. Reorg.)
 + 25,000,000 (Proof Range)
 + 3,070,000 (Personnel Relocation/Severance)
 \$135,770,000 Total Investment

ALTERNATE SITE AT FRANKFORD

\$5,959,000 (Frankford Renovation)
 + 500,000 (Personnel Relocation/Severance)
 \$6,459,000 Total Investment

COST AVOIDANCE WITH HQ & SMALL CAL WPN SYS LAB AT FA

\$135,770,000 (at Picatinny Arsenal)
 - 6,459,000 (Frankford Renovation/Personnel Reloc.)
 \$129,311,000 Cost Avoidance

9. An investment savings ratio of 23 to 1 is realized by adopting the alternate proposal based on the one time investment at Picatinny (\$135,770,000) as contrasted to the alternate proposal at the Frankford site (\$6,459,000).

10. Recurring costs are directly related only to the density of personnel assigned. At Picatinny 6097 personnel are assigned in the ARRADCOM structure. Based on the yearly manpower cost of \$22,000, this represents \$134,134,000 per annum. In the alternate proposal, 2781 personnel would be assigned to Frankford and 3316 personnel targeted for Picatinny resulting in the same total of 6097 personnel, also representing \$134,134,000. Thus, any comparison of recurring costs shows no differential.

^{3/}Ltr. Gen. B. Lewis to Gen. J. Kelly, 2 Sep 76.

^{4/}Economic Analysis, Alt - SAM, Williamson, 31 Dec 75.

^{5/}Facility Study, Dec 76, 6 charts.

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C.

25 January 1977

Honorable J. Bennett Johnston, Jr.
Chairman, Subcommittee on Military Construction
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

On 13 January 1977, you asked the Army to submit for the record its analysis of the "Alternate Proposal for the Relocation of the Small Caliber Weapons System Laboratory and the ARRADCOM Headquarters," a document submitted by Mr. Eilberg's office. This letter forwards the Army's analysis.

We have concentrated our analysis on the economic comparisons between this and the current Army plan, in line with your request. However, I want to emphasize again that even though the comparison shows that the Army plan has clear economic advantages, the operational advantages were the driving force for the consolidation taking place under the current plan and the AMARC recommendations. With the Large Caliber Weapons System Laboratory, Small Caliber Weapons System Laboratory, and Project Manager's collocated, there is continuous opportunity for beneficial cross-fertilization between laboratories in the various technical disciplines. In some areas such as fire control, metallurgy, explosives chemistry and instrumentation, the mutual dependence is indispensable. Additionally, management is afforded the flexibility of bringing together quickly the best personnel for the solution of urgent problems thereby providing improved responsiveness to programs and schedules. Rotation of the workforce into areas of heavy workload and cross-training of skills are additional significant advantages to obtaining improved mission effectiveness. From a management point of view, collocation of the headquarters with the two major weapons development laboratories permits the timely and effective supervision and review of the Army's armament development program. This will improve the quality of our product and enhance our fighting force. Thus, achievement of improvements in our armaments mission was the idea behind the AMARC recommendations and our consequent plan for consolidation of the Small and Large Caliber Weapon Labs at Dover, NJ. In our ensuing economic analysis of the alternate plan, I would not want this primary concept to be lost.

In summary, the Alternate Proposal recommends that the Army's current plan for the establishment of the Armament Research and Development Command, which calls for the siting of the headquarters and both Large and Small Caliber Weapon Systems Laboratories at Picatinny Arsenal in Dover, New Jersey, be substantially revised by locating the headquarters

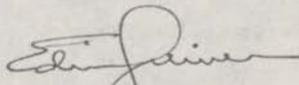
and the Small Caliber Weapon Systems Laboratory at Frankford Arsenal in Philadelphia. Although the proposal contains a relatively small amount of hard, objective data that can be analyzed, we have performed as complete a review as was possible in the limited time available. In so doing we have paid particular attention to the costs of implementing this new proposal and compared these with the costs associated with implementing our current plan, since the Alternate Proposal claims that substantial financial benefits can be realized by adopting the new concept. The results of our financial analysis show a somewhat different projection:

	<u>Alternate Proposal</u>	<u>Current Plan</u>	<u>Difference</u>
One-Time Costs	\$ 71.2M	\$ 81.7M	\$-10.5M
Annual Operating Costs	\$192.9M/year	\$172.8M/year	\$+20.1M/yr

Thus, using the most readily measurable indicator (i. e., cost) the Alternate Proposal is seen to have an advantage that would be more than offset by the increased costs of operating for a mere six months in the proposed configuration. The Frankford question has been repeatedly examined and reviewed over the period of the last several years by a variety of independent study groups. There appear to be no economic or operational advantages which outweigh the serious operational and economic disadvantages of trying to maintain an armament R&D activity there.

It is hoped that you and the committee members will find the inclosed analysis useful in preparation for a decision on the Army's MCA reprogramming request. As you are well aware, the timely receipt of the requested MCA funds will greatly assist the Army in getting on with the job of developing improved weapons and munitions.

Sincerely,



EDWIN GREINER
Acting Assistant Secretary of the
Army (Installations and Logistics)

DEPARTMENT OF THE ARMY
 ANALYSIS OF ALTERNATE PROPOSAL
 "FOR RELOCATION OF THE SMALL CALIBER WEAPON
 SYSTEM LABORATORY AND THE ARRADCOM HEADQUARTERS"

1. As you requested on 13 January, we have analyzed the "Alternate Proposal for the Relocation of the Small Caliber Weapons System Laboratory and the ARRADCOM Headquarters" (hereinafter referred to as the Alternate Proposal), which was submitted by Mr. Silberg's office. The primary differences between the current plan for the establishment of the Armament Research and Development Command (ARRADCOM) and the Alternate Proposal are summarized as follows:

SITE

	<u>Picatinny Arsenal</u> <u>Dover, NJ</u>	<u>Frankford Arsenal</u> <u>Philadelphia, PA</u>
Current Plan	ARRADCOM HQ Large Caliber Weapon Systems Lab Small Caliber Weapon Systems Lab	To be closed on 30 Sep 77
Alternate Proposal	Large Caliber Weapon Systems Lab	ARRADCOM HQ Small Caliber Weapon Systems Lab

Common to both the current plan and the Alternate Proposal are:
 (1) three in-place transfers into ARRADCOM--a small element of the Large Caliber Weapon Systems Laboratory at Watervliet Arsenal in New York, and the Ballistics Research and Chemical

Systems Laboratories in the Aberdeen, Maryland area; (2) the transfer of all Rodman Laboratory functions to LCWSL and SCWSL.

2. In accordance with your specific questions we have, in the limited time available, focused our attention on the cost aspects of the two courses of action, analyzing both non-recurring (or one-time) costs and recurring (or operating) costs. In summary, our analysis shows the following comparison:

	Data Submitted in	Army
	<u>Alternate Proposal*</u>	<u>Estimates*</u>

One-Time Costs

Current Plan	\$ 135.8M	\$ 81.7M
Alternate Proposal	\$ 6.0M	71.2M

*PY76 Constant Dollars

	Data Submitted in	Army
	<u>Alternate Proposal*</u>	<u>Estimates*</u>
Annual Operating		
<u>Costs</u>		
Current Plan	\$131.3M	\$172.8M
Alternate Proposal	\$131.3M	\$192.9M

*Note: The annual operating costs discussed in this analysis are for ARRADCOM elements at Picatinny and Frankford only; since the operating costs of elements at other sites would be the same under either proposal, they do not impact upon this analysis and are therefore excluded.

Several factors account for the differences in costs reflected in the tables above:

a. In the Alternate Proposal, a figure of \$107.7 million is cited as the major component of the stated \$135.8 million one-time cost requirement for the current plan. The Alternate Proposal attributes this figure to an ARMCOM letter dated 2 September 1976, but the referenced letter contains no such estimate. The drafters of the Alternate Proposal have also included the \$25 million replacement cost of a ballistic test range, which is no longer a requirement, and a computation for personnel relocation and separation costs resulting in double-counting of approximately \$3 million. The Army estimate of \$81.7 million covers all one-time costs associated with the reorganization of the Armament Community, and is the same estimate provided to the Senate earlier this month. (This latter figure, which is computed in constant FY76 dollars, amounts to \$99.3 million when inflated to "then year" dollars, still well below the \$135 million estimate presented in the Alternate Proposal as being the one-time cost solely for the "Picatinny Arsenal physical transformation.")

b. The Alternate Proposal excludes major one-time costs which would be required to implement the concept. Other than to state that such costs would be "minimal," the proposal makes no mention of the personnel costs that would be generated at Frankford and Picatinny. In addition to the elements common to both plans, it is conservatively estimated that implementation of the proposal would result in 430 separations, 180 permanent changes of station, and 635 recruitments at a total cost of \$5.9 million. Further, minimum essential facilities and equipment costs in the amount of \$42.0 million, rather than the \$6.0 million estimate provided in the proposal, would be incurred to accomplish necessary alterations, equipment moves, demolition and rehabilitations. It should be understood that the one-time cost discussion presented in the proposal does not address costs that will be required, at installations throughout the Armament Community, to implement either the current plan or the Alternate Proposal. This omission invalidates any attempts at direct comparison of previous one-time cost estimates by the Army with estimates contained in the proposal. The total one-time cost estimate of \$71.2 million for the alternate proposal includes factors common to both plans and therefore may be compared with the estimated \$81.7 million required

to establish ARRADCOM under the current plan. Thus, adopting the alternate proposal will require \$10.5 million less in one-time cost expenditures than will implementation of the current plan. Details of one-time cost computations are shown at Inclosure 1.

c. In the area of annual operating costs the per capita cost of \$20,000 per year as in the Alternate Proposal is too low on average to produce viable estimates. A more realistic figure is \$26,000 which is used in our analysis of the proposal. (In analyzing a previous Philadelphia proposal, we used an annual per capita cost of \$22,000; updated data which have become available via formal budget submissions from the arsenals in the intervening time support the higher figure of \$26,000.)

d. The Alternate Proposal assumes that the operation of two installations (Picatinny and Frankford) will require no increased personnel strength over the level required at the single Picatinny installation under the current plan. Any realignment which disperses major mission activities to geographically separate installations reduces the savings benefits of consolidation and creates the requirement for some of the same functions to be performed at each site. The Alternate Proposal does not consider this important factor, and, as a consequence, falls short by more than \$20 million in estimating annual operating costs. Inclosure 2 contains specifics on these cost computations, and the extent of the duplicative staffing requirements is reflected in detail in Inclosure 3. The factors below are particularly relevant to the annual operating cost estimates presented in the alternate Proposal:

(1) The personnel distribution suggested does not provide the top level, staff management, and support resources to the elements of the organization which manage the bulk of the R&D program, contract requirements, and project management support.

(2) Energetic materials, fire control, metallurgy, hazardous munitions countermeasures and applied sciences exist exclusively in either

the SCWSL or LCWSL. Consequently, minimum cadre of personnel will be required on site in the laboratory not having the major mission. This cadre provides the expertise and interface with the major mission organization.

(3) Data processing personnel in such specialized areas as computer graphics, numerical analysis and programming will be required at both sites. The area of testing, particularly in the environmental test areas, will require duplication not only of personnel, but also of some facilities and equipment.

(4) The manpower savings in the materiel fabrication area are effectively negated by operating facilities at two separate locations. The collocation of SCWSL and LCWSL provides significant manpower economies in the area of materiel fabrication. Personnel working in this area tend to specialize in the operation of a particular machine, process or assembly technique. Many of the tasks require very close coordination with R&D engineers, as frequent changes and modifications are the nature of the business in R&D prototyping. This close coordination mandates an on-site capability. Collocation of the LCWSL and SCWSL allows economies to be made in the design of the experimental fabrication organization. For example, the current plan takes advantage of the similarity between some of the ~~and~~ and some of the fire control requirements in electronic fabrication. The same disadvantage would be found in the areas of engineering documentation (drafting and illustrating), library operations, instrumentation, configuration management (along with duplicate files and microdata equipment) and product assurance. A standards and calibration laboratory capability would have to exist at both sites to accomplish a portion of the metrology function, i.e., to calibrate on-site equipment and to assure that instrumentation and gages are accurate.

(5) Full consideration is not given to resources required for procurement facilities. An adequate procurement staff must be provided

at Picatinny to perform the heavy contract workload that is required to support LCWSL. Not only does LCWSL generate the majority of ARRADCOM's R&D contracts, but is also the responsible segment for over 90% of the dollar value of the initial production contracts ARRADCOM will let in FY 77.

3. Consideration of Frankford by AMC Armament Committee. The Alternate Proposal indicates that the AMC Armament Committee did not consider Frankford for one of the sites for the new ARRADCOM. Two alternatives which would have placed SCWSL in Philadelphia were included in the final eleven alternatives considered by the Committee, and both of these alternatives were determined to rate no better than fair in the critical factors used to assess all options: internal interfaces, workforce flexibility, external interfaces and "fresh start." A particularly critical consideration was (and is) the AMARC concept of improving the RD&E process by consolidating personnel and functions at fewer geographic sites; the Alternate Proposal provides little more opportunity for realizing the advantages of such consolidation than does the present alignment of the Armament Community.

4. Time Phasing. Implementation of the Alternate Proposal would require extensive relocation of small caliber manufacturing equipment and the conversion of buildings to laboratory facilities, all of which would necessitate architectural/engineering design modification work by private contractors. These additional requirements entail a minimum of 22 months from the date the concept is approved and funded to the actual beneficial occupancy date. The operational date for the SCWSL at Frankford could therefore occur no earlier than January 1979 (assuming concept approval and funding in March 1977), rather than the date of June 1977 provided in the proposal.

5. Location of Project Managers. The Alternate Proposal calls for locating all three ARRADCOM Project Managers (Selected Ammunition, Cannon Artillery Weapon Systems and Army Air Defense Gun Systems) at Frankford, where the primary mission is RD&E for small caliber weapons and munitions. Irrespective of the plan that is adopted for the establishment of ARRADCOM,

effective management necessitates collocation of Project Managers for Selected Ammunition and Cannon Artillery Weapon Systems with the large caliber organizations which execute the managers' projects.

6. Projected Cost Reductions and One-Time Costs. The Alternate Proposal states in the summary that the Army had projected a \$42 million saving in FY77 as a result of the reorganization, and implies that the Army's one-time cost estimates are rapidly increasing. The projected level of cost reductions was not forecasted to be realized until the Armament Community reached steady-state operations in FY80. Moreover, the total one-time cost estimates* have actually decreased more than \$4 million in the 14 months since the publication of the Case Study and Justification Folder in November 1975.

7. Economic Impact on Local Community. The Alternate Proposal states that the economic impact of the closure of Frankford on the Philadelphia community will be in excess of \$340 million. In comparison with the results of a GAO audit report submitted to Congress in August 1976, this estimate is overstated by nearly \$200 million. The earnings multiplier used in the Alternate Proposal appears to account for this difference. In the same context, the proposal also states that the closure will result in the loss of "more than \$70 million in local contract expenditures." An analysis reveals that this factor is overstated since the majority of these contracts (approximately \$55 million) consist of mission-related work for which Philadelphia-area contractors would still be able to compete for based on their ability to execute the necessary work. Generally, the Army believes that consideration must be given to the relative importance of Frankford and Picatinny to their respective communities. The Alternate Proposal notes that the population of the Philadelphia metropolitan area is 4.9 million, while the population from which Picatinny draws the majority of its workforce approximates 1.7 million; this indicates that the impact of a workforce reduction at Frankford would be relatively minor compared to the impact of a reduction at Picatinny. In this regard, the Alternate Proposal supports rather than refutes the current plan.

*In constant FY 76 dollars

8. Geographic Location. The Alternate Proposal often cites the transportation and educational advantages of selecting the Frankford site rather than Picatinny as ARRADCOM headquarters. As has been previously noted, the relative driving time from the arsenals to their respective major servicing airports varies by only 5-10 minutes despite the distances involved.

Also worthy of note is the fact that the Defense Department has recognized Philadelphia as a high cost travel area. Travelers to Philadelphia would incur daily travel costs more than 30% greater than would visitors to a headquarters located at Picatinny. As for educational accessibility for employees, the 10 mile and 20 mile criteria established in the proposal eliminate the many institutions in New York City and vicinity. Had driving time been used as the criterion instead of distance, accessibility to educational institutions would be nearly identical for the two proposals.

4 Inclosures

1. One-Time Cost Estimates
2. Annual Operating Cost
3. Personnel Requirements
4. Abbreviations

ARMY ANALYSIS OF THE ALTERNATE PROPOSAL

ONE-TIME COST ESTIMATES (THOUSANDS OF DOLLARS)

ONE-TIME COSTS FOR CURRENT PLAN	\$ 81,682
LESS FACILITIES & EQUIPMENT COSTS FOR CURRENT PLAN (ALL INSTALLATIONS)	(41,580)
LESS PERSONNEL COSTS FOR FFA & PTA	(14,452)
LESS COSTS FOR FFA CARETAKER STATUS	<u>(2,969)</u>
BASELINE COST FOR ALTERNATE PLAN	\$ 22,681
PLUS FACILITIES & EQUIPMENT COSTS FOR ALTERNATE PLAN	47,694
PLUS ADDITIONAL PERSONNEL COSTS FOR ALTERNATE PLAN	5,851
TOTAL ONE-TIME COSTS OF ALTERNATE PLAN	<u>\$ 71,226</u>

ARMY ANALYSIS OF THE ALTERNATE PROPOSAL
FACILITIES AND EQUIPMENT COSTS

Space currently in use at Frankford for small caliber ammunition; fire control; optics; and test, measuring and diagnostic laboratory and shop area is 353,100 square feet plus an 80,000 square foot range (per DD Form 1391, Armament Development Center Facilities). The Alternate Proposal states on page 28 that "EXP/RES Lab & Fabrication" occupy 141,000 sq. ft. On page 48 the proposal states "273,000 Fab/Lab Space" is required. The ballistic lab of 80,000 square feet is in addition to both numbers. This shows a deficit of space in the amount of 80,100 sq. ft.

353,100	Now
<u>273,000</u>	Proposed
80,100	Deficit

Since there is no provision evident to accommodate this difference, a like amount of space must be altered, which would require enlargement of the enclave proposed, or new construction must be accomplished within the area proposed. The latter is more likely, since there appear to be no buildings remaining within the enclave of 47 acres which could be modified. Additionally, 14,400 sq. ft. of space is required to house the small caliber weapon prototyping mission transferring from Rock Island Arsenal. This must also be altered or newly constructed.

Further, Frankford buildings 215, 216, 217 and 116 were omitted from the proposal and represent a total of 132,700 square feet. Buildings 215, 216 and 217 are currently being utilized to manufacture small caliber ammunition and contain both shop and office areas. Building 116 is a fire control maintenance building which is being used for the calibration, maintenance, repair and testing of tanks. This building contains an appropriate shop area. Based on a review of the site map, buildings 215, 216 and 217 are to be demolished. Since the proposal initially indicates a deficit of approximately 80,100 sq. ft. which will be required as lab/shop area, and the proposal dedicates the above buildings with 132,700 sq. ft. for the same purpose, it is concluded that the difference (or approximately 52,600 sq. ft.) has already been converted within the buildings identified in the proposal but with no cost reflected to do so. Conversion cost for the 52,600 sq. ft. would be approximately \$1,084,086. We have not included this cost in our computations, but provide the observation for information only. A perimeter fence on the east boundary of the 47 acre area is required (estimated \$23,000).

There are 10 buildings which are no longer shown on the 47 acre map and which are assumed to be demolished under the proposal. These have not been costed in the proposal. There are 66 buildings in the industrial development area which are contaminated with energetic materials (explosives, propellants, pyrotechnics) which should be demolished in order to make the area more versatile and attractive to new business. Decontamination has been considered; however, demolition has not been costed. For these 76 buildings, the Alternate Proposal has costed decontamination of the 66 buildings only, excluding required demolition costs. As above, we provide this comment for information only.

Ownership and operation of the historical/family housing area has not been addressed in the proposal. It is not a part of the 47 acres proposed.

ARMY ANALYSIS OF THE ALTERNATE PROPOSAL
SUMMARY OF FACILITIES AND EQUIPMENT ONE-TIME COSTS
(THOUSANDS OF DOLLARS)

	COMMON TO <u>BOTH PLANS</u>	ADDITIONAL FOR <u>ALTERNATE</u>	<u>TOTAL</u>
MILITARY CONSTRUCTION			
Large Cal/Small Cal			
Prototype Facility	1,080	216	1,296
Physical Sciences I	727		727
Physical Sciences II	1,553		1,553
Energetics Lab	2,593		2,593
Fuze Metal Parts	316		316
Technical Data	1,206		1,206
Lab/Shop		1,201	1,201
Auditoriums		1,024	1,024
Pyrotechnic Lab	481		481
Admin Bldgs 1&2 & 407	1,306		1,306
Rock Island attributed	1,638		1,638
Laser Range (fire control)		12	12
FFA Lightning Pro- tection		591	<u>591</u>
TOTAL MCA			13,944

Equipment moves, minor alt, etc	12,385	4,844	17,229
Separated Range Facility		235	235
Demolition		916	916
Rehabilitation		10,114	10,114
Decontamination		233	233
Perimeter Fence		23	<u>23</u>
TOTAL			<u>42,694</u>

ARMY ANALYSIS OF THE ALTERNATE PROPOSAL
PERSONNEL COSTS

Personnel-related one-time costs are generated for three principal actions: permanent changes of station (PCS), separations and outside recruitments. By employing an estimated 25% willingness to transfer between installations for Picatinny, Frankford and Rock Island employees, and a liberal assumption concerning the capability of employees to fill positions outside their current functional areas, the following personnel requirements have been developed:

	<u>FRANKFORD</u>	<u>PICATINNY</u>	<u>TOTAL</u>
Strength required to implement alternate proposal (see Incl 3)	<u>2,975</u>	<u>4,455</u>	<u>7,430</u>
Current strength (31 Dec 76)	<u>2,245</u>	<u>4,904</u>	<u>7,149</u>
Disposition of current strength			
Transfer in place	2,165	4,450	6,615
PCS to Frankford	---	104	104
PCS to Picatinny	---	---	---
Separation	<u>80</u>	<u>350</u>	<u>430</u>
TOTAL	<u>2,245</u>	<u>4,904</u>	<u>7,149</u>
Source of total requirements			
Transfer in place	2,165	4,450	6,615
PCS from Frankford	---	---	---
PCS from Picatinny	104	---	104
PCS from Rock Island	76	---	76
Recruitment	<u>630</u>	<u>5</u>	<u>635</u>
TOTAL	<u>2,975</u>	<u>4,455</u>	<u>7,430</u>

Applying previously developed unit cost estimates, these requirements generate the following one-time costs:

Permanent changes of station	
180 actions @ \$6,600	\$1,188,000
Separations (severance pay)	
430 actions @ \$6,400	2,752,000
Recruitments	
254 actions @ \$7,050	1,790,700
254 actions @ \$ 150	38,100
127 actions @ \$ 650	<u>82,550</u>
TOTAL	\$5,851,350

NOTE: The unit cost for recruiting actions is variable based the distance of the new employee from the installation, and whether the new employee is a currently on the government rolls.

ARMY ANALYSIS OF THE ALTERNATE PROPOSAL
ANNUAL OPERATING COST ESTIMATES

	<u>CURRENT PLAN</u>	<u>ARMY ANALYSIS OF ALTERNATE PROPOSAL</u>
Frankford strength		2,975
Per capita cost		\$ <u>25,435</u>
Operating cost		\$ <u>75,669,175</u>
Picatinny strength	6,507	4,435
Per capita cost	\$ <u>26,308</u>	\$ <u>26,308</u>

	AS CONTAINED IN ALTERNATE PROPOSAL			ARMY ANALYSIS			DIFFERENCE
	PTA	FFA	TOTAL	PTA	FFA	TOTAL	
MISD	24	115	139	93	84	177	+38
ARRCOM DETACHMENT	190	85	275	190	85	275	---
PROJECT MANAGERS	---	195	195	---	195	195	---
TOTAL	3506	3061	6567	4455	2975	7430	+863

ABBREVIATIONS

MC	Army Materiel Command (former name of US Army Materiel Development and Readiness Command)
ARRCOM	Army Armament Command
ARRADCOM	Army Armament Research and Development Command
ARRCOM	Army Armament Materiel Readiness Command
FFA	Frankford Arsenal
GAO	General Accounting Office
LCWSL	Large Caliber Weapon Systems Laboratory
MISD	Management Information Systems Directorate
PAD	Product Assurance Directorate
PCS	Permanent Change of Station
PTA	Picatinny Arsenal
R&D	Research and Development
RD&E	Research, Development and Engineering
SCWSL	Small Caliber Weapon Systems Laboratory
TSD	Technical Support Directorate

HISTORY OF PICATINNY

Representative MEYNER. Second, Picatinny Arsenal has a history of successful performance. Picatinny was once a forge that produced cannon shot for George Washington's troops when they were stationed at Morristown, N.J. It became a full-fledged military installation in 1880, and has since grown to become an integral part of what Franklin Roosevelt described during World War II as the arsenal of democracy. Its employees are responsible for numerous weapons developments and patents, for innovative management techniques and for a computer system so sophisticated that installations throughout the country now tie into it to solve complex engineering problems.

Third, the location of related functions at Picatinny reinforces efficiency and allows for greater work force flexibility. Splitting up large and small caliber weapons systems, or returning to the old, overlapping and inefficient ways of dealing with these systems inhibits the constant flow and availability of technical information and professional communication. This is underscored in the AMARC report of 1974.

Fourth, a very important consideration, cost. Given the mandate to cut back, streamline and make Army operations more efficient, the plan to locate ARRADCOM and the two weapons systems at Picatinny involves the least movement of personnel, the most efficient application of the Army's budget, and the greatest short- and long-term savings possible. The data clearly supports this conclusion. But there is one added note, gentlemen. The cost of retooling Picatinny, closing it down or dedicating it for some other use would be enormous.

Parts of the 10 square miles of Picatinny serve as a repository for ballistic waste. To remove this so-called waste and make the land habitable, or at least safe, for other functions involves a cost that would involve millions of dollars.

ECONOMIC IMPACT ON PICATINNY

Finally, Mr. Chairman, there is the question of the economic impact of any other decision but the one the Army has chosen to implement on the greater Picatinny community. During this Nation's military involvement in Indochina, over 9,000 persons were employed at Picatinny. That figure now hovers around 5,000. Without ARRADCOM, attrition would drive the figure down further. With any other decision but the one the Army has taken, the impact on the greater Picatinny community would be devastating to the economy of northern New Jersey, and I might add that the unemployment rate in New Jersey is 13 percent; in the northern part where Picatinny is located, it is a good deal higher than that. In April 1975, the New Jersey Department of Labor and Industry prepared a report outlining the consequences of the Army's decision and the importance of Picatinny to New Jersey's economy. I would like, at this point, to submit a copy of the report.

Senator JOHNSTON. The report will be received.

Representative MEYNER. Thank you.

[Clerk's note.—The report is retained in the subcommittee files.]

ESTABLISHMENT OF ARRADCOM AT PICATINNY

Representative MEYNER. The evidence clearly supported the Army's decision in December 1975 to establish ARRADCOM at Picatinny. To do otherwise would have been a contradiction of the logic of 3 years of work and study.

And, when the Army announced its plans to seek approval for its reprogramming request, your companion subcommittee in the other body of Congress did indeed grant approval. During consideration in the House, I submitted several items that I believe are worth your attention: The New Jersey congressional delegation letter urging approval of the \$7.3 million reprogramming fund; a response to allegations that other arsenal personnel are unwilling to move to Picatinny; a letter from Mr. J. Richard Hall of the National Federation of Federal Employees.

[CLERK'S NOTE.—The items referred to are retained in the committee files.]

ARRADCOM ADVANCE TEAM

Representative MEYNER. Mr. Chairman, we are too far along the course of developments to turn back now. Already, an ARRADCOM advance team is on the scene at Picatinny. And, contrary to what you may hear elsewhere today, surveys at the other installations affected by the Army's decision have shown that many people would enjoy, indeed prefer, relocating at Picatinny.

If I might put in a personal plug, Picatinny is located in the beautiful and rural section of New Jersey with wooded hills and crystal-clear lakes, and it is almost as pretty as many places in Louisiana.

As you know, the Army's budget is geared to an operational ARRADCOM by the end of this month.

The Army needs your approval in order to comply with budget regulations. It needs your approval to proceed with a plan already 4 years in the making.

Let me add this one note: Those who seek to halt or delay this reprogramming funding are, ironically, adding to the waste and inefficiency that we all seek to avoid.

Rejection of this \$7.3 million request will not halt the development of ARRADCOM, nor will it insure that other arsenals stay open.

The Army with the approval of Congress and the executive branch has made its decision. Stopping or delaying reprogramming funds to Picatinny Arsenal in Dover would mean that the consolidation would still proceed as we discussed this morning, but with inadequate financial support. The resulting confusion and inefficiency would be bad for the American taxpayer, bad for national defense, and bad for the soldier in the field.

DECISION TO RELOCATE

As I have said before, the Army made the decision over a year ago to locate the Armament Research and Development Command at Picatinny. Rejection of these funds would result only in a sloppy reorganization. Those who make this demand may be misleading their

constituencies to believe that somehow someday this action would save their local arsenals. It will not.

Rather, to turn aside the Army's request would be to pull the linchpin from a carefully constructed proposal requiring smooth implementation and turn it into a shambles.

And, finally, Mr. Chairman, our national defense effort needs your approval of this request if our Nation is indeed going to be successful in the attempt to reorganize the Army's armament development capability so it will function at a greater level of efficiency and at lesser cost to our defense budget.

CONCLUDING REMARKS

Mr. Chairman, I thank you for your attention, and I welcome the opportunity to be of further assistance to you or to answer any questions or if there are any questions of particular interest to you. General Lewis I am sure would be glad to answer specific questions.

Thank you, Mr. Chairman.

Senator JOHNSTON. Thank you, Mrs. Meyner.

That was an excellent statement. I can only say that you and Congressman Eilberg make it very difficult for this committee. You have both made very, very good presentations, and I mean that sincerely. I think you both represent your areas very well, particularly on this issue.

As I say, you make it very difficult for the committee. Thank you very much for your testimony.

NONDEPARTMENTAL WITNESSES

STATEMENT OF MR. VERLIN BAUMGARTH, REPRESENTING PROFESSIONAL EMPLOYEES LOCAL R 7-68, NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

INTRODUCTION OF PUBLIC WITNESS

Senator JOHNSTON. Next we have public witnesses, and the hour is getting late. We have heard this very well presented, but do want to give each one of you an opportunity to speak.

I would ask the public witnesses to try to briefly summarize your views. We want to hear everyone and we want to hear all new facts, but I am sure you recognize that the committee need not hear all of the reasons given again.

With that admonition, I would like very much to hear first from Mr. Verlin Baumgarth, representing the Professional Employees Local R 7-68 of the National Association of Government Employees.

We are glad to have you, Mr. Baumgarth.

By the way, with all witnesses, we would prefer if you would put your statements in the record and summarize them for the committee. We will very carefully read all statements.

OPPOSITION TO ARMY REPROGRAMING REQUEST

Mr. BAUMGARTH. The Honorable J. Bennett Johnston, Jr., members of the committee, aides and distinguished guests, my name is Verlin Baumgarth. I am an electrical engineer employed in the Rodman Laboratory of Rock Island Arsenal.

I am speaking as a representative of the Professional Employees Local R 7-68 of the National Association of Government Employees. Our local represents approximately 600 professional employees who are the engineers, lawyers, mathematicians, metallurgists, chemists and scientists in Rock Island Arsenal, and in the headquarters of the U.S. Army Armament Command at Rock Island, Ill.

Our local is speaking here in loyal opposition to the Army's request for tax dollars to support a planned reorganization and relocation that looms as a monumental mistake for the Army, for the country and for the taxpayers. This planned action is a monumental mistake because, if carried out, it will effectively destroy a large segment of the Army's research and development expertise in guns systems that is not replaceable in private industry, nor at Picatinny Arsenal.

It will also weaken the production base for conventional weapons. Both of these undesirable results will cost the taxpayers untold millions of dollars instead of producing a questionable savings that has been officially claimed by the Army in its case study and justification folder.

We might ask ourselves how did such an impending calamity come about, and I guess the answer would be that it took a lot of planning and a lot of high level bungling.

First a little bit of history.

Senator JOHNSTON. Mr. Baumgarth, can I ask you to give us the highlights of your statement—we will very carefully read it, I can assure you of that.

Mr. BAUMGARTH. All right. I would like to have the full statement inserted into the record.

PREPARED STATEMENT

Senator JOHNSTON. Your full statement will be entered into the record at this point.

[The statement follows:]

PREPARED STATEMENT OF VERLIN BAUMGARTH

Honorable J. Bennett Johnston, Jr., members of the committee, aids, and distinguished guests:

My name is Verlin Baumgarth. I am an electrical engineer employed in the Rodman Laboratory at Rock Island Arsenal. I am speaking as a representative of the Professional Employees' Local R7-68 of the National Association of Government Employees. Our local represents approximately 600 professional employees who are engineers, lawyers, mathematicians, metallurgists, chemists, and scientists in the Rodman Laboratory of Rock Island Arsenal and in the Headquarters of the U.S. Army Armament Command at Rock Island, Illinois. Our local is speaking here today in loyal opposition to the Army's request for tax dollars to support a planned reorganization and relocation that looms as a monumental mistake for the Army, for the country, and for the taxpayers. This planned action is a monumental mistake because, if carried out, it will effectively destroy a large segment of the Army's Research and Development expertise in gun systems that is not replaceable in private industry or at Picatinny Arsenal. It will also weaken the production base for conventional weapons. Both of these undesirable results will cost the taxpayers untold millions of dollars instead of producing the questionable savings that have been officially claimed by the Army in its Case Study and Justification Folder.

How did such an impending calamity come about? I guess the answer would be that it took a lot of planning! And, a lot of high-level bungling!

FIRST, A LITTLE BIT OF HISTORY

All of this business started in December 1973 when a relatively new Under Secretary of the Army (who has since been

deposed for being on two payrolls) chartered a group of industrialists to review the Army's materiel acquisition process and to recommend sweeping changes.

By the way, this was only 5 months after guns and bullets had finally been brought together through the merger of the Army Weapons Command at Rock Island, Illinois, with the Army Munitions Command from Dover, New Jersey, to form the Army Armament Command at Rock Island. That was a sensible consolidation of all Research, Development, Production, Supply, and Maintenance of gun systems under one commander!

Anyhow, this AMARC (Army Materiel Acquisition and Review Committee) committee of industrialists immediately made recommendations for dissolving the Armament Command. In its place, they proposed the creation of a new Armament Development Center (ADC) at a single location and the formation of an Armament Logistics Command (ALC). These recommendations were assiduously followed by the Army Materiel Command (AMC) Committee on Armament, which was more commonly called the Lewis Committee. The outgrowth of their study was an Army decision to build an Armament Development Center at 3 separate locations instead of at 1 single location as recommended by the AMARC Committee. The net effect of this decision is to move the Armament Research and Development functions from Rock Island, Illinois, and from Philadelphia, Pennsylvania, to Dover, New Jersey. This includes munitions functions that were just moved from New Jersey to Illinois only 3 years ago. Also included are small-arms functions that were moved from Springfield Armory in Massachusetts to Rock Island just 9 years ago.

The many serious ramifications of this proposed move are the basis for our appearance here today.

SOME OBSERVATIONS ON CHANGE AND REORGANIZATION

We do not oppose change if change will indeed improve the quality of the product or if change will indeed reduce armament costs without having an insidious effect on quality and quantity. But too often, random geographical relocations and organizational changes seem to be a refreshing escape for those would-be managers and decision makers who are unable to fathom the true nature of the problem or to foresee the full consequences of their actions. We know the Army must get leaner, but the fat should come out of the layers of management between the Secretary of the Army and the people who actually do the work, as recommended by the AMARC Study. We fail to see how the Army is going to get leaner by a change that doubles the number of headquarters staffs and that doubles the number of two-star generals. This is an obvious increase in fat!

Senator Stevenson had some pertinent observations on Army reorganizations in his statement of December 6, 1974, which are good food for thought here. He stated, and I quote, "Of particular concern to me is a practice I have seen before--rapid fire Army reorganizations which on their face appear to be inconsistent and often wasteful. Fifth Army Headquarters was moved to Fort Sheridan in 1969 at a cost of tens of millions of dollars, only to be moved to Texas just two years later at even greater cost. An Army veterinary school brought in to fill the empty fort two years ago was just moved out again last month. Weapons R&D facilities, like Rodman Labs, were brought under the new Armament Command headquartered at Rock Island in a massive \$20 million reorganization as recently as September of 1973. Yet within three months, the AMARC Task Force was brought into being to study how to reorganize the Armament Command--and is now recommending the phaseout of Rodman Labs.

I fear the record is replete with examples of reorganizations which are directed at undoing and reversing earlier reorganizations."
End of quote.

The change that deeply concerns us here today is the Army's

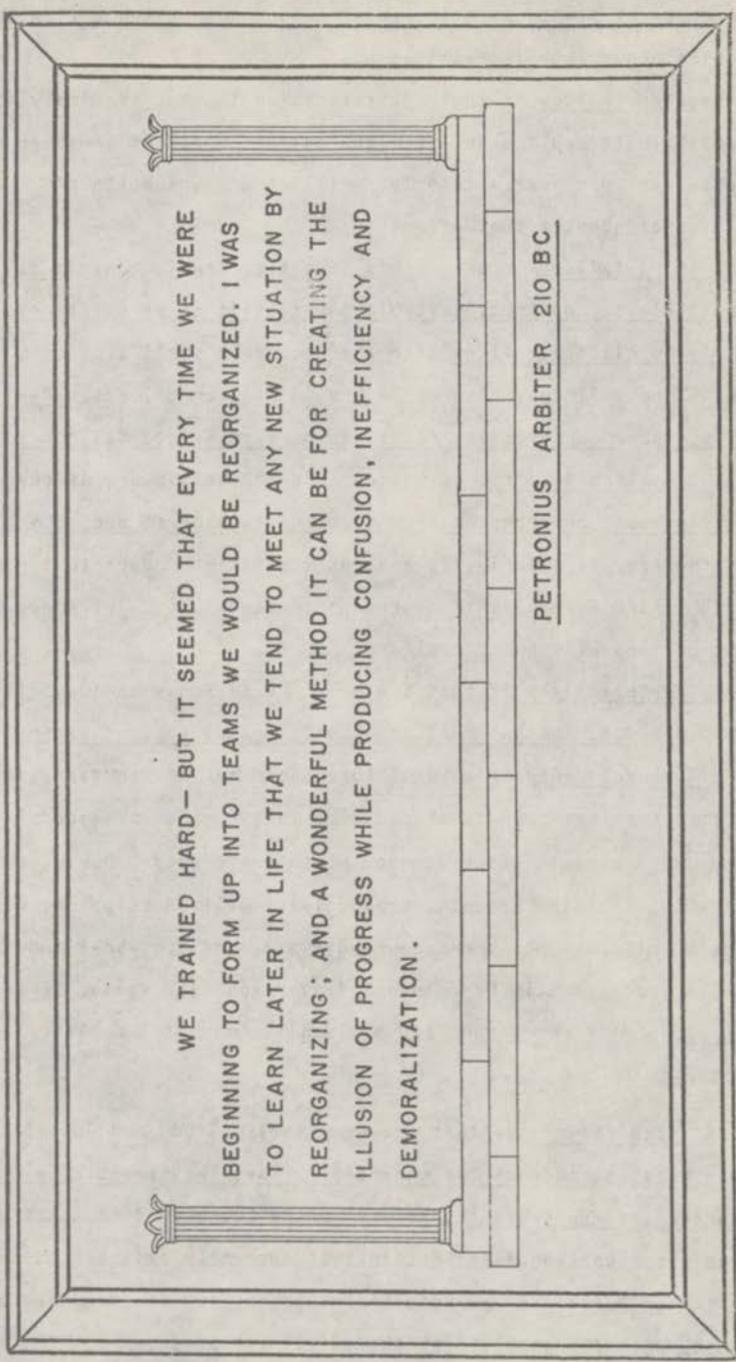
controversial plan for moving the Armament Research and Development people organizationally and geographically across the country away from the production people, and away from the supply and maintenance people.

An old philosopher is credited with a sage observation on the effects of continual reorganizations, which is reproduced on the following page.

OBSERVATIONS ON THE CSJF AND THE GAO AUDIT

The Army's Case Study and Justification Folder No. 321 is an outstanding example of obfuscation. Even the GAO had difficulty in trying to correlate its contents and to decipher its arithmetic. The Army seemed compelled to advertise annual cost savings to sell its plan for dissolution of our existing gun system R&D capability. However, the GAO did confirm the fact that a significant portion of the Army's claimed savings was indeed fictitious even when they used the underlying assumptions that the Army had postulated. The crux of the matter is that many of the underlying assumptions on which the audited costs were based are still highly suspect in such areas as numbers of people, contract dollars, realistically attainable accomplishments, training costs, and realistic treatment of the adverse effects that will surely occur as a consequence of the move. Unfortunately, the GAO people took the position (when they were at Rock Island) that they do not have the expertise to challenge the basic assumptions that were made by some of the Army's starry-eyed planners and decision makers who seem divorced from reality.

One fallacy in the Army's justification is that the postulated number and types of people that will be needed in the ADC and ALC to perform the same quantity of necessary work simply are not adequate. This is very apparent from the struggles that are now going on among those who are charged with the practical problems of trying to structure a realistic organization. Historically,



WE TRAINED HARD — BUT IT SEEMED THAT EVERY TIME WE WERE
BEGINNING TO FORM UP INTO TEAMS WE WOULD BE REORGANIZED. I WAS
TO LEARN LATER IN LIFE THAT WE TEND TO MEET ANY NEW SITUATION BY
REORGANIZING; AND A WONDERFUL METHOD IT CAN BE FOR CREATING THE
ILLUSION OF PROGRESS WHILE PRODUCING CONFUSION, INEFFICIENCY AND
DEMORALIZATION.

PETRONIUS ARBITER 210 BC

the numbers of people have increased beyond advertised estimates following other such reorganizations.

Another fallacy in their justification is that it simply is not possible to replace 36.7 million dollars worth of low-overhead in-house work per year with only 7 million dollars worth of high-overhead contractual effort.

A third fallacy in the Army's justification is that it is not possible to construct suitable ADC facilities at Picatinny for only 40 million dollars when the necessary small arms test ranges alone will cost between 25 and 33 million dollars. Realistically, these construction costs can be expected to balloon to over 100 million dollars. I believe you are well aware of the history of cost overruns on Army Corps of Engineers' projects. Also, the Army is planning to abandon its finest modern test ranges at Rock Island Arsenal which were constructed just 7 years ago at a cost of many millions of dollars.

A fourth fallacy is that the Army's Case Study and Justification Folder does not put realistic costs on the loss of expertise that will surely ensue. We will lose thousands of man-years of expertise that has been developed over long periods of expensive on-the-job training, which somehow must be replaced. During this replacement training process, productivity will be crippled, many expensive mistakes will be made needlessly, and the wheel and the gun will inadvertently be reinvented over and over again. Training costs alone will run beyond \$50 million instead of the paltry sums admitted to in the CSJF.

A fifth fallacy is that the Army's Case Study and Justification Folder does not address the unnecessary, but inevitable rise in ^{costs} production of gun systems that will ensue because of the destruction of the close working relationship that currently exists between the experienced engineers and scientists who develop the hardware and the manufacturing people with the skills who produce it. The cost of this fact of life alone could overshadow all the savings that

have been advertised for the Armament Development Center.

Chart A on the following page contains actual Armament Command expenditures that show how production costs exceed R&D costs by a factor of 10 to 1.

A sixth fallacy in the Army's justification is that a substantial portion of the savings that the Army claims for their reorganization would have, in fact, been obtained anyhow through in-place reductions in the number of employees following the wind-down of the Vietnam War.

FURTHER PERTINENT OBSERVATIONS

In reality, the Army's plan to separate the existing Research and Development community from the existing Production and Logistic community will destroy much of the conventional Armament Research and Development expertise that currently exists. This will most certainly happen because most of the experienced armament systems people and fire control people from Rock Island and Frankford Arsenal simply are not going to move to New Jersey because they cannot afford the heavy personal and financial sacrifices. Living costs in New Jersey are much higher than in our part of Iowa and Illinois. Figures showing a 22% higher cost of living in New Jersey over Cedar Rapids, Iowa, were published in the October 1976 issue of Forbes Magazine. The consequence is that the new organization will not be able to develop the weapons that are expected of it without many needless mistakes that will cost a great deal of time and money to correct.

Our personnel surveys and actual experience with other mission transfers over the past 9 years indicate that only about 10% of the people will actually transfer with the function when moving day actually comes. Chart B on the following page illustrates this.

The problems that exist with the present R&D organizations are traceable to some poor management personnel for which we make

ACTUAL EXPERIENCE
WITH
MAJOR TRANSFERS OF FUNCTION
INTO AND OUT OF ROCK ISLAND, ILLINOIS
OVER THE PAST 9 YEARS

YEAR	SIZE OF WORKFORCE AT TIME OF ANNOUNCEMENT	PERSONNEL WHO ACTUALLY TRANSFERRED	PERCENT WHO ACTUALLY TRANSFERRED
1967	3,400	52	1-1/2
1973	596	116	19-1/2
1975-1976	41	1	2-1/2

SMALL-ARMS MISSION TRANSFERRED FROM SPRINGFIELD ARMORY (MASSACHUSETTS) TO ROCK ISLAND ARSENAL

HQ U.S. ARMY MUNITIONS COMMAND TRANSFERRED FROM DOVER, NJ TO ROCK ISLAND ILLINOIS

NOTE: THIS WAS A MOVE FROM A HIGH-LIVING-COST AREA TO A RELATIVELY LOW-LIVING-COST AREA AT A TIME WHEN JOBS WERE SCARCE

VEHICLE RAPID FIRE WEAPON SYSTEM PROJECT MANAGER'S OFFICE TRANSFERRED FROM ROCK ISLAND TO DETROIT, MICHIGAN

A BREAKDOWN OF
ARMAMENTS COMMAND EXPENDITURES

	(IN MILLIONS OF DOLLARS)			
	FY 74 <u>ACTUAL</u>	FY 75 <u>ACTUAL</u>	FY 76 <u>ACTUAL</u>	FY 77 <u>PLANNED</u>
TOTAL	\$ 2,551	\$ 2,614	\$ 2,555	\$ 1,101
SPARE PARTS	111	186	143	37
PRODUCTION HARDWARE	1,961	1,940	1,867	890
RESEARCH, DEVELOPMENT, TEST AND EVALUATION	176	174	185	56
				204
				2,153
				195
				151

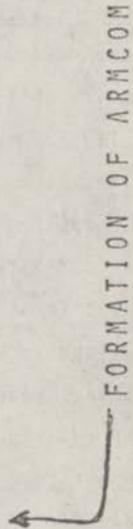


CHART A

no apologies. However, these problems are correctable by the simple expedient of replacing those managers and directors whose engineering and managerial misjudgments have created the problems. The Army's action of destroying the existing "house" without due regard for the consequences will only create bigger problems.

The Army is administering a serious (if not potentially fatal) blow to its ability to develop the conventional weapons that will be vitally needed in any future conflict. This cannot be measured in dollars alone but more importantly in the lives of our sons, such as happened with the industry-developed M16 Rifle in Vietnam. This fact of life and death was totally ignored in the Army's Case Study Justification Folder. Also, we should have learned that exotic weaponry did not win in Vietnam and that we must reemphasize conventional weaponry for the future.

The existing facilities at Picatinny Arsenal are not nearly as good as the estimators had been led to believe. While Picatinny does have 3 or 4 good modern buildings that are already fully occupied, most of the so-called available space for the ADC consists of small clay-tile structures with corrugated asbestos or metal roofs and industrial-type steel sashes. Most of these buildings are old, in poor repair, poorly insulated, and widely scattered. Most of the so-called unique facilities that were claimed for Picatinny are in reality outmoded and not suitable or not required for modern laboratory operations.

In addition to the facilities, there is a serious question about people. As a practical matter, most of the people who will finally populate this proposed ADC at Dover, N.J. will be people from Picatinny Arsenal because people from Frankford and Rock Island Arsenals will not move, and those vacancies will be filled by Civil Service rules. The fact of the matter is that these Picatinny people do not have the skills for either weapon design or fire-control design, or for the production of either one. Picatinny Arsenal has long been notorious for inefficient use of

its personnel and for failure of its development programs. A glaring example of personnel inefficiency occurred during Congressman Murtha's visit there last summer when he came into a room where, during working hours, approximately 75 people were doing nothing, and one man was asleep. (See pages 155 and 156 in the published record of hearings before the House.) Picatinny Arsenal has a long-standing reputation for keeping hundreds of excess people on its payroll who are doing nothing productive. An example of their development failures is the sad history of their 155mm propelling charge development programs over the last 12 to 13 years. GEN Lewis alluded to problems with the new 155mm Howitzer that he called your attention to this morning. But, I am here to tell you that those problems were primarily and overwhelmingly with just one component, namely, the ammunition that was the sole responsibility of Picatinny Arsenal. I can elaborate on those problems if you like.

(Highlights on the XM198 Program follow:)

Highlights from the History of 155mm Propelling
Charge Development Programs at Picatinny Arsenal

The XM198 Program entailed development of a new 155mm Howitzer weapon (started in 1969) and development of a new family of propellant charges (started in 1963 or 1964) for that weapon. The weapon has been type classified after some delays caused, for the most part, by the destruction of 2 experimental cannon due to ammunition malfunctions. The status of each of the 3 new propellant charges for the 155mm Howitzer is outlined below:

A low-zone propelling charge has been in development, under several XM designations, by Picatinny Arsenal for about 12 years to meet low zoning requirements and to reduce the proliferation of the number of charges in the field. Its purpose was to cover the shorter ranges that are now covered by the M3 and partly by the M4 charges. No unusual technology was required. The XM164 propelling charge

development was terminated in Mid-1975 because of unacceptable performance due to burning residue and low-zone "stickers". A new 2-year development program has been initiated to try to meet the original performance objectives, and a new propelling charge number (the XM211) has been assigned.

The XM201 Propelling Charge has also been in development by Picatinny for about 4 years to reduce the proliferation of the number of charges and to remedy the velocity uniformity and cost factors inherent with the M119 and XM123 charges. Its purpose was to cover the midranges that are now covered by the M119 and partly covered by the M4 charges. The M119 charge has not yet been released in quantity to troops in the field because of its precision problems although its development was started in the late 1950's. This XM201 charge was to have been ready early in CY 1976, but it caused such extremely high erosion in the cannon that the user would not accept it. A modification program is now underway.

The Top Zone (or Extended Range) Propelling Charge has been in development by Picatinny for about 12 years. The original XM123 top zone charge for the XM198 howitzer exhibited unsatisfactory pressure characteristics and was consequently redesignated as the XM203 charge development effort. During the complete top zone development effort, 3 experimental cannons were destroyed by charge malfunctions. The XM203 charge was very recently adopted for field use with the XM198 Howitzer even though it causes higher rates of erosion than desired in the cannon. This necessitates frequent and expensive cannon-tube replacements to avoid throwing rotating bands from the M549 projectile, which Picatinny is also responsible for.

The difficulties experienced with these propelling charge design efforts have produced a critical situation that is potentially tragic. These charges have long been urgently needed by our troops in Europe where the Soviets have had us severely out-gunned and out-ranged for many years.

If the 155mm Howitzer program is in trouble, it is entirely due to the ammunition developer. The Army's proposed relocation and reorganization will not solve this problem nor prevent its recurrence. It should be realized that the responsibility for the XM198 howitzer program is being transferred at a very crucial point in the system's life. It is just now entering production and all of the personnel familiar with system design are being lost in the transfer. The problem can only be compounded by the fact that the personnel coming on board are ammunition oriented and are not familiar with weapon design problems.

For all of this, the Army is going to reward the people from Picatinny by also giving them the gun system and fire control development work. This seems to be the de facto meaning of the "new way of doing business" slogan that the Army has been advertising for its ADC.

I believe we all realize that the Army is reorganizing some of its other Commodity Commands into Development Centers and Logistics Centers. For example, the Missile Command at Huntsville, Alabama, the Tank Automotive Command at Warren, Michigan, etc. Those reorganizations may appear somewhat similar, but one crucial difference exists. Those reorganizations are, for the most part, being carried out in the same geographical location without a serious loss of expertise, without the need for a 40 to 100 million dollar construction program, and without seriously impairing their ability to revert to some other organization when they discover this one does not work.

With all due respect to the many good people who have worked on the planning and implementation of this particular Armament Development Center, the final product is still an expensive abortion. The single Headquarters' Staff of the Armament Command with one Major General is being replaced by two Headquarters' Staffs (one for the ADC and one for the ALC), each to be headed by a Major General. The benefits of the Army's plan have been grossly exagger-

ated and widely proclaimed while its many shortcomings have been swept under the rug with the official party-line comment--"Don't rock the boat now; all of these problems will be worked out later." What that really means is that to make the new organization work, the costs are expected to escalate far beyond current estimates. Although the Army will not admit it now, the Army expects Congress to provide the additional money in years to come. Of course, another reorganization may soon become necessary to correct the problems and to escape the embarrassment that this reorganization will have created.

If this plan is implemented, the Kremlin should indeed be happy with the outcome. They could not have achieved much more pleasing results if they had planned the dissolution of our Armament Community themselves!

LESSONS FROM HISTORY

Some unknown philosopher once said, "Those who refuse to learn from history, are doomed to repeat it." The Navy went through a stage of divided responsibility for its products prior to World War II. Perhaps, we could still profit from Admiral Rickover's comments, on that situation, which were published in the April 1975 issue of the Saturday Evening Post. And I quote: "When I came to Washington, prior to World War II, my job was to develop and supply electrical equipment for the fleet. I found that one man was in charge of design, another took care of production, a third handled maintenance, while a fourth dealt with fiscal matters. This was the way the entire bureau operated. But, it didn't make sense to me. Design problems showed up in production, production errors showed up in maintenance, and financial matters reached into all areas. I changed the system. I made one man responsible for all aspects of his piece of equipment--for design, production, maintenance, and contracts. If anything went wrong, I knew exactly where to

look. I run my organization today on the same principle. Our nuclear ships have to work. We have developed the technical knowledge to see that they do. We know that our responsibility extends for the life of the ship." End of quote.

The principle expressed by Admiral Rickover for life-of-the system responsibility under one man seems appropriate for our thoughtful consideration here today. I think the Army could learn a lot from Admiral Rickover in this respect.

The foregoing reasons should be sufficient for rejecting the Army's funding request; but, let me cite a strikingly similar example from the recent history of the Post Office Department. I am sure you will recall that a few years ago the managers in our once-fine Postal Department sold the Congress on a new system of postal centers and a new way of doing business that got rid of the old fogies that made the system work. I do not believe that anyone here needs to be told what that did to the cost and quality of our mail service. But, speaking of centers and the State of New Jersey, perhaps you will recall the Postal Department's experience with a new, highly touted and very expensive Bulk Mail Center that they constructed in Kearny, New Jersey, just outside of Newark. This is the building that started falling apart before the Center could be made operational. Perhaps some of you will recall the embarrassingly high cost of finally getting that New Jersey Center into operation. I suggest we look for a way to profit from the moral in that experience and not let this sort of history repeat itself in New Jersey.

CONCLUSION

In conclusion, we earnestly request this committee to inject a measure of sanity into this nation's defense planning and to reject the Army's request for the expenditure of any more tax dollars for implementation of an Armament Development Center plan that will, in

actuality, destroy more than it will build, and will cost more than it will save. I am sure that a new set of planners and decision makers with some practical experience could devise a more practical and cost-effective plan for correcting any current problems without "throwing the baby out with the bath."

The cost and the effectiveness of our nation's future gun systems hinge on your appropriations decisions. We trust in your wisdom and your ability to penetrate beyond the official "window dressing" and do what is really best for our Army and for our country. We ask that all appropriation requests for an Armament Development Center be firmly denied by you gentlemen. At least until the full impact of all factors being brought out here today has been realistically calculated by a truly independent agency with the capacity to realistically assess the overall practicality of this reorganization.

You can act courageously for the good of our country by denying this particular funding request.

GAO AUDIT

Senator JOHNSTON. I notice you talked about this GAO audit. I wish you would give particular emphasis to that.

Mr. BAUMGARTH. All right.

The primary observation here on the history is that only 5 months after guns and bullets were finally brought together through the merger of the Army Weapons Command at Rock Island, Ill., and the Army Munitions Command from Dover, N.J., which was a sensible consolidation of all research development, production, supply, and maintenance of guns systems under one commander, only 5 months after that, plans were put in motion to restructure, dissolve and disseminate, and decimate that Armaments Command.

CHANGE AND REORGANIZATION

Some observations on change and reorganization. We do not oppose change if it will indeed improve the quality of a product or if it will indeed improve armament costs without having an insidious effect on quality and quantity. But too often random geographical relocations and organizational changes seem to be a refreshing escape for those would-be managers and decisionmakers who are not able to fathom the true nature of the problem nor foresee the full consequences of their actions.

We know the Army must get leaner, but the fat should come out of the layers of management between the Secretary of the Army and the people who actually do the work, as recommended by the AMARC study, and we fail to see how the Army's going to get leaner by a change that doubles the number of headquarters staffs and doubles the number of two-star generals. That seems like an obvious increase in fat, and I think that can be pointed out from one of the charts that the Army supplied to you showing how the armaments command is indeed being divided, and I think Senator Clark pretty well covered the rapid-fire reorganizations that have taken place in the State of Illinois by the Army.

And here the record is replete with examples of reorganizations which were directed at undoing and reversing earlier reorganizations.

And the change that concerns us today is geographically and organizationally separating the research and development people away from the production people and away from the supply and maintenance people.

An old philosopher is credited with a sage observation on the effects of continual reorganizations which is reproduced in my prepared statement, and I would like to state that one for the audience. It says: "We trained hard, but it seemed that every time we were beginning to form up into teams we would be reorganized. I was to learn later in life that we tend to meet any new situation by reorganizing; and a wonderful method it can be for creating the illusion of progress while producing confusion, inefficiency, and demoralization."

The Army's case study and justification folder No. 321 is an outstanding example of obfuscation. Even the GAO had difficulty in trying to correlate its contents and to decipher its arithmetic. The Army seemed compelled to advertise annual cost savings in order to sell their plan for dissolution of existing gun system R. & D. capability.

GAO AUDIT

However, the GAO did confirm the fact that a significant portion of the Army's claimed savings were indeed fictitious, even when they used the underlying assumptions that the Army postulated. Many of the assumptions are highly suspect, in such areas as number of people, contract dollars, realistically attainable accomplishments, training costs and realistic treatment of the adverse effects that will surely occur as a consequence of the move.

Unfortunately, the GAO people took the position when they were at Rock Island that they did not have the expertise to challenge the basic assumptions that were made by some of the Army's starry-eyed planners and decisionmakers who seemed divorced from reality.

One fallacy in their justification is that the postulated numbers and types of people that will be needed in the ADC and the ALC to perform the same quantity of necessary work simply are not adequate. This is very apparent from the struggles that are now going on among those who are charged with the practical problems of trying to structure a realistic organization. Historically, the number of people have increased beyond advertised estimates following other reorganizations, which, of course, will increase costs.

Another fallacy in their justification is that it simply isn't possible to replace \$36.7 million worth of low overhead in-house work per year with only \$7 million worth of high overhead contractual effort. The third fallacy with the justification is that it isn't possible to construct suitable ADC facilities at Picatinny for only \$40 million. The necessary small arms test ranges alone would cost between \$25 and \$33 million. I have copies of the estimates on those. Realistically, these construction costs can be expected to be over \$100 million. I believe you are well aware of the history of overruns on Corps of Engineers projects.

Also, the Army is planning to abandon the finest, most modern test ranges at Rock Island, which were constructed only 7 years ago at a cost of many millions of dollars.

The fourth fallacy is that the case study and justification folder does not put realistic costs on the loss of expertise that will surely ensue. We will lose thousands of man-years of expertise that have been developed over long periods of expansive, on-the-job training which somehow must be replaced. During this replacement training process, productivity will be crippled, many expensive mistakes will be made needlessly, and the wheel and the gun will be inadvertently invented over and over again.

CORRESPONDENCE

Training costs alone will run about \$50 million instead of the paltry sums admitted to in the CSJF. I would like to also insert in the record a statement from our Director of Engineers at Rodman Laboratories that substantiates this higher figure.

Senator JOHNSTON. Yes, without objection, it will be inserted in the record at this point.

[The statement follows:]

LETTER FROM ROYCE BECKETT, DIRECTOR,
GENERAL THOMAS J. RODMAN LABORATORY

29 JULY 1976

Mr. Robert C. Nicholas III
Military Construction Subcommittee
Room B300
Rayburn House Office Building
Washington, DC 20515

Dear Mr. Nicholas:

On your way out of the Rodman Laboratory today, you asked me several questions regarding the work which we do and about our people. You also invited me to comment. I did not use this opportunity since you were behind schedule and being pressed to hurry. However, there are some things which we in the Lab hold strongly and I would like to convey those to you.

It is true that ARMOCOM Research and Development has been poorly coordinated and poorly managed in the past. The five Laboratories at Picatinny Arsenal, Frankford Arsenal, Watervliet Arsenal, Edgewood Arsenal and Rock Island Arsenal and the Ballistic Research Laboratories at Aberdeen have overlapping responsibilities. At the same time, some issues and problems have not been pursued because they do not fall clearly into a specific laboratory's mission. The Army has been criticized because of the overlapping responsibility and because some important thrusts have been neglected. The action which the Army has taken to meet this criticism and to solve the internal management and coordination problems is to separate the research and development activity from production and field support and to consolidate the activity in one geographic location.

There is merit in the proposed action. It offers a mechanism for overhauling the organization and clarifying responsibility and there is a claim of substantial savings. However, this should be traded off against the alternative of better management and coordination within the current structure. I don't believe the tradeoff has considered the potential for improving management in place and the cost savings for this alternative. I am sure that the enormous loss of highly trained personnel at both Frankford and Rock Island Arsenals has not been considered in the argument. We estimate that one-half of the 180 people who have answered "yes" to the canvass will go to Picatinny. If this is true, we will suffer a loss of some 250 highly trained scientists and engineers and 150 technicians.

The Army must institute a training program to replace these people. We estimate that two years of special training will be required to bring a scientist or engineer to a minimum level of performance for weapon design and development. At least one year will be required to train technicians. Our costs for full time training is roughly \$50,000 per year. This works out to a one time training cost in excess of 30 million dollars. When this is factored into the justification, it is very difficult to establish any kind of return for the move.

The above is suggested to recognize and to evaluate a factor that could not have been foreseen in the original study.

Thank you for this opportunity to comment.

Sincerely,

ROYCE BECKETT
Director
GEN Thomas J. Rodman Laboratory

MEMORANDUM FOR RECORD

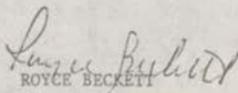
SUBJECT: Clarification of Training Estimates in Basic Letter of 29 July 1976 to Mr. Nichols, signed by Dr. Royce Beckett

1. On the basis of our experience at Rodman Laboratory it takes some six years to train an Engineer who can assume responsibility for design and development of weapon hardware. Even more time is required for developing the background and experience required for engineering support of production and maintenance problems. At least half as much time is required to train competent technicians.
2. It may be possible to intensify and compress the training so that a good working knowledge of theory, practice, operation, materials, manufacture, failure, etc., can be acquired in due time. I believe that two years of concentrated training with experienced teachers is the minimum time this could be done. This assumes close and continued contact between the instructor and student with no more than two to four trainees per instructor.
3. On the basis of the assumption made in paragraph 2, the following estimates of cost per year are made for engineer training. Cost per year for technicians would be lower because of the lower salary.

Salary and benefits for trainee	\$30,000
Instruction @40,000 $\frac{1}{4}$ to $\frac{1}{2}$	10/20,000
Instructional Materials Including Shop Practices	3,000
Travel and Individual Costs	2,000
	45/55,000

Two years of training would figure to roughly \$100,000.

4. In my opinion, this is a very conservative estimate of the costs to provide sufficient training to an engineer or technician for specialization in weapon development. I am certain that this training, even with the most optimistic results, cannot produce engineers of the quality of those who are terminating careers in weapon R&D because of the move.


ROYCE BECKETT
Director
GEN Thomas J. Rodman Laboratory

RISE IN PRODUCTION COSTS OF GUN SYSTEMS

Mr. BAUMGARTH. The fifth fallacy is that the statement of justification folder does not address the unnecessary but inevitable rise in production costs of gun systems that will ensue because of the destruction of the close working relationship that currently exists between experienced engineers and scientists who develop the hardware and the manufacturing people with the skills to produce it. This fact of life alone could overshadow all of the savings that have been advertised for the Armament Development Center.

The chart in my prepared statement that you have there shows actual expenditures by the Armaments Command, and from those you can see that the R. & D. costs are less than 10 percent of the production hardware costs, not to mention spare parts and other things.

Senator JOHNSTON. Where did these figures come from?

Mr. BAUMGARTH. These came from the comptroller's shop at the Armaments Command at Rock Island. Those fiscal year 1974-76 figures are actual figures, the fiscal year 1977 was planned expenditures at that time, and fiscal year 1977 of course is planned expenditures.

A sixth fallacy in the justification is that a substantial portion of the savings that the Army claims for the reorganization would have been in fact achieved anyhow through in place reductions in the numbers of employees following a winddown of the Vietnam war.

I might also in summarizing the rest of this rather quickly, observe that the living costs in New Jersey are 22 percent higher than in Cedar Rapids, Iowa. There is an article that was published in the October 1976 issue of *Forbes* magazine that cites the basis for that, and I would like to introduce it into the record also, if I might.

Senator JOHNSTON. Yes; it can be submitted to the subcommittee. [CLERK'S NOTE.—The article is retained in the committee files.]

ARMY TRANSFERS

Mr. BAUMGARTH. Personnel surveys and actual experience with other mission transfers over the last 9 years indicate that only about 10 percent of the people will actually transfer with the function when moving day actually comes. The chart in my prepared statement provides some numbers. The transfers from Springfield Armory in the small arms mission were only 1½ percent of the workforce. From the Dover, N.J. Munitions Command, only 19½ percent of the people transferred from a high-cost area to a low-cost area, and at a time when jobs were scarce. When the Vehicle Rapid Fire Weapon System Project Manager's Office moved, only 1 person out of 41 transferred, for 2½ percent.

So we think the Army will be fortunate to get 10 percent of its capable people at the new location.

We feel that the Army is administering a serious if not potentially fatal blow to its ability to develop the conventional weapon that would be vitally needed in any future conflict. This cannot be measured in dollars alone, but more importantly, in the lives of our sons, such as happened with the industry-developed M-16 rifle in Vietnam.

This fact of life and death was totally ignored in the Army's "Case Study Justification Folder."

And we should have learned that exotic weaponry did not win in Vietnam, and that we must reemphasize conventional weaponry for the future. As has been pointed out, existing facilities at Picatinny aren't anywhere near as good as the estimators have been led to believe. Most of the so-called unique facilities that were claimed for Picatinny are in reality outmoded and not suitable or not required for modern laboratory operations. There is also a serious question about people. The people at Picatinny are basically the ones who are going to populate the new organization, by virtue of being there and by virtue of the civil service rules that put them in the vacancies that will exist, and Picatinny has been long notorious for inefficient use of its personnel, and for failures in its development programs. A glaring example of personnel inefficiency occurred when Congressman Murtha visited there last summer and came into a room during working hours where approximately 75 people were doing nothing, and one man was asleep. This is a matter of record in the testimony before your companion committee in the House.

PICATINNY REPUTATION

Picatinny Arsenal has a longstanding reputation, in spite of some of the comments made earlier, for keeping many hundreds of excess people on its payroll who are doing nothing productive. An example of the development failures, in spite of what was said earlier, is the 155 mm XM198 weapons system's propellant charge programs. I would be happy to elaborate on that, but to summarize I would say that the problems with that system were with one component, the ammunition, and that was developed at Picatinny. This problem has been going on for 12 to 13 years, and they still don't have very good ammunition for the gun.

And we think that the de facto meaning of the new way of business slogan that the Army has been advertising for its ADC is kind of wrapped up in having the people at Picatinny who, well, let's say, have been doing the things I have just mentioned, basically populate and run the new organization.

To continue summarizing here, we believe that the benefits of the Army's plan have been grossly exaggerated, and widely proclaimed, while its many shortcomings have been swept under the rug with the official comment, don't rock the boat now, and we think that this is going to translate into a lot more money that is going to be requested of the Congress later.

If this plan is implemented, the Kremlin should indeed be happy with the outcome. They couldn't have achieved more pleasing results if they had planned the dissolution of our armament community themselves.

LESSONS FROM HISTORY

We can learn a lot of lessons from history. A philosopher once observed that those who refuse to learn from history are doomed to repeat it. The Navy went through this sort of thing with Admiral Rickover's experience, which is a matter of record in my prepared statement. And we can also learn some lessons from the Post Office Department, and in particular, the experience they had with the postal

center outside of Newark, N.J., that fell apart before they even got it into operation. I think a lot of you here remember the cost and the embarrassment that this incident brought about a few years ago.

In conclusion, we earnestly request this committee to inject a measure of sanity into this Nation's defense planning and reject the Army's request for the expenditure of any more tax dollars for the implementation of armament development center plans. It will in actuality destroy more than it will build, and cost more than it will save.

I am sure that a new set of planners and decisionmakers with some practical experience could devise a more practical and cost effective plan for correcting any problems, without throwing the baby out with the bath.

Senator JOHNSTON. Thank you very much, Mr. Baumgarth.

You have 600 members of your union. All of 600 of those work at Rock Island?

Mr. BAUMGARTH. That is correct. Our local represents just the professional employees at Rock Island. There are other locals that represent the nonprofessional white collar workers and the blue collar workers.

JOBS AT PICATINNY

Senator JOHNSTON. Now, how many of those will be offered jobs at Picatinny and how many will move?

Mr. BAUMGARTH. Well, a large number of them are in the Rodman Laboratory, in the headquarters staff element, and that is the Research and Development staff. Approximately half of those said no to the canvass letter, but I think when it comes down to actually moving, that only 10 percent of those will move.

Senator JOHNSTON. Those that signed that said yes, many were just preserving their option.

Mr. BAUMGARTH. That is correct, and I am one of those.

Senator JOHNSTON. Well, very good, and thank you very much, Mr. Baumgarth. We will also fully consider your entire prepared statement, I assure you.

Mr. BAUMGARTH. Thank you.

Senator JOHNSTON. Our next witness is Mr. Claud Comer, chairman of the Quad Cities Task Force to Save Rodman Lab. He will be accompanied by Mr. Edward Lewandowski, president of Local R 3-2, National Association of Government Employees.

I am advised that Mr. Comer and Mr. Lewandowski are not together, they are from different areas, but they have the same great thought about this move, which is that they don't like it.

STATEMENT OF MR. CLAUD COMER, CHAIRMAN, QUAD CITIES TASK FORCE TO SAVE RODMAN LAB

Mr. COMER. Yes, sir, Mr. Chairman, I am solo.

Mr. Chairman, on behalf of the Quad Cities task force, I would like to thank you for the opportunity of testifying before your subcommittee on the reprogramming request.

The task force which was organized by Senator Stevenson consists of community leaders, elected officials, and representatives of labor organizations.

This group was put together in October of 1974 to assess the impact of the Army's proposed reorganization on the Rock Island Arsenal. As we reviewed the plan, not only as task force members, but as taxpayers, we became concerned with the proposed revolutionary reorganization of the entire conventional armament community, and we questioned that such a massive reorganization could be effective. We would like to point out that in voicing this concern, we are expressing more than the interest of the people at Rock Island. We are also interested in assuring an adequate defense at a reasonable cost.

I would like to point out that the people who work daily in the materiel acquisition process readily understand the Army's concern and need for improvement and realize that the present organization does have room for improvement. However, we think that any efforts to improve this system must consider the effect on key critical areas, such as the readiness of the Armed Forces, and the national security of the country.

Senator JOHNSTON. Mr. Comer, excuse me. What are the Quad Cities? That is Rock Island, Moline, Ill., and Davenport, Iowa, and what is the fourth?

Mr. COMER. Bittendorf, Iowa.

There are a large number of cities in the area, sir.

Senator JOHNSTON. Thank you.

Mr. COMER. Mr. Chairman, I would like to take you back to the origin of the reorganization plans.

ARMY MATERIEL ACQUISITION REVIEW COMMITTEE

As you have heard mentioned before, the Army Materiel Acquisition Review Committee was put together to study the materiel acquisition process in the Army. It was a blue ribbon committee which reported to an assistant secretary of the Army by the name of Herman Stoudt. It was very common knowledge that Mr. Stoudt, before becoming an assistant secretary, had experienced some difficulties with some of the organizations on a contractual basis for the company that he worked with. It is also interesting to note that subsequently Mr. Stoudt resigned from his assistant secretary position because of difficulties of drawing money from too many sources.

Notwithstanding those complications, this committee did grasp and identify some of the key problems of the materiel acquisition process. We think these key findings can be summarized and reduced to the following three basic items.

No. 1 is the inability of the Army at the highest level to make a decision and follow through.

No. 2 is the excessive layering of staffs in DA, AMC and in the organizational structure of the ARCOM.

No. 3 is the lack of adequate and firm requirements documentation for the development of hardware.

These findings are considered key to prudent materiel acquisition process and have been voiced numerous times before from within the ranks of the working people.

Mr. Chairman, I would like to draw your attention to chart No. 1.

CASE STUDY			
DATE	DIRECTIONS/ACTIVITY	DATE	DIRECTIONS/ACTIVITY
MAR 69	DA REQUEST AMC PERFORM STUDY	FEB 73	AMC DIRECTED ARMCOM CONDUCT STUDY FOR GUN
OCT 69	BRIEFING PRESENTED TO DA	MAY 73	STUDY PRESENTED
OCT 69	DA DIRECTED STUDY BE MODIFIED TO INCLUDE SHILLELAGH MISSILE	JUN 73	AMC DIRECTED AMCPM-CO CONDUCT STUDY FOR GUN
DEC 69	REVISED STUDY BRIEFING PRESENTED TO DA	AUG 73	STUDY PRESENTED TO AMC
FEB 70	CDFA APPROVED AMC RECOMMENDATION AND INDICATED PROGRAM DIRECTION TO FOLLOW	SEP 73	AMC DIRECTED STUDY BE MODIFIED TO INCLUDE FIRE CONTROL
FEB 70	DA REQUESTED ADDITIONAL DATA	OCT 73	AMC DIRECTED STUDY BE MODIFIED TO INCLUDE 2.75-INCH ROCKETS
APR 70	ADDITIONAL DATA PROVIDED	NOV 73	STUDY PRESENTED TO AMC
MAY 70	ACSFOR BRIEFED SECRETARY OF ARMY	OCT 74	AMC DIRECTED AMCPM-CO PROVIDE COST AND SCHEDULE FOR LARGE CALIBER GUN FOR NEW COBRA BUY
JUN 70	DA REQUESTED IMPACT IF PROGRAM PROCEEDED WITH 30MM WEAPON ONLY (MISSILE SYSTEM TO FOLLOW AT LATER DATE)	OCT 74	TRADOC DIRECTED ALL ACTION RELATIVE TO COBRA BE SUSPENDED UNTIL COMPLETION OF PASS-IN-REVIEW STUDY (TO BE COMPLETED IN APR 75)
JUL 70	IMPACT PRESENTED		
MAR 71	DA MODIFIED ORIGINAL RECOMMENDATION TO DELETE 30MM AND ADD TOW MISSILE ONLY		
→ JUL 71	DA PROVIDED FUNDING FOR MODIFIED PROGRAM		
MAR 72	DEVELOPMENT CONTRACT AWARDED FOR MODIFIED PROGRAM		
SEP 72	MASSTER ADVISED DA THAT COBRA NEEDED LARGE CALIBER GUN IMMEDIATELY		
		JUNE 76	DECISION TO PROCEED

CHART 1

ARSENAL CONSOLIDATIONS

This chart is presented to display one actual case and substantiate these findings. The chart outlines 6 years of decision activities relative to improvement of the armaments on a helicopter, with only a partial decision after 2½ years, and a final decision in June 1976, more than 7 years later. It is interesting to note that nowhere in this chart do you see any problems caused from the interface of the organizations responsible for programs at the working level. It is also interesting to note that after a decision was made in June 1976, that this hardware will be delivered by the working people in September 1978.

As you know, our primary concern about the AMARC study, though, is the reorganization that you have heard mentioned numerous times before.

As can be seen from the prior example in the chart we just looked at, consolidations of the arsenals, the foundation blocks of the R. & D. activities and material acquisition process, will not correct the problems being experienced, since the major difficulty results from indecision at too many levels of management above these foundation blocks. In addition, it is suggested that combining all activities at one location is not necessary for effective operation. Otherwise large corporations such as General Motors would not be able to continue to report profits or increased profits on a yearly basis.

As another contrast, Mr. Chairman, let us suppose that the prime contractor for the Space Shuttle bus for NASA decides that he cannot operate unless he collocates all of his R. & D. activities. That would be a rather chaotic situation.

It would appear to us that more effective managing is more significant than geographic location.

Following the AMARC Committee, an Army Materiel Command Committee was established to review the AMARC recommendation. It appears that this committee did not review the case files as displayed by the chart 1 to try to determine cause and effect relationships and determine if improvements could be made by the proposed ADC.

In addition, ongoing reorganizational activities were dismissed as insufficient. Instead, this committee proposed a revolutionary reorganization which would shake up the total armament community in a massive effort. As indicated before, this approach is highly questionable in view of readiness, and in view of prior success with smaller reorganizational activities in which traumatic loss of expertise was experienced.

Mr. Chairman, I would like to direct your attention to chart 2 now.

	STABILITY	OUTPUT
LARGE CALIBER SYSTEMS	<u>HIGHLY STABLE</u> <u>1965 - PRESENT</u> AMMUNITION - PA WEAPON - R./WA FIRE CONTROL - FA	M102 TOWED HOWITZER M107 SP 175MM GUN M109 SP HOWITZER M110 SP HOWITZER XM198 TOWED HOWITZER XM204 TOWED HOWITZER XM712 CANNON LAUNCHED GUIDED PROJECTILE M6 FIRING PLATFORM LARGE CALIBER SOFT RECOIL PRODUCT IMPROVE- MENT PROGRAMS (M107, M109, M110)
	<u>MANY REORGANIZATIONAL CHANGES</u> 1967 - SPRINGFIELD ARMORY CLOSURE 1. TRANSFER OF FUNCTION FOR WEAPON DESIGN & FABRI- CATION TO ROCK ISLAND 2. TRANSFER OF FUNCTION FOR SYSTEMS MANAGEMENT TO SMALL ARMS SYSTEMS AGENCY (APG) 1968 - WEAPONS TESTING ADDED TO ROCK ISLAND MISSION (KEITH L. WARE SIMULATION & EXPERI- MENTAL FIRING RANGE) 1973 - SYSTEMS MANAGEMENT FUNCTION TRANSFERRED TO ROCK ISLAND	M16A1 RIFLE M203 40MM GRENADE LAUNCHER M219 MACHINE GUN SQUAD AUTOMATIC WEAPON SYSTEM (SAWS)
SMALL CALIBER SYSTEMS		

CHART 2

READINESS POSTURE

This chart demonstrates our concern over the readiness posture and the detrimental impacts of reorganization. Over the past several years, the organizational structure for large caliber work has been stable and highly productive, whereas small caliber work has been subjected to many reorganizational changes and consequently the productivity has been substantially less.

However, present accomplishments indicate that the small caliber operation is achieving stability at this point in time. Now the Army is planning to upset both of these functions in a major reorganization.

The impact on hardware to the field user and on the readiness posture is quite obvious.

In formulating the reorganization recommendations, the AMC committee did not address some key questions.

First, what happens if the concept is a failure, the concept of separating logistics from R. & D.?

What is the backup mode of operation?

What does it cost to recover?

How long will it take to recover?

What happens if we have an emergency during the formulation periods?

These key questions must be addressed.

REORGANIZATION IN PLACE

During our prior presentations to the Secretary of the Army, both Mr. Callaway and Mr. Hoffmann, we suggested that the Army should take a more logical approach along an evolutionary line, as recommended by the AMARC Committee. This essentially said, why don't you try in place a reorganization that separates R. & D. from logistics but keeps the people where they are.

We think the following advantages are applicable to this more evolutionary approach.

Senator JOHNSTON. This is the approach that Congressman Eilberg recommends?

Mr. COMER. No. Congressman Eilberg has a proposal that is somewhat different from this version in the small caliber operation he is talking about.

Senator JOHNSTON. Would you endorse his proposal?

Mr. COMER. It would depend upon what the residual elements of the reorganization would be.

You see, his proposal would involve some of the people at Rodman Lab and some of the work there going to the Frankford Small Caliber Lab. My endorsement of his proposal would depend, I think, on what happens to the rest of Rock Island, the fear being that if they do that, then the large caliber work would go to Picatinny, and we would lose all the way around.

Senator JOHNSTON. And you expect that is what it entails?

Mr. COMER. No; his report does not address the large caliber. The point I am making is that to endorse it we would have to know how the Army would handle the residual elements. He does not address the large caliber portion.

Senator JOHNSTON. Does the Army have a view on that?

General LEWIS. Well, I think the statement is correct that the proposal would take the small caliber out, and as I understood it, as the Congressman presented here, they would let the Army put all large caliber together at Picatinny. So it would all leave Rodman.

Senator JOHNSTON. Well, would the Army do that?

ALTERNATIVES CONSIDERED

General LEWIS. That was one of our alternatives. We considered that and rejected it. It was an alternative that fell out.

Mr. GREINER. Congressman Eilberg was only addressing a piece of the reorganization. He wouldn't stop the reorganization but he wants a piece of it retained at Frankford Arsenal.

This witness is saying that the reorganization itself is fallacious.

Mr. COMER. Not the reorganization, sir. We are saying that the movement of people is not necessary to accomplish the separation of research and development from logistics.

If I may continue, Mr. Chairman, with the evolutionary approach that we believe has the following advantages:

First, that concept can be tried and evaluated in place on an experimental basis, and if it is unsatisfactory, then an irreversible, high cost exercise has not taken place. Onetime costs are substantially lower. Implementation could be performed much more quickly. There is significant cost advantage when discounted over a 15-year span, and it provides, most importantly, continuation of programs and the retention of highly qualified personnel.

We have submitted to the Army our estimates for this particular proposal. We feel that this approach is immediately responsive to most of the AMARC recommendations, and provides for separating the logistics and R. & D. functions without severely impacting the accomplishments of today and prior reorganizational activities. We submit this proposal only if the Army absolutely feels it is necessary to separate research from logistics.

In view of the time, Mr. Chairman, I would like to address what the Army is asking you to do today as an overview.

FUTURE ARMY REQUESTS

First of all, they are asking you for \$7.3 million, which is only a part of the total funding that will eventually be required for this reorganization. You will see future requests.

Let's talk about efficiency. The Army is promising you, as before on prior reorganizations, that they will improve efficiency. I think, Mr. Chairman, you would want to see the Army demonstrate how this efficiency is going to be provided. In prior reorganizations, such as the movement of the Springfield Armory to Rock Island in 1967, the movement of the munitions command to Rock Island in fiscal year 1974, can we now take those promises of increased efficiency and show their productivity? Has the R. & D. cycle been shortened? Has it cost less? Can we find any Army budget that reflects those savings?

I think we have to look at the record, Mr. Chairman. The Army is promising you more for less. I would feel, Mr. Chairman, that first we should demonstrate that we can do more with the same.

I said reorganization will produce efficiency. It is interesting to note that in industry, where profit and loss statements are magic, inefficiencies are corrected by replacing the top level management.

I would also like to know how the efficiency of the operation will be increased when a very conservative estimate says that 10,000 man years of experience will be lost from Rodman Lab alone.

Mr. Chairman, let us address the savings reported that the Army is proposing \$37 million. As you heard the Army witnesses today, most of that comes from personnel reductions. We are talking about reducing the population by 2,500 to 3,000 people, and even if a man

only costs us \$10,000 a year, that is \$30 million right there. Could we not do the same thing by reducing the rolls in place? That is what our proposal said.

We cut down the same operating costs, and we effect the same savings.

They also indicated there would be some operational costs that would be saved from base overheads. First of all, Mr. Chairman, if the proposal goes through as planned, the only base that would be closed is Frankford Arsenal. All the other bases, Watervliet, New York, Edgewood Arsenal in Maryland, the Rock Island Arsenal, the Aberdeen Proving Ground Ballistics Research Laboratory are all intact. Those facilities have not been closed. Those operational costs will not go down.

Second, the operational costs saved at Frankford is going to be offset somewhat by the fact that the population will grow at Picatinny. As your population grows, your operational costs go back up again.

We would like to allow, sir, that we believe that the total savings will equal the reduction of the number of people onboard.

LOSS OF EXPERTISE

I would like to address also, Mr. Chairman, the loss of expertise. It has been discussed many times by many people today. I will offer you a very simple example. It is based on the Springfield Armory transfer from Springfield, Mass., to Rock Island Arsenal in 1967. In fiscal year 1974 we moved people from Picatinny to Rock Island. And here we are in fiscal year 1977 we are going to send them all back to Picatinny.

Back to the example, when the Army goes through a reorganization, as a part of the planning cycle, one of the first things they do is pass out a letter of survey. This is for planning purposes, and it is to get an idea of how many people are interested in going—who would accept a job.

When Springfield closed in 1967, on their letter of survey, 60 percent of the 3,400 people who worked there said, yes, they would be willing to transfer. Mr. Chairman, when the transfer was completed 11½ percent, 52 people, moved to Rock Island.

This same approach is talking place at Rock Island in the Rodman Lab and the headquarters. We have a letter of survey that has been passed around; initially 40 percent indicated a willingness to transfer.

Mr. Chairman, this should give you some appreciation of what might be expected to happen with the transfer.

Let's talk about the loss of expertise from the man year point of view. A very conservative estimate is 10,000 man years would be lost from Rodman Lab alone. This does not include Frankford or the other organizations that are affected. If the manning level is around 7,500 to 7,800 at Picatinny, the absolute theoretical minimum to recover would be a year and a half.

Another claim relative to expertise in the Army studies is that the deadwood would be eliminated. Mr. Chairman, I would like to say that I work in Rodman Lab for 14 years and I probably know 80 percent of the people involved in the transfer, and I also know who is trans-

ferring. I have to say that there are some good people transferring, but a high percentage of the people will prove that the deadwood has not been eliminated.

STUDY INCONSISTENCIES

I will talk about the study inconsistencies very briefly.

First of all, AMARC said do it on an evolutionary basis. The Army is shaking up the whole conventional armaments community, 16,000 letters went out. What is the Army doing with the other agencies. AMARC looked at the total material acquisition process. Yet, in the Aviation Command, which has the responsibility for aviation materials, there are three different locations for R. & D. activities. In the reorganizational plan there remains to be three locations for R. & D. activities for aviation materials.

Now, one of two things has to take place here. First of all, they are doing a very efficient job under the present organization. If that is true, then it is obvious that good management could do the same thing in the armaments business.

I would like to talk just a bit about the interface problems that we talked about.

We talked about the problems with interface and we gave an example of the 155 mm howitzer. OK, we have got to have all of the people together to do all of the work to make sure that we get a better product and more efficient.

Let's talk about the other aspects. The armament community is also responsible for putting guns on helicopters. There is an interface between a gun and a helicopter. Should the Army come back to you sometime in the future and say that they think that the helicopter should also be at the armaments development center?

Senator JOHNSTON. The Army has already said they are going to make the tubes and something else up at—

Mr. COMER. Watervliet.

Senator JOHNSTON. Watervliet, yes.

Mr. COMER. This armaments community will also build guns that go on tanks. The tank, the vehicle itself and the structure of that vehicle is the responsibility of the tank war material command in Michigan. That has an effect on the weapons system. Should we not also bring that to the armament development center?

Interfaces can be worked out, and that should not be the underlying reason for the reorganization.

OMITTED STUDY COSTS

The final point is that I missed some things on cost that I think were left out of the study. We have indicated that at a maximum we think 10 percent of the people would be going. This program is going to suffer delay, unquestionably. The study does not show any dollars for the effect of inflation because of delays in the programs. Does that reduce the savings?

What about the cost of moneys to date that have been spent for the studies themselves? Does that reduce the savings?

In the reorganization in which munitions people were moved from Picatinny to Rock Island in 1974, the Army reported that by fiscal year 1980 we would save \$169 million. My question is, shouldn't the \$169 million be taken off from the savings reported for the present reorganization, since we are now sending all of those things back to Picatinny.

REQUEST FOR DENIAL

Mr. Chairman, I thank you very much on behalf of the Quad Cities task force. In view of the numerous discrepancies and inconsistencies in this proposed reorganization and prior reorganizations, the suggestion is made that the request for reprogramming of funds be denied until such time as a reevaluation can be completed to determine the best logical method with long range planning for the Army to improve the material acquisition process while at the same time not jeopardizing our conventional weapons defense capability. The denial of the funds should not be limited to this particular reprogramming request, but should cover all future requests for the ADC proposal.

Thank you very much.

Senator JOHNSTON. Thank you very much indeed, Mr. Comer. You made an excellent presentation.

Last but not least will be Mr. Vic Lindner, Associate Technical Director, Picatinny Arsenal.

STATEMENT OF MR. VIC LINDNER, ASSOCIATE TECHNICAL DIRECTOR, PICATINNY ARSENAL

Mr. LINDNER. Mr. Chairman, I appreciate the opportunity to testify before you, and I know you will be relieved to find that I do not intend to give you many pros or cons as to where the ARRADCOM should be placed, or even comment on the approval of the finances requested.

I am a professional engineer. I have been in charge of munitions programs, many of which have been successful, and in the research, development and engineering, we have fielded a lot of them which are now in the hands of our troops. In fact, this morning you mentioned you had had some encounter with the 155. I think you would be pleased to know that we have doubled the range of the 155 from about 15 kilometers, as you may recall it, to about 30 now, and we have increased the lethality of the projectiles by up to tenfold.

So we have come some distance since your last encounter with it, I believe.

The major reason for my being here is that there have been a variety of comments made regarding buildings at the Dover site which somehow or other give the impression that you have kind of a shantytown there, and I hope to dispell that in your mind.

Senator JOHNSTON. Does it really have the beautiful streams and trees and all of that?

Mr. LINDNER. I must confess, the water is not as clean as it used to be, but within the last 10 to 15 years with the increasing complexity of the programs and the broadening of our mission, the Department of Defense has seen fit to spend rather large sums of money to give us

new structures and new capabilities, and so that area now has a wide variety of exceptional new facilities which I don't think you will find anywhere else pretty much in the country.

And my purpose within the time allowed, and I know it is late, is to simply point out to you some of these facilities. I don't intend to get into a photographic debate. We have lots of photos. We can make them available, and I think if you examine them you would find that they were quite illustrative of what I am going to say.

DESCRIPTION OF PICATINNY FACILITIES

But I would like to describe a number of them, and I think you may draw your own judgment as to the applicability of these facilities, not only to the programs, which were at Picatinny and were primarily in the munitions field, but also to the proposed programs being transferred from Frankford and the work being transferred from Rock Island.

And so I will go down these rather rapidly, and I would be pleased to answer any questions you might have.

We have a relatively new engineering design building with about 50,000 square feet. It is air-conditioned, designed exclusively for engineers and scientists in which to operate.

We have a weapons laboratory with 80,000 square feet, and please recall that all of these were built in the last 15 years, so they are newer than the home in which I personally live. The weapons lab is a laboratory which is unique. We do design engineering in it, and we do prototype fabrication and experimental evaluation in it. There is nothing like that anywhere else.

We have a quality evaluation laboratory and I had a photo which has disappeared, but which is very lovely, and that is unique.

We have what we call a terminal effects test facility. It has walls about 3 feet thick, built especially to blow up explosive loaded munitions so that we can determine the fragmentation characteristics and blast as well. Again, a unique capability.

We have a variable terrain facility which is a 125-foot high steel girder with intermediate towers from which we can launch at various media on the ground all kinds of munitions from various types of weapons.

The Army lead laboratory for energetics, which is a euphemism for propellants and explosives is at Dover, N.J. The labs are equipped with the most extensive instrumentation I have ever seen. You can't find anything anywhere else.

In addition, construction has been approved and is now underway to enhance the capabilities of these laboratories, and upon completion in 1978, while I have not made any specific comparisons with laboratories other than in the United States, I believe this will be the best equipped, most advanced facility in the world from what I know of labs of this type elsewhere.

We have the largest scientific and engineering computer capability that the Army presently owns at the Dover site. And this includes digital and analog and hybrid computers, and more important, the engineers have terminals where they work so they can operate the

computer, and of course, all of the things that I am referring to will be made available to whomever comes to the Dover site.

We have a unique capability which doesn't exist anywhere else among the agencies we have talked about. We have rather extensive firing ranges, and we can fire up to 8-inch projectiles from 8-inch weapons. The only thing we cannot do is we can't fire for range but we fire into the side of a hill and we can instrument them to determine practically all of their characteristics except flight, nor can we fire high-velocity automatic weapons for safety reasons.

And then we have our environmental test and evaluation facilities. These are probably among the best in the country.

TOTAL PICATINNY INVESTMENT

Senator JOHNSTON. Do you have any idea of the total investment at Picatinny?

Mr. LINDNER. Total investment. If I said \$5½ billion, I think that would be conservative.

Senator JOHNSTON. I am sure, Mr. Lindner, that these facilities are good or I am sure the Army wouldn't be moving there. I don't think we need a full description of all of those.

Mr. LINDNER. I have come to the end, appropriately, of my comments, simply to say that we have an opportunity, as I see it, speaking as an engineer, to establish a center of excellence in this area. There are a lot of competent people and you have the facilities there. I think if I may interject that if the request for funds is approved, we will within a reasonably short period of time certainly be able to operate much more efficiently than we have been in the past.

I am familiar with many of the problems, and I have lived through them.

Thank you, and that concludes my testimony.

Senator JOHNSTON. Thank you very much, Mr. Lindner.

IMPACT OF ARMY REQUEST DENIAL

In your judgment, could the Army go ahead and move anyway if we denied this request?

Mr. LINDNER. In my judgment, sir, if you deny the request, the following consequences ensue. First, the Army could do it. The inefficiency would be highly undesirable.

Second, with respect to the competent people who are proposing to move and who expect to find facilities of the type that we are asking approval for, we now will be denying them the opportunity to come to the Dover site and work as they have been in the past, and I suspect that kind of denial can have more repercussions on the competent people we want to attract because we are postponing their ability to work with the things that they are looking forward to working with than many of the other things that we have referred to.

I would say in my judgment it will impede programs and it will impact us in terms of the pride and confidence that we will need in this operation.

Senator JOHNSTON. Thank you very much, Mr. Lindner.

QUESTIONS SUBMITTED BY SENATOR JOHNSTON

To our Army personnel we would like to submit some additional questions in writing, and you have, I think, our questions that we submitted orally, and we will leave the timetable for the answer up to you because we know you are anxious to get a decision. So we need not set a deadline to get those answers back. I think you will do that as promptly as you can.

Mr. GREINER. We certainly will be happy to.

[The questions and answers follow:]

APPLICATION OF FUNDS

Senator JOHNSTON. Considering that over 7 months have elapsed since submission of the request will the funds be applied for the same purposes and facilities as originally intended?

Mr. GREINER. Yes, they will. During the past 7 months the projects were being designed. The design for the new building is complete. The design of the alteration work is almost complete. These facilities, as designed, will serve the original purpose intended; that is, as permanent accommodations for the functions served. They are not intended as interim facilities which would be replaced by new construction at some time in the future.

TOTAL APPROPRIATIONS FOR COMPLETE IMPLEMENTATION

Senator JOHNSTON. This request represents only the initial increment of overall realignment of the armament development community. Please indicate the currently estimated total appropriations required for complete implementation.

General LEWIS. The total costs indicated in the Case Study and Justification Folder and as presented in our previous testimony were \$86 million, where costs were in fiscal year 1976 constant dollars. In current dollars, that is the anticipated costs in fiscal year 1976 through fiscal year 1980 which includes the impact of inflation, the total cost we anticipate is \$99.3 million as shown in this table I would like inserted in the record.

[The information follows:]

ARMAMENT REALIGNMENT, ESTIMATED 1-TIME COSTS

[Thousands of current dollars]

Appropriation	Fiscal year					Total	
	1976	1977 ¹	1977	1978	1979		1980
RDTE.....	2,698	4,552	20,721	4,342	1,218	200	33,731
PAA.....	721	3,612	4,802	193			9,328
OMA.....	1,793	1,503	14,462	5,384	995	237	24,374
MCA.....			17,363	6,770	17,341		31,474
FHMA.....			266				266
MPA.....			125	27	7		159
Total.....	5,212	9,667	47,739	16,716	19,561	437	99,332

¹ Fiscal year 1976 reprogrammed dollars.

ADDITIONAL FUND REQUIREMENTS

General LEWIS. The Army is not aware of any additional fund requirements. It should be noted that the construction costs of \$31.5 million is less than the \$37 million anticipated when this reprogramming action was begun. This is the result of further refinement of the scope and estimates.

It should also be noted that the MCA costs shown for fiscal year 1978 reflect a reduction from the \$27 million previously planned for that year. The reduction resulted partly from deferral of a portion of the work to fiscal year 1979 due to budgetary constraints and from the above-mentioned refinement of scope and estimates.

With the exception of the MCA funds the expenditures shown in fiscal year 1976, fiscal year 1977 and fiscal year 1977 required no specific approval of

Congress since up to \$2 million in RDTE funds may be reprogramed under each program element contained in the RDTE appropriation. Also those funds in many cases were apportioned to support the activities which are being transferred and are authorized for contractual costs, research and development costs, in-house costs, travel and TDY necessary to support that program.

OMA reprogramming requires congressional notification and/or approval in any increase of \$5 million or more in a budget activity. The RDTE and OMA funds used were appropriated by Congress in the fiscal year 1976, fiscal year 1977 and fiscal year 1977 appropriation bills.

ARMAMENT DEVELOPMENT EFFORT

Senator JOHNSTON. The consolidation of armament development effort is also purported to result in annual cost savings of over \$37 million. Is this estimate still considered valid? Please indicate for the record the basis for this estimate by major category of effort.

General LEWIS. In August 1976, after the GAO's audit of the Army's plans for the realignment of the armament community, the GAO projected an annual operating cost reduction of \$37.5 million, while the Army's position was that the operating cost reduction would be \$40.8 million. (GAO and the Army agreed that of the total reduction, \$6.3 million would be due to workload reductions, and the balance directly attributable to the reorganization.) Within this range of \$37.5 to \$40.8 million, the projections are still considered valid.

Using the GAO estimate of \$37.5 million, the operating cost reduction will be spread among major categories of effort with \$17 million for R.D.T. & E. and \$21 million for Procurement and Operation and Maintenance.

REALIGNMENT PROPOSAL

Senator JOHNSTON. Notwithstanding the potential of annual savings, it is the Committee's understanding that cost considerations were not the driving force behind the proposal. Would you please elaborate on the basic assumptions underlining the realignment proposal?

Mr. GREINER. As I mentioned in my opening statement the primary reason for the realignment has always been to improve the quality of our R. & D., and thereby, of our product. The AMARC and Army studies cited several advantages of establishing development centers such as:

1. To create a more effective mass of technical talent.
2. To increase flexibility in assignment, utilization and promotion of collocated personnel.
3. To use this mass for larger, more demanding missions.
4. To eliminate unwarranted redundancy and duplication at multiple sites.
5. To promote a more effective flow of scientific information.
6. By centralizing, provide a faster response to user problems.
7. To organize systems oriented development laboratories.
8. To provide full-time, onsite, top level management of weapon systems laboratories.
9. To collocate project and product managers with the major system development laboratories.

PERSONNEL AND RESOURCE CHANGES IN ALL ACTIVITIES

Senator JOHNSTON. The establishment of the Armament Research and Development Command actively involves several installations, most notably Picatinny, Frankford, and Rock Island Arsenals, with other in-place transfers. Would you detail for the record the personnel and resource changes associated with each of these activities?

General LEWIS. Of the 18,852 employees in the Armament Community on 30 Nov. 76, 1420 employees declined an offer to accompany their function to a new geographic location. The total number of employees then competing for available jobs in the two new commands was 17,432. These remaining employees were then placed in competitive registers either at their present location or at the location to which their function was to be assigned in the new commands. Placement procedures resulted in 188 employees who declined job offers and 733 employees who received no job offers. These numbers together with the 1420 who declined transfer will result in a total separation of 2,341 employees. 16511 employees have accepted employment in either of the two new commands. Additional information is provided for the record.

[The information follows:]

CIVILIAN PERSONNEL IMPACTED BY ARMAMENT COMMUNITY REALIGNMENT WITH ACTUATION JAN. 31, 1977

	On Jan. 31, 1977	February to September 1977	October 1977 to September 1978	October to September 1978	Total
a. Separation:					
PTA.....	391				391
APG.....					
EWA.....	64		67		131
FFA.....	265	1,080		110	1,455
WVL.....					
RIA.....	1	340	23		364
Total.....	721	1,420	90	110	2,341
b. Relocation (By losing installations):					
PTA.....	9				9
APG.....					
EWA.....	35		0		35
FFA.....	91	677			768
WVL.....	1				1
RIA.....	74	92	23		189
Total.....	210	769	23		1,002

¹ Includes 42 transferred to other Government installations, e.g., ECOM, AMMRC, etc.

Legend: PTA—Picatinny Arsenal; APG—Aberdeen Proving Ground; EWA—Edgewood Arsenal; FFA—Frankford Arsenal; WVL—Watervliet Arsenal; RIA—Rock Island Arsenal.

Installation	Personnel affected		Personnel on-board after completion of the action	
	Military	Civilian	Military	Civilian
c. Following (previously furnished the House Appropriations Committee on July 22, 1976) portrays the personnel impact at each installation along with the personnel remaining on board at each location as of December 1975 after completion of the realignment action:				
Aberdeen/Edgewood.....	-1	-441	13,084	8,005
Frankford.....	-25	-2,754	0	0
Picatinny.....	37	1,064	185	6,489
Rock Island.....	-45	-440	303	7,579
Watervliet.....	-2	-104	24	2,576

¹ Does not include students which average 2,500 to 3,000 in population.

CHANGES IN ANNUAL OPERATING COST PER CSJF

[In millions of fiscal year 1976 dollars]

Installation	RDTE	PAA	OMA	Other	Total
d. Resource changes: In the CSJF, following changes in annual operating cost were projected for each geographic site (includes the impact on all activities located at each site):					
Picatinny.....	+99.7	-80.4	+12.0	+7.5	+38.8
Frankford.....	-27.1	-244.5	-13.2	-14.9	-299.7
Rock Island.....	-70.3	+340.9	+13.4	+16.3	+300.3
Aberdeen/Edgewood.....	-28.5	-38.5	-5.4	-3	-72.7
Watervliet.....	-5.6	-2	-1.3	-3.5	-10.6
Other.....	+7	+8	+5	0	+2.0
Total.....	-31.1	-21.9	+6.0	+5.1	-41.9

NOTES

1. The annual operating costs are based on fiscal year 1976 revised budget estimates contained in the CSJF.
2. Other installations and activities include AMMRC, MERDC, TARCOM/TARADCOM, DARCOM inventory research office and DPDD, which were planned to receive small portions of the missions executed at ARMCOM installation activities.
3. The major share of the \$340,000,000 increase in PAA operating cost at Rock Island is due to the fact that ARRCOM, with headquarters at Rock Island, will assume responsibility for national procurement, which is currently assigned to individual arsenals. Regardless of whether these procurement and production contracts are awarded and administered by the arsenals or by ARRCOM headquarters, they constitute work that will be executed by the private sector at locations throughout the country rather than by in-house personnel.

SCHEDULES FOR IMPLEMENTATION OF NEW COMMANDS

Senator JOHNSTON. What is the current schedule for implementation of the new command, and what is the present status at each of the activities involved?

General LEWIS. The new command will be activated on January 31, 1977 with the headquarters at Dover, N.J. The Ballistics Research Labs, Chemical Systems Lab, and the Benet Weapons Division are in their new configurations and will change over on January 31, 1977 essentially in place. The Large Caliber Weapons System Laboratory will activate at Dover on January 31, 1977 with a small element at Rock Island which will transfer to Dover by first quarter fiscal year 1978. The Small Caliber Weapons System Laboratory will come from Rock Island and Frankford. These will transfer to Dover after activation, but before January 1, 1978. Both Rodman and Frankford have completed plans to phase out the old activities in a controlled manner.

The ARMCOM R.D. & E. Directorate of Rock Island will be phased out at ARRADCOM activation, with its personnel reassigned to the HQ's and Laboratories.

RODMAN LABORATORY CLOSURE

Senator JOHNSTON. It is the Committee's understanding that actions other than the closure of Rodman Laboratory also affect Rock Island Arsenal. Would you indicate the net personnel impact on this facility of all currently approved realignments, and comment on others under study which might also affect it?

General LEWIS. The currently approved realignment actions affecting employment at the Rock Island facility are the Armament Community reorganization and the assumption of the Single Manager mission for conventional ammunition. The effect of these two actions is an increase of just over 100 employees at the Rock Island facility. The calculation of this employment projection is as follows:

Projected gains:

Single manager for conventional ammunition.....	+290
Readiness Command (ARRCOM).....	+670

Subtotal	+960
----------------	------

Projected losses:

Research and development mission (including project managers)....	-850
---	------

Net increase at Rock Island.....	+110
----------------------------------	------

In addition, the transfer of the Assembly of Common Tools and Equipment mission away from Rock Island has been under study for some time. Although no decision has been reached, approximately 200 Rock Island personnel may be affected in the future.

REALIGNMENT AT FRANKFORD

Senator JOHNSTON. The closure of Frankford Arsenal in Philadelphia is assumed in the realignment plan. Some critics of the proposal have indicated that realignment has actually been structured around a "given" that Frankford would close. Would you please comment?

Mr. GREINER. In my opening statement I said that the Army had considered several alternatives as a site for the new command. Two of these alternatives considered using Frankford Arsenal as one of three sites. Later, the Army examined the plan proposed by the Philadelphia Delegation. In each instance the same criteria were applied to each alternative. These included operational considerations, personnel, and costs. The assessments were as objective and unbiased as we could make them, and the evaluations were not built around the "given" of Frankford closure.

TIMEFRAME FOR REPROGRAMING

Senator JOHNSTON. Why was it considered necessary in this case and, considering ensuing delays, could the requirement for reprogramming now be met in the timeframe of the normal budget?

Mr. GREINER. The Army's decision to use reprogramming to accomplish the initial increment of construction connected with establishing the Armament Development Center at Picatinny Arsenal was basically a matter of timing.

The Secretary of the Army announced the establishment of the Armament Development Center in December 1975 some two months after submitting the fiscal year 1977 MCA program to OSD and little more than a month before the President's Budget was to be submitted to Congress. Detailed scopes of work, which are the basis for developing firm construction cost estimates, were not defined until several months later. Since we were out-of-cycle for the fiscal year 1977 MCA program, our only alternative to accomplish the construction was either reprogramming or the fiscal year 1978 MCA program. Delaying construction until fiscal year 1978 would cause additional turmoil and require either service cuts or supplemental appropriations to operate Frankford Arsenal beyond the announced closing date.

By March of 1976 the construction requirements had been defined and the reprogramming request was submitted to OSD. After receiving OSD and OMB approval, the House and Senate Subcommittees concerned with Military Construction were notified. Letters were provided both Armed Services Subcommittees on May 27, 1976. Similar notification was furnished this Subcommittee and that of the House on June 11, 1976.

During the ensuing timeframe, construction design has been on-going. Design is now complete on the \$1.6 million Technical Data Facility and this project can be advertised for construction soon after this Subcommittee approves the Army's reprogramming request. Design is nearing completion on the balance of the facilities to be rehabilitated in our request.

Delaying the projects until fiscal year 1978 would postpone initiation of construction by 6-8 months; it would have no effect on the closure of Frankford Arsenal and would only exacerbate the hardships experienced by the personnel involved in the transfers.

ARMAMENT DEVELOPMENT COMMAND

Senator JOHNSTON. The Army has testified elsewhere that the establishment of the Armament Development Command and associated realignments is not contingent upon approval of this reprogramming. From a practical standpoint, however, how could the armament development mission be effectively prosecuted at Picatinny if funds for necessary construction and facilities were denied?

Mr. GREINER. The Army could not effectively consolidate all planned activities at Picatinny Arsenal if all funds for necessary construction and facilities were denied. The planned construction is in three phases; fiscal year 1976 reprogramming, fiscal year 1978 MCA and fiscal year 1979 MCA. Each phase of construction corresponds to a phased consolidation action. It was assumed that if the reprogramming of \$7.4 mil were denied the Army would be able to request and receive the funding in the regular fiscal year 1978 MCA program. This would have represented an approximated 15 month delay in the first phase of construction.

The Army could proceed with the reorganization with some modifications of schedules and at reduced efficiencies. For example, the phased movement of certain elements at Rock Island Arsenal would be delayed until new construction was completed, and the Army's R&D prototyping capability would be severely limited during this period. There would be a definite loss in effectiveness and a serious impact on the morale of the employees since they would be required to work in overcrowded facilities with less than the desirable equipment capability.

ARMY'S ACTIONS TOWARD REPROGRAMMING

Senator JOHNSTON. In a similar vein, the Army announced in late November that it was proceeding with implementation of the realignment, even though the associated reprogramming had not been addressed by this committee. This action can be interpreted as preempting the prerogatives of the Subcommittee by confronting it with a fait accompli. Would you please comment on the basis for the Army's actions, and indicate just what personnel actions have been executed to date? What would be the impact if the reprogramming were either postponed or denied?

Mr. GREINER. The approval of the ARMCOM reorganization represents the culmination of planning which began with the AMARC and follow-on studies and resulted in the announcement of the reorganization in December 1975. Since then, complex planning activities have been underway including merging of retention registers and other actions leading to an activation date of January 31,

1977. These steps must be planned as concurrent actions. Construction programs are spaced out over several years. We could not wait until all were approved before taking the first personnel and equipment movements. Nor could we create a plan that could be stopped at each point if construction approval was not forthcoming. This was planned as a coherent realignment action with full recognition that the construction requests would have to stand on their merits in seeking approval of successive construction increments. There was, and is, no intention to confront the Subcommittee with a fait accompli.

LOSSES OF DEVELOPMENT CAPABILITY

Senator JOHNSTON. A prime concern of the Subcommittee is that, notwithstanding the intent of realignment, significant loss of development capability may occur. It possibly reflects the fact that a large number of expert personnel will not transfer to Picatinny. What assurances are there that relative level or expertise will be retained in the community?

General LEWIS. In any of the options considered, a loss of personnel was anticipated. In the option (5AM) which was selected, and using the best information available at the time, the planning group predicted a loss of approximately 1440 employees who would either decline to accompany a transfer of function or who would elect to secure employment with other federal agencies outside their present installation. At present, our data shows that 1,420 employees have declined their transfer of function. Although there will be large losses in clerical, base operations and administrative areas, we feel that the hard core technical community would generally be retained. An example of this is provided by an analysis of the response pattern at Frankford Arsenal. In the technical mission areas there, including Fire Control, Pittman Dunn Laboratories and the Munitions Development and Engineering Directorate, 392 of 542 employees have accepted ARRADCOM job offers. This represents a 72% acceptance rate which is substantially greater than the historical pattern of personnel who will agree to make geographical transfers.

REQUIREMENTS FOR NATO SUPPORT

Senator JOHNSTON. Are any capabilities or facilities unique to Frankford or Rock Island lost in the transfer? As one example, Frankford possesses what appears to be a unique firing range used, at least in part, in support of NATO. How will requirements for NATO support be met after the realignment?

General LEWIS. The facilities we require are either currently available or will become available through the construction program proposed through fiscal year 1979. In the case of the Frankford ranges, a complete study of ARRADCOM range requirements and availability was completed in April 1976. This study concluded that all testing requirements could be accomplished on existing ranges at Picatinny Arsenal, Ft. Dix and Aberdeen Proving Ground with the preponderance at Picatinny Arsenal.

NATO testing is presently accomplished at two locations. The indoor firing is done at Frankford and the outdoor firing at Ft. Dix, N.J. Under ARRADCOM we will accomplish the indoor firing in existing indoor ranges at Picatinny Arsenal and continue to use the existing ranges at Ft. Dix, N.J., for the outdoor testing.

ADMINISTRATION PLAN TO MAINTAIN FRANKFORD

Senator JOHNSTON. The subcommittee has seen numerous newspaper commentaries regarding the intention or commitment of the new administration to keep Frankford open. Is any such plan in the offing?

Mr. GREINER. The Army is proceeding with its current plan, and has had no direction to plan otherwise.

DETENTION OF FRANKFORD AS SMALL CALIBER WEAPONS FACILITY

Senator JOHNSTON. Alternative proposals have been made to retain Frankford as the small caliber weapons facility. What is the major objection(s) to this position, particularly since cost savings were not the major basis for realignment and original plans for other activities, such as Watervliet, have already been modified to in-place transfers?

General LEWIS. The major basis of this reorganization was to greatly improve our weapons development process by elimination of both organizational and physical fragmentation of resources. The efficient accomplishment of this requires the consolidation of talented personnel and equipment from many diverse locations into consolidated weapons development centers. This is essential in order to move from a weapons component to a weapons system orientation in the development process with its proven benefits.

The consolidation of both small caliber and large caliber weapons systems development at the Dover location will foster the ready exchange of common technical information, provide flexibility in the utilization of highly skilled scientists and engineers and result in improved technical efficiencies. From management point of view, this consolidation will allow the timely and effective supervision and review of this important portion of the weapons development process by the command headquarters which will also be located at Dover.

It has been alleged that this consolidation would result in the duplication of facilities and equipment at Dover which are now at Frankford and, also, the loss of skilled personnel who would not make the move from Frankford to Dover. The concept of Frankford becoming a small caliber weapons laboratory and absorbing that portion of the Rodman Laboratory function from Rock Island has been studied by the Army. This would mean in simple terms that both some Rock Island and some Frankford functions would move to Dover which would necessitate some of the same construction there which has been proposed by the Army. Also, there is clearly a decrease in the total equipment required under the Army's current plan. Lastly, based on current Army estimates of personnel who will move from Frankford to Dover, a high level of technical expertise will be retained. Seventy-two percent of the personnel in the technical missions areas at Frankford have accepted jobs at Dover.

As properly stated in your question, cost savings was not the major basis for the realignment. However, the Army investigation of the Philadelphia proposal shows that the Army can achieve both increased quality in its weapons system development and effect cost savings by its present plan to close Frankford and relocate the small caliber weapons work to Dover.

In closing, let me point out that the retention of Benet Laboratory at Watervliet is a unique case on several counts. First, the Benet Labs number approximately 325 people, and will become part of the Large Caliber Weapons Systems Laboratory. Second, the R. & D. work of this laboratory is closely tied to the production facilities at Watervliet which are unique in that they are the only large caliber weapons tube production facility in the United States.

Third, these facilities are used for research in large caliber weapons and in the improvement of production techniques and technology associated with this process. Fourth, the cost and magnitude of these facilities prohibit the move or duplication of the facilities and, therefore, dictate in this unique case that these facilities be shared by both the research and production function. Facilities such as the 930 ton Rotary Forge, of which there are only 4 in the world (one in the U.S.); the 100 foot deep pits for chrome plating large caliber gun tubes; and the fatigue breech mechanism with its 30 foot deep base and high bay areas are examples of facilities that are shared by the Research, Development and Process Engineers at Benet Labs and the Production personnel of Watervliet Arsenal.

METHODS OF RETAINING FRANKFORD

Senator JOHNSTON. In approving this reprogramming request, the House Appropriations Committee added a stipulation that methods of "backfilling" or retaining Frankford be actively pursued. What has developed in this context, to date?

Mr. GREINER. We have actively pursued the matter but have not identified any significant potential defense agency backfill. In October, we sent official queries to all Army major commands, the National Guard, Army Reserve, the Navy, Air Force, Marines, Coast Guard, and the Defense Agencies, such as the Defense Logistics Agency. The Army and Air Force Exchange Service had a potential requirement for 65,000 square feet of warehouse space. Various DOD activities now in leased space in Philadelphia occupy about 168,000 square feet. These two requirements taken together comprise only about nine percent of the installation total of over 2.7 million square feet. This in itself is not sufficient utilization to consider keeping even part of the installation open—as an active Army

facility—disregarding any consideration of the suitability of Frankford space for any of these alternate uses. Further, the movement of DOD activities from leased space in Philadelphia to Frankford would add no new employment to compensate for that lost from the Arsenal.

Essentially Frankford is an industrial facility, with supporting laboratory, administrative, and other mission support space. The highest and best use of this facility would be the same general type of use. We have no candidates of this type in the Army. In fact, as you know, the Army industrial base is presently in a state of contraction and robbing Peter to pay Paul—reducing one or more other installations to transfer work to Frankford—has the potential of creating more problems than it would solve.

We believe it would be better in the long run for the city to consider acquisition of the property—assuming no other federal use of a result of General Services Administration screening—and development as an industrial and research facility in the private sector. We can estimate no specific benefits to the City of Philadelphia from such a course of action at this time. This would take a fairly comprehensive study, which would require the active cooperation of city officials. To date, informal contacts on the subject with state and city officials by the Department of Defense Office of Economic Adjustment have not been too well received.

It should be pointed out that the track record of the Office of Economic Adjustment is very good in helping to minimize the adverse impacts of Defense base closures. This office is now sixteen years old and has helped to achieve substantial results in the conversion of former Defense properties. It has helped promote replacement jobs in the ratio of better than one to one. The Army can work with the Office of Economic Adjustment and the city for interim use of Frankford facilities pending disposition—to try to achieve the same “comeback” story for the City of Philadelphia. However, to date, the city has indicated that it does not wish to pursue a private sector conversion program for the Arsenal; but we will be prepared to assist, upon request.

PREPARED STATEMENTS AND COMMUNICATIONS

Senator JOHNSTON. I want to thank all of the witnesses today. It has been very excellent testimony.

At this point in the record, we will insert a prepared statement by Representative Millicent Fenwick, who was unable to testify today. Also, we will include a prepared statement by Alan J. Whitney of the National Association of Government Employees and a communication received from the Morris County, N.J. Chamber of Commerce.

[Clerk's Note: Correspondence was subsequently received from Representatives Railsback and Nix which is also included for record purposes.]

[The statement and communication follow:]

STATEMENT OF REPRESENTATIVE MILLICENT FENWICK

Mr. Chairman, I would like to submit a short statement for the record. I think the time has come to stop reconsidering the decision on where the Army Armament Research and Development Command should be located. This issue has been discussed, studied, reviewed, and discussed some more. The Army made a reasonable, careful decision to locate the AARADCOM at Picatinny Arsenal in Dover, New Jersey. This was not a decision which was rushed into or one that lacked input from all concerned groups. Rather, it was a decision which was made after months and months of study and with discussions from the various Congressional delegations, local officials, and the general public.

I think it is important to note that the United States Army was the one that finally decided which option was the best possible choice for AARADCOM. The decision was one that was clearly justifiable and one that had been made on the evidence. The Army's choice fulfills the military objectives that they were looking for while providing an estimated savings of \$37 million a year. All of us in the New Jersey delegation were heartened by the decision because it meant more than 1,000 jobs for an area which is economically depressed and in a state with one of our highest unemployment rates. We were encouraged also because the decision would mean that an excellent military installation would continue to operate. After the original decision was made, we heard about the possibility of a reversal and we worked through the laborious review process to insure that the decision was not overturned. At each step the Army's decision was reaffirmed, and I think the time has come to let the Department of the Army put into action their decision. I respectfully urge the Committee, based on the merits of the Army's decision, to let this plan move forward without further delay.

STATEMENT OF ALAN J. WHITNEY, EXECUTIVE VICE-PRESIDENT, NATIONAL
ASSOCIATION OF GOVERNMENT EMPLOYEES

Mr. Chairman, Members of the Subcommittee:

Thank you for providing this opportunity for me to comment for my union on the Department of Army's request for authorization to reprogram some \$7.3 million for construction and rehabilitation of facilities in connection with the planned establishment of an Armament Development Center at Picatinny, N.J.

The National Association of Government Employees (NAGE) represents the civilian employees of two activities which stand to be drastically affected by the proposed realignment of research and development facilities and personnel. NAGE represents the employees of both the Frankford Arsenal in Philadelphia and the Rodman Laboratory of the Rock Island Arsenal in Illinois.

Other witnesses, such as Mr. Baumgarth of my organization, Mr. Comer and Congressman Eilberg, have discussed in extensive detail what we perceive to be the deficiencies of the Army's reorganization plan and the faulty assumptions on which it is based. I believe it is clear from their testimony that serious questions exist as to the potentially adverse impact on the nation's research and development and production capability in the armament field, as well as the possibility--even the probability--that the funding which will be required to accomplish this realignment has been grossly understated.

In view of the magnitude of this realignment, both in terms of money and personnel, it is the view of the NAGE that such questions should be addressed through the normal legislative

machinery, i.e., the authorization and appropriation process, rather than through a reprogramming request.

For example, we do not believe that the Congress has had anything approaching sufficient opportunity to consider and analyze the Army's intention of abandoning fully adequate and servicable facilities at Frankford Arsenal, such as the ballistics testing range, the optical instrument facility and the technical data facility.

Nor do we believe that the Congress should accept at face value either the Army's blithe assessment that no appreciable damage would be done to on-going programs by a massive uprooting and reshuffling of personnel and facilities, or that the loss of technical and scientific expertise that would ensue would be acceptable.

The Army's propensity for reorganizing has, over the years, resulted in a class of employees who, like migrant farm workers, "follow the crops" from one area of the country to another. Employees today facing forced transfer from Rock Island, Illinois, to New Jersey, have in earlier reorganizations been involuntarily uprooted from their communities in Massachusetts and New Jersey to Illinois. Some of the, enroute to New Jersey in the future, may wave in passing to Philadelphians on their way to Illinois. All this movement may be great for the nation's realtors and the transportation industry, but it plays havoc with the stability of the lives of the families involved.

It is not possible to over-estimate the trauma that these employees, their spouses and children, experience with each such move; nor, for that matter, the financial burden it imposes on them. I have yet to meet a federal employee transferred for the convenience of the government who has not had to dip into his own personal funds to absorb part of the costs of the move.

At the risk of being branded a heretic, I suggest that the Army has a greater responsibility than it has to this point

displayed to weigh and consider the human element in its decisions of this kind.

In closing, Mr. Chairman, we urge that this plan be rejected in its present context of a reprogramming request, and that the Army be required to proceed through the normal authorization/appropriation process. Only then, we contend, can the Congress assure itself that the proposal adequately protects the interests of the employees involved and will actually achieve the objectives it contemplates.

Thank you for your attention and consideration.

TELEGRAM FROM JAMES T. CLINTON AND JOSEPH W. CIRONI

HONORABLE J BENNETT JOHNSTON JUNIOR
CHAIRMAN MILITARY CONSTRUCTION SUB COMMITTEE
SENATE APPROPRIATIONS COMMITTEE 432 RUSSELL
SENATE OFFICE BLDG
WASHINGTON DC 20510

DEAR SENATOR JOHNSTON

AFTER YEARS OF STUDY AND THE EXPENDING OF MILLIONS OF DOLLARS THE DECISION WAS MADE TO ESTABLISH THE ARMY ARMAMENT RESEARCH AND DEVELOPMENT COMMAND AT PICATINNY ARSENAL IN ROCKAWAY TOWNSHIP NEW JERSEY. DURING THE DECISION MAKING PROCESS IT BECAME EVIDENT THAT THE CONCEPT OF PICATINNY HOUSING AARADCOM HAD AND STILL HAS WHOLE-SCALE COMMUNITY SUPPORT PERHAPS THIS WAS ONE OF THE MANY REASONS WHY THE HOUSE MILITARY CONSTRUCTION COMMITTEE DESIGNATED THE PICATINNY ARSENAL AS THE SITE FOR AARADCOM

WE WOULD POINT OUT THAT PICATINNY IS SITUATED IN THE DOVER LAKELAND AREA WHICH HAS BEEN DECLARED ECONOMICALLY DEPRESSED BY THE FEDERAL GOVERNMENT IN ADDITION NEW JERSEYS CHRONICALLY HIGH UNEMPLOYMENT RATE COUPLED WITH THE FACT THAT ADEQUATE SKILLED AND PROFESSIONAL TALENT ARE AVAILABLE TO STAFF AARADCOM MAKE THE PICATINNY SITE DESIRABLE FROM BOTH A COMMUNITY AND NATIONAL DEFENSE POINT OF VIEW FOR THESE REASONS WE URGE YOU AND YOUR SUB COMMITTEE TO SUPPORT AND REAFFIRM THE DECISION TO ESTABLISH AARADCOM AT THE PICATINNY ARSENAL

JAMES T CLINTON PRESIDENT
JOSEPH W CIRONI EXECUTIVE VICE PRESIDENT
MORRIS COUNTY CHAMBER OF COMMERCE
330 SOUTH ST
MORRISTOWN NJ 07960

January 14, 1977

Honorable Bennett Johnston, Jr.
 Acting Chairman
 Subcommittee on Military Construction
 Senate Appropriations Committee
 Washington, D.C.

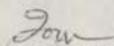
Dear Mr. Chairman:

I have written to you earlier regarding your subcommittee's hearings on the Secretary of Army's request to reprogram some \$7 million for new construction at Picatinney Arsenal, particularly as it relates to the Rodman Laboratory in the total realignment Plan. I would now request that the enclosed statement I made July 22, 1976 before the House Military Construction Subcommittee of Appropriations be submitted to the hearing record of your Senate Subcommittee.

Along with this testimony I would also request that the attached letter to me from President-elect Jimmy Carter be placed in your hearing record. In the letter President-elect Carter states his support of Senator Mondale's pledge to review the closure of Frankford Arsenal and he says he will look very closely into this matter.

Thanking you for your attention to this request, I am

Sincerely,


 TOM RAILSBACK
 Member of Congress

JIMMY CARTER

6 January 1977

To Congressman Tom Railsback

Thank you for sharing with me your concern about the Army's Armament Community Realignment. I supported Senator Mondale's pledge to review the closure of Frankford Arsenal, and I appreciate your bringing to our attention the necessity of a review of the entire plan.

I am forwarding your letter to Dr. Harold Brown in order that he might be aware of your concern. He, Senator Mondale and I will look very closely into this matter.

Sincerely,


 Jimmy Carter

PREPARED STATEMENT OF REPRESENTATIVE TOM RAILSBACK

Mr. Chairman, Members of the Subcommittee, I appreciate the opportunity to appear before you today on behalf of my constituents and other concerned citizens of our country.

As you know, the Army intends to implement a plan to establish an Armament Development Center and an Armament Logistics Command (ADC/ALC). This plan would affect several military installations, including the Rock Island Arsenal in the 19th Congressional District of Illinois, which I represent.

This realignment would affect a total of 48 military and 1,084 civilian personnel at Rock Island Arsenal. Of that, 12 military and 722 civilians would be affected by the planned transfer of the Redman Laboratory from Rock Island Arsenal to Picatinny Arsenal, New Jersey, which is to be headquarters for the Armament Development Center.

Today, you are considering a request from the Department of the Army that the Army be allowed to reprogram \$7,363,000 to finance improvements and new construction at Picatinny Arsenal to house the armament mission to be transferred from Frankford Arsenal, Pennsylvania. This move is part of the ADC/ALC realignment plan.

I respectfully ask that the Subcommittee deny the Army's request to reprogram the funds and also that the entire realignment plan be halted until the Army's justification for the realignment can be reevaluated. I believe I have excellent reasons for making these requests of you.

I have spent a good deal of time and effort over the past two years studying this matter, as have other members of the Illinois and Iowa delegations and many concerned citizens. As a result of this study, I believe the plan is not entirely wise and that some of the Army's justification is not altogether correct.

Along with others, I asked the General Accounting Office to investigate the Army's plan. The GAO did so and came up with several discrepancies. I am submitting to you copies of the draft GAO audit (attached as Appendix A) and will forward copies of the GAO's final report, which will have some minor revisions as soon as I receive it. But allow me to give you some examples:

The Army initially estimated annual operating costs would decrease by about \$42 million as a result of the realignment. That estimate since has been

decreased by the Army to \$37 million annually. However, because the Army included workload reductions not caused by the realignment in its savings estimates, the GAO determined that operating costs would decrease only by about \$31.2 million (revised figure, see p. 2 of GAO for original figure) as a result of the realignment.

Indications are that the savings really are much less than even the \$31.2 million. GAO notes that the Army in 1974---well before the ADC/ALC plan was devised---planned definitely to close Frankford Arsenal even without realignment of the armament community. The cost savings for the Frankford closure was estimated at \$20.5 million (GAO p.3). The Army now is including the savings for the Frankford closure in its total estimate of realignment savings, even though the decision to close Frankford was completely separate from the ADC/ALC decision. Allow me to quote the GAO (p.4):

"Since Frankford Arsenal will close even if the armament community is not realigned, we believe the annual recurring cost reductions attributed to the Arsenal closure should not be included as part of the estimate for the realignment action. Because Frankford Arsenal is an integral part of the armament community, it is impossible to identify and isolate operating cost reductions and one-time costs which are related to the closure and those related to the realignment action and consequently GAO was unable to exclude them from the cost estimates."

While GAO was unable to separate the savings from the Frankford closure and those from the realignment, the point is GAO says they should be separated.

Still another example of discrepancy is GAO's finding that the economic impact of the realignment on various locations will be much greater than estimated by the Army in its justification for the plan. For example, the Army estimated the realignment would increase the Rock Island, Illinois, area payroll by some \$588,000. The GAO, however, determined the payroll would be decreased by about \$19 million (GAO, p.3).

Discrepancies like these cast doubt on the Army's entire justification for this major realignment.

Besides the \$7.3 million the Army wants to reprogram now, Army plans are to spend another \$33 million at least on construction necessary for the realignment. This plan must be stopped and reevaluated before one more dollar of the taxpayers' money is spent on a plan that well may prove more costly than it is economical.

As concerned as I am about the questionable economics of the Army's plan, I am just as apprehensive about the recent trend to relocate many of our defense installations nearer and nearer our coastlines. I believe the Midwest has been and is bearing more than its share of defense installation losses.

Statistics prepared for me by the Department of Defense show that the Midwestern military and civilian defense population has been reduced between the years of 1965 and 1975 by 41,088, a 12.8% reduction. The defense population was reduced nationwide by only 8.6% during the same period. Illinois alone suffered a 17.8% defense population reduction during that 10-year period.

Contrast that 12.8% defense population reduction in the Midwest with a mere 2.1% reduction in our Western states and you can see vividly what I mean when I say the defense population distribution has become inequitable.

Let's look at it another way. An article from the National Journal (June 26, 1976, No. 26) indicates that the federal government has been spending \$620 per capita in the West on defense. That is nearly triple the \$210 per capita the government has spent on defense in the Midwest. Further, the South gets \$412 per capita in defense dollars. The Northeast receives only \$309 per capita, but the Midwest definitely gets far less in defense spending than any other region in the country.

I would like to make one more point. When military services, cabinet departments and various agencies practice backdoor spending through reprogramming requests what happens to the Congress' constitutional role as policy maker? When we in the Congress appropriate funds, we have specific purposes in mind for those funds. Excessive reprogramming well could thwart those purposes.

For the reasons I have just outlined, I propose rejection of the Army's request to reprogram \$7.3 million for new construction at Picatinny. What's more, I propose that implementation of the ADC/ALC plan be halted entirely by whatever action is necessary until the House Armed Services Committee and this Military Construction Subcommittee of the House Appropriations Committee have completed a thorough investigation and reevaluation of the Army's plans.

I would like you to be satisfied, as a result of an investigation, that responsible persons involved in this matter are assured the Army's ADC/ALC plans are justified from the standpoint of employees affected, loss of payroll and Army's one-time and depreciated costs. And equally important, we must be assured that these plans will not be detrimental to the defense posture of our nation.

Thank you.

Congress of the United States
House of Representatives
Washington, D.C. 20515

January 21, 1977

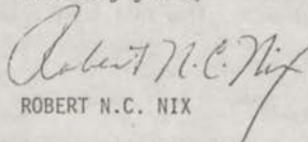
Honorable J. Bennett Johnston Jr.
Chairman, Senate Sub-Committee Appropriations,
Military Construction
Room 432, Russell Senate Office Building
Washington, DC 20515

Dear Mr. Johnston:

I would appreciate it very much if you would make the attached data on Minority Impact a matter of record in the deliberation your committee is now conducting on a reprogramming request of the Army for 7.4 million dollars of MCA to be used at Picatinny Arsenal. These funds are to provide construction to house functions to be transferred from Frankford Arsenal.

I believe this data will make it unalterably clear that the proposed Army action will have a catastrophic impact on the Minority Population of the Philadelphia area.

Sincerely yours,



ROBERT N.C. NIX

MINORITY IMPACT STATEMENT

It is the goal of every minority citizen to become so totally absorbed into the mainstream of American life that there no longer is a need for special consideration of socio-economic impacts affecting him as different in nature and degree from socio-economic impacts experienced by the majority. However, because of the failure of the American system to effect significant and lasting changes in educational, housing and employment patterns and practices that adversely affect minorities, that goal is far from realization. Thus when actions having the possibility of adversely impacting minorities are undertaken, as they have been in

the proposed closure of Frankford Arsenal; consideration, by qualified observers, of the socio-economic impacts upon minorities is mandated.

History has shown that in the recent moves of Department of Defense functions or installations from the Philadelphia area, Blacks and other minorities have been seriously impacted by loss of employment, lack of accessible housing at the new sites and introduction into geographic areas where minorities are few or non-existent and social/racial barriers must be encountered and surmounted. Some of these places have been Redstone, Alabama; Rock Island, Illinois; and Fort Monmouth and Lakehurst, New Jersey.

It is apparent that the Department of Defense, especially the Army, is bent on continuing that trend with the proposed closure of Frankford Arsenal and transfer of most of its functions to Dover, New Jersey. Examination, in some detail, of the socio-economic impact of the proposed actions on the minority employees at Frankford Arsenal gives rise to the following considerations.

1. Loss of Employment

The unskilled, semi-skilled and support function jobs are held in majority by the minority employees. Such jobs, related to base operations functions, will not be transferred. These jobs will be lost and will substantially increase the already disproportionate number of minorities unemployed in the Philadelphia area. Those minorities holding semi-professional or professional jobs will lose out in the competition with entrenched long-term employees at the receiving installations. "Last hired, first fired" is only slightly subverted by Civil Service regulations. Minorities in good jobs at high grades are "Johnnie Come Latelys" and will not fare well in job transfer competition.

2. Lack of Accessible Housing

It is admitted that integrated facilities in the large urban centers such as Philadelphia are difficult to find. Housing for minori-

ties in small population centers with few minority residents poses a similar problem. Exploitation of both majority and minority housing seekers is a strong possibility under the scarce housing conditions existing in the transfer area. Faced with the prospect of out-of-reach prices and showing an understandable antipathy to bucking deeply entrenched community racial preferences, it is anticipated that few minorities will actively compete for the available housing at the transfer site.

3. Cultural and Economic Factors

Recent Department of Defense moves have had the effect of de-urbanizing Philadelphia's government installations. Minorities are traditionally squeezed into the large urban centers with little or no mobility except that provided by intra-city transit services. They cannot escape the urban center to follow jobs beyond normal city transit commuting distance. Areas such as the proposed transfer area are beyond easy commuting distance of the large urban centers. This coupled with lack of adequate public transportation between the urban centers and transfer site discourages and prevents minority migration to such areas.

Minorities can escape the urban center, but at prohibitive cost in translating from low priced inner city row housing to high priced bungalows and ranchers associated with small population centers. The economic impact is usually too great for such a move to be made by a lower middle class family.

Finally, minorities who do escape the urban centers in pursuit of their transferring jobs must fit themselves into the ethnic and cultural patterns of small population centers where minorities are a novelty. They are stripped of their churches and social outlets. At work, these minorities must encounter a worried and sometimes hostile workforce which has had little experience in dealing with race relations and EEO policies at the grass roots level. The burden of adjustment is carried

by the newcomer. Few minorities will be able or willing to subject their families to the sacrifices necessary to adjust to new cultural patterns.

The net result of this interplay of impacts is that in the proposed closure of and transfer of functions from Frankford Arsenal to Dover, New Jersey; few minorities will be offered jobs and even fewer will be able to accept a job offer at or below their present grade. It has been estimated on a name basis from available Tables of Distribution that the minority population of the ARRADCOM Large and Small Caliber Laboratories, with a combined total of 2700 spaces, will be approximately 65, or less than 2.5%. Approximately 49 of the minorities, less than 2% of the total laboratory population, are black. Gradewise, it is estimated that there are two minority GS-15's, and four minority GS-14's in the laboratories total workforce. These totally disheartening statistics may atrophy even further, since the names slotted on the Tables of Distribution reflect job offers and not job acceptances. Because of the very factors we have discussed earlier, many minorities may not be able to accept their job offers. A few cases in point follow.

Consider Mr. X., a minority employee and a GS-12 Chemist with over 20 years experience in organic synthesis of lubricant and propellant ingredients. Mr. X. was offered a GS-09 job which he considers slightly better than a laboratory assistant's job. It is extremely doubtful that he can afford to transfer with function.

Another case pertaining to Mr. X., a minority employee and a GS-14 Physical Scientist with over 20 years of experience in propellants and explosives chemistry and simulation and analysis of physical systems. His last position was Technical Assistant to the Director of the Research Laboratory. Dr. X. was offered a GS-12 job in an area where he feels his potential will not be utilized. He may not be able to afford to move to a higher living cost area at a reduced grade.

Again, Mr. X., a minority employee and a GS-13 Physicist with over 20 years experience in optics of fire control systems. Mr. X. was offered a job at grade in a direct transfer of function. Mr. X., however, resides in the city in a comfortable home that could not be replaced at over twice its value at the transfer site. Mr. X. will give serious thought to finally making an economically punitive move.

Another Mr. X., a minority employee and a GS-04 Clerk with over 20 years experience in specifications was offered a job at grade. Mr. X. lives in a modest row home in the inner city and does not own an automobile. He feels he cannot afford a move to an area where a vehicle is a necessity for transportation.

Finally, consider another Mr. X., a minority employee and GS-05 Physical Science Technician with 9 years of experience in metallurgical testing. Although Mr. X. is anxious to develop his talents and advance to more responsible duties in a new organization, he did not even receive a job offer.

It is apparent that not only will the minority employees of Frankford Arsenal be seriously and adversely impacted by the proposed closure and transfer of functions, but ARRADCOM will be seriously and adversely impacted by the loss of minority expertise and contributions which have taken blood, sweat and years to develop.

According to the Army, the proposal studies which analyzed all relevant factors in designating an optimum site for ARRADCOM gave consideration to the socio-economic impact on minorities of moves to certain sites. We would inquire, then as to the availability of remedies, answers and solutions for the problems that have been surfaced here. These are but a tip of the iceberg of the many effects suffered by minority employees who have found themselves victims of this travesty being perpetrated by

the Army. Can it be that the Army, an affirmative action employer, lacks concern for the fate of its minority employees; or is it just that the Army has failed to do its homework? Or is it really that they are beyond executive orders and the laws of this country which mandates that all of the rules of the game must be adhered to in the decision-making function as it relates to all of the people, not just those select, chosen few.

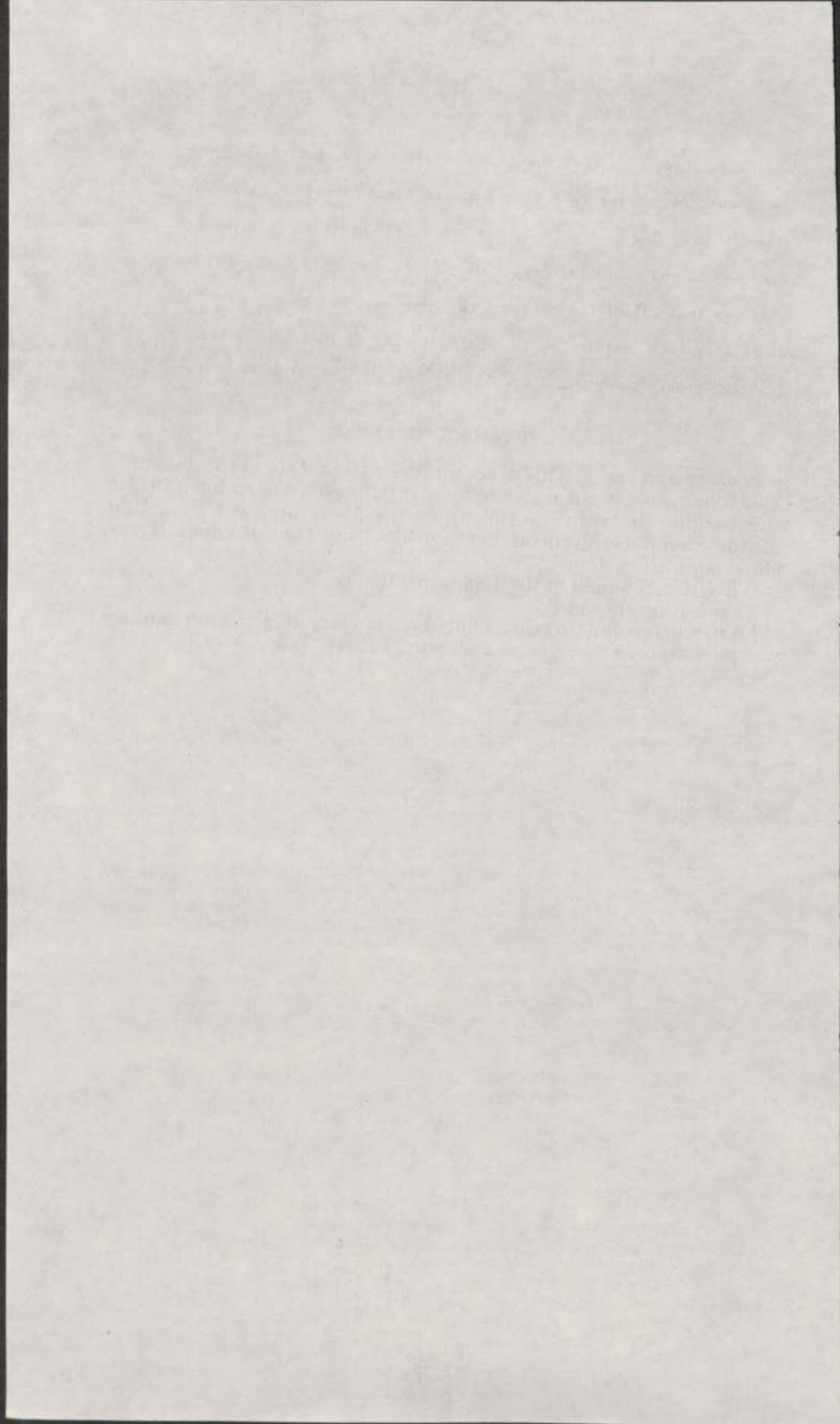
SUBCOMMITTEE RECESS

Senator JOHNSTON. This subcommittee will now stand in recess until 2:30 tomorrow afternoon, whereupon it will reconvene in room 1318 of this building to receive testimony on the Army proposal from Hon. Milton Shapp, Governor of Pennsylvania, and Hon. Brendan Byrne, Governor of New Jersey.

We will have a fight of the Titans tomorrow.

Thank you very much.

[Whereupon, at 4:16 p.m., Thursday, January 15, the subcommittee was recessed, to reconvene at 2:30 p.m., Friday, January 14.]



ARMY REPROCESSING REQUEST FOR CONSTRUCTION AND REHABILITATION OF FACILITIES AT PICA- TINNY ARSENAL

FRIDAY, JANUARY 14, 1977

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 2:55 p.m., in room 1318, Everett McKinley Dirksen Office Building, Hon. J. Bennett Johnston, Jr. (chairman) presiding.

Present: Senator Johnston and Stevens.

NONDEPARTMENTAL WITNESSES

OPENING REMARKS OF SENATOR JOHNSTON

Senator JOHNSTON. The subcommittee will come to order.

We are very pleased to have Governor Shapp of Pennsylvania and Governor Brendan Byrne of New Jersey with us this afternoon.

I can assure both of you gentlemen that this committee realizes the gravity of the decisions we will have to make. We know from past standpoints what it means to close down a fort or arsenal and lose thousands of jobs. We know that makes a dramatic impact upon the community and, indeed, upon the whole State. The loss of a payroll of that size is a drastic step for a State.

We also realize that national defense is a No. 1 priority, if not the No. 1 priority in this country. Eliminating waste and putting efficiency into the Army's operations are very high priorities for the subcommittee, for the full committee and for the Nation as well.

In some respects you might say it is the immovable object being met by the irresistible force, and not only with these two outstanding Governors, but with respect to the action requested of this committee. I would like to be able to say the committee can go along with both, but unfortunately we can't. All we can do is look at this matter fully, completely, dispassionately, with the interest of the communities involved and with the interest of the Nation involved.

If that is any hint as to how the subcommittee is going to react, I wish you would tell me because I personally don't know. We have simply got to study the matter in great depth, and come to a very difficult decision.

With that, I suppose we should commence with Governor Shapp because I think he was the first to call, followed just a few minutes later by Governor Byrne's call. In any event, we are delighted to hear from you both.

Governor Shapp.

COMMONWEALTH OF PENNSYLVANIA

STATEMENT OF HON. MILTON J. SHAPP, GOVERNOR, COMMONWEALTH OF PENNSYLVANIA

OPPOSITION TO REPROGRAMING REQUEST

Governor SHAPP. Thank you very much.

Senator Johnston, I greatly appreciate the fact that you have been kind enough to set up these hearings so that I have a chance, and Governor Byrne has a chance, to express our views.

As you have anticipated, our views may not be quite the same in this situation, but as you have just stated, national defense is the No. 1 priority of this Nation, and saving the taxpayers' money is also a major priority of this Nation, and the two usually go hand in hand, and I will be discussing these issues in this presentation.

Senator JOHNSTON. Governor, by the way, I know you are an expert on tax savings and efficiency. We are familiar with your book and your work in Pennsylvania on economic matters and fiscal matters, so we will listen with special attention to your recommendations.

Governor SHAPP. I am here today to testify against Army's request for \$7.3 million to construct facilities at Picatinny Arsenal in Dover, N.J., when those facilities already exist at Frankford Arsenal in Philadelphia.

The Army's request for \$7,363,000 is tied to its plans to close the Frankford Arsenal in the name of economy. Gentlemen, we are still 8 years away from 1984, and I would hope we still have time to avoid the type of government described in George Orwell's novel where white is called black and black is called white.

No matter what the Army says, it cannot close down adequate, modern, perfectly up-to-date facilities and move to a collection of warehouses in New Jersey, which, according to the Army's own reckoning, require at least a \$50 million appropriation for refurbishing, and call that a cost saving move.

Nor can the Army use "Catch 22" logic and say because Frankford Arsenal is closing they now are reprogramming off millions of dollars to set up similar facilities at Picatinny. Sadly, this is twisted logic the Army is using.

Last year before the House Committee on Appropriations they stated, and I quote: "The scheduled closure of Frankford Arsenal renders the facilities there unusable."

In other words, the Army decided to close Frankford Arsenal and then request money because the arsenal is closing. That is not exactly the best practice of cost efficiency.

Many things disturb me about the whole Frankford Arsenal episode. I am disturbed the arsenal's dismemberment is another example of a long line of phaseouts of Federal facilities in Pennsylvania.

Although certain functions of the arsenal are expected to be transferred to New Jersey, I still regard the closing of Frankford Arsenal as a part of a general trend to move Federal defense facilities out of the Northern States, depriving us of an opportunity to see a return on our tax dollars.

FAILURE TO PERMIT CONGRESSIONAL REVIEW

Finally, I am disturbed, and I should say shocked, at the Army's backdoor attempts to gain millions of dollars for extra expenditures without granting Congress a rough comprehensive review of its action. This is what it is doing by seeking funds through reprogramming rather than through the normal authorization and appropriations proceedings. We can't expect to take the fat out of the defense spending with this kind of sleight-of-hand. This is a type of backdoor operation that has the United States in such public indignation throughout the Nation that it makes it difficult for the military to justify legitimate defense expenditures.

The public has a right to cry out in indignation at this type of absurd and unexplainable operation.

According to Maj. Gen. Bennett Lewis, commander of the Army Armament Command, the request for this reprogramming is only a tip of the iceberg.

On May 12, 1976, in a letter of his to the New York District of the Corps of Engineers, the general referred to a construction program requiring about \$37 million at Picatinny, \$8 million at Rock Island Arsenal, an additional \$9 million at Picatinny. All this necessitated by the Army's decision to close Frankford Arsenal.

COST TO PENNSYLVANIA FROM DEFENSE INSTALLATION CLOSINGS

We have been concerned with the threat of closing the Frankford Arsenal for almost a decade. Since 1969, the phaseout of defense facilities has cost Pennsylvania more than 40,000 jobs and an annual payroll loss of nearly \$700 million. In the Philadelphia area the exit of defense and defense-related industries already has crippled the employment picture.

One example in the last 2 weeks was the dismissal by Boeing Vertol Corp., of 574 workers. This cutback was attributed to the local subsidiary's loss of a huge Pentagon contract.

I have no reason whatsoever to question the Army's decision in this matter but I do seriously question the decision with regard to the Frankford Arsenal. If the Pentagon's decision to close Philadelphia's Frankford Arsenal is carried out, the direct total job loss in the Philadelphia area in the past year will amount to more than 10,000 employees. We estimate another 10,000 to 20,000 jobs in support and service industries will also be lost.

JOB LOSS IN PHILADELPHIA AREA

Senator JOHNSTON. Let me stop you there, Governor.

The direct job loss in Philadelphia, in the past year, will amount to more than 10,000?

Governor SHAPP. Yes, sir. The arsenal's 2,280 employees are currently working on borrowed time. The present administration proposed closing the arsenal in 1974.

Senator Walter Mondale, in campaigning for the Vice Presidency last fall, promised a freeze on the closure proposal so that the Carter-Mondale administration, if victorious, could review the merits of the proposal.

The Army, ignoring the administration, has moved ahead with and in fact has speeded up the dismissal orders after the November election. Fortunately for us, the Army bungled its handling of the dismissal notices and the Civil Service Commission ruled the notices were inequitable and legally defective. The January 29 termination date was delayed, at least for a couple of months.

For the past 5 years the Army has consistently refused to respond to the questions and concerns of workers at the arsenal or to the questions raised by the congressional representatives, by the mayor of Philadelphia, or those raised by me and members of my administration. I have asked time and time again for detailed figures to back up the Army's claim for cost savings and yet I have received virtually nothing.

The questions which I and other elected officials have raised, and the attempts which we have made to discuss alternatives to the relocation have been ignored, rebuffed or refused.

If the Army really presented a case of better geographical desirability or increased cost efficiency, or improved potential performance in transferring military facilities, then I admit my arguments in behalf of the potentially unemployed in my Commonwealth would be weak. For the Nation's security takes priority over any region.

Furthermore, the benefits of a cost-efficient military budget eventually would accrue to Pennsylvania. But this is not the case. Small caliber weapons development at Frankford Arsenal has a remarkable record in our national defense picture.

As I pointed out in the beginning of this testimony, the transfer of facilities from the Frankford Arsenal to a few meager warehouses at Dover, N.J., will cost rather than save millions of dollars.

Furthermore, the proposed new location of Picatinny is far less accessible than Philadelphia to air transportation required for Army shipments to its Midwest defense installations.

FRANKFORD ARSENAL CAPABILITIES

Mr. Chairman, the details of the Frankford Arsenal capabilities were excellently described in testimony last year by Congressman Joshua Eilberg before the House Subcommittee on Appropriations. The Army's wasteful reprogramming of funds in preparation of its closing of the Frankford Arsenal is also detailed in that testimony. To my knowledge, there has been no satisfactory rebuttal by the Army of Congressman Eilberg's testimony.

In examining the Army's proposals to spend money on Picatinny, Mr. Eilberg noted the Army's admission that 84 percent of 350,000 square feet of new construction at Picatinny will be used to house Frankford Arsenal functions and equipment, and 72 percent of the

11,000 major items which are to be moved from Frankford to Pica-tinny. To put it mildly, I don't call that responsible spending in the national interest.

As an example of what the Army will do with its \$7.3 million, let me point out that it proposes to spend \$721,000 of this request, and I quote, "to provide an optical prototype facility located in 23,140 square feet of building 91." The Philadelphia congressional delegation, in their counterproposal to the House subcommittee last year, maintained that there presently exists at Frankford Arsenal the finest and the only optical capability that currently exists in the Department of Defense. They have a complete capability for the manufacture of optics and raw glass to complete a project.

I wish to note that the Army never responded to the Pennsylvania delegation's proposal. That proposal, basically, called for reducing the Frankford site from 110 to 20 acres. It includes assignment of a small caliber weapons laboratory to the Frankford Arsenal at a saving of some \$40 million in military construction.

RETENTION OF BALLISTIC TEST RANGE

The delegation proposal also included a request to retain the ballistic test range at Frankford Arsenal. To replace this would cost about \$35 million. Equally important, the range has the capability and certification for NATO testing, for which no other capability exists in the entire Defense Department. Closing Frankford would mean transferring the testing range to some other country, not to some other State in this country.

The Philadelphia delegation's proposal simply provides greater savings and retains critical skills by placing the small caliber weapons system laboratory and its supportive functions as part of the Army Defense Command in some of the excellent buildings on the Frankford Arsenal site and retains a limited optical production capability.

The Army has not only failed to respond to the delegation proposals but never accepted the invitation to visit the Frankford site and evaluate the facilities firsthand.

I would like to add in 1971, as Governor, I offered the Department of Defense a joint industry-State proposal to deed over an 800-acre site and issue a \$100 million bond issue to build a new facility to their specifications for the Frankford Arsenal to be leased to the Army over a 20-year period. This would be in Philadelphia.

They were given to understand that the Army rationale for closing Frankford at that time was to establish at one site the total capability of performance for guns and bullets. The Army turned this offer down.

Apparently the Army now feels having everything under one roof is economically and operationally infeasible. If that is the case, then the Pennsylvania delegation's new proposals deserve an unbiased and objective analysis by the Army. But again, this has not been done.

CONTRIBUTIONS MADE BY FRANKFORD

During its 160-year history, the Frankford Arsenal has made a decided contribution not only to the local economy but to the general

defense effort. Frankford now provides the Defense Department with small caliber and cannon caliber munitions. All research, from concept to procurement, through maintenance and disposal, is carried on at the Frankford Arsenal.

Frankford was the first to develop the laser range finder, the most sophisticated equipment used in finding targets and firing weapons. Name any weapon specialty and it can be described in a single word—Frankford.

Spinoffs from Frankford are considerable. It was Frankford's knowledge that developed a new aircraft ejection seat which has proved successful in more than 20,000 ejections.

I would hope that this Senate subcommittee would note Frankford's considerable contributions in the past and its capability to continue to function at a savings of millions of dollars in our defense budget.

In light of these considerations, the Army's backdoor request for \$7.3 million to close Frankford and begin to attempt to establish similar services at Picatinny must be rejected. You can be sure that this request will be followed by another \$37 million; and then, more; for who knows how much money as the Army pries that back door wide open.

Mr. Chairman, I know some of the statements I have made are very critical of the Army. As a former Signal Corps officer, I was critical of the Army during those days. But I think what is going on at the present time is unexplained and an unconscionable waste of taxpayer money. And, to this date, neither I, as the Governor of the Commonwealth of Pennsylvania, nor the mayor of Philadelphia, nor the congressional representation from the Commonwealth of Pennsylvania have received any explanation for all the questions that we have raised as to why.

I thank you for this time to present my views.

Senator JOHNSTON. Thank you, Governor Shapp. I have a related question which I shall ask the Army to answer for the record.

[The question and answer follow:]

CONSTRUCTION REQUIREMENTS

Senator JOHNSTON. General Lewis, Governor Shapp has referred to a letter from you to the Corps of Engineers construction agency, detailing construction requirements of \$54 million. Since this is at considerable variance from the \$37 million estimated where this reprogramming action was submitted, would you comment on that variance for the record?

General LEWIS. Yes, sir, there was a mistake in the letter, or at least it was unclear. The \$37 million figure included the pro rata share of the armament community realignment at Rock Island Arsenal, \$2.8 million. This was part of a larger project at Rock Island, which was the figure of about \$8 million. Only \$2.8 million of this \$8 million was chargeable to the AMARC-related realignment. The balance was for other purposes and would have been required in any case. The figure of \$9 million of additional work at Picatinny was for ten projects then in the installation master plan. This included projects for upgrading the utilities systems, completing the perimeter fence, and renovating the health clinic. These were routine improvement projects, independent of the realignment, and, again, would have been required in any case. I mentioned it only to give the Division Engineer an estimate of the total future workload at Picatinny. The "bottom line" for work required as a result of the realignment was \$37 million—not 37 plus 8 plus 9.

CORRECT PROCEDURE FOR ARMY REQUEST

Senator JOHNSTON. Thank you very much, Governor. First of all, let me say on the question of reprogramming that the Army has come to us with a reprogramming rather than following the usual appropriation process. Quite frankly, I am inclined to think that something that has been in study and in the mill for as long as this has—beginning with the conversations in 1968, 1973, the AMARC study and so forth—I just don't think it was necessary to come in with a reprogramming on this matter. I think it should have proceeded through the regular process.

I am a brand new chairman of this subcommittee and I wouldn't propose for my part to make the decision on this particular project based on the fact that it is a reprogramming instead of coming through the regular process.

I might say for future reference, though, that this type of thing should follow the regular process. We don't want to be presented with a fait accompli, but the fact that this matter is well along makes it more difficult to disapprove it.

However, we can do that, if necessary, and if the facts warrant. To do so would waste some money, however, and we don't want to be in a position of having to waste some money.

EILBERG PLAN

You point out in your plan that you would keep, I think, the small arms and the optics at Frankford. This is the so-called Eilberg plan, I guess, that was described to us yesterday. We have asked the Army to respond to that and they will give us a written response in the next few days.

If you haven't got a full answer to the plan yet as to what it would cost, what is wrong with it, we hope to get that in the Army's response on the Eilberg plan.

Governor SHAPP. May I comment a few moments?

Senator JOHNSTON. Yes.

Governor SHAPP. First of all, I would agree with what you say about this not being new programming if at the same time you were getting information we, I will say, miss, as Governor of the State. Or the mayor and our own congressional representation were also getting information, but we have gotten none during this period; despite repeated attempts to find out what is going on, how the money is going to be spent, what is going to happen, and despite our previous offers to do things to help the Army, we have just gotten nowhere. Now for them to come in and say that this is an ongoing thing is fine, but I think that I would be derelict in my duties as Governor of the Commonwealth if I didn't ask to see that type of material on which they base that decision. To the best of my knowledge, having asked for it, not received it, I can only say it doesn't exist, or, for some reason, it is not made available to the civilian head of our Government.

Second, as I indicated here, if it was going to be less money I could agree with your observations, but it is not going to be less money. They

haven't demonstrated that to us. Maybe they have to you, but I haven't seen it. I think it is going to cost far more to do what they are doing with this move.

GAO STUDY

Senator JOHNSTON. There is a study put out by GAO. The Army, first of all, made a study saying that the initial cost would be \$86 million, but the savings, according to the Army, would be \$41 million a year, and GAO said, I think, \$37 million a year savings.

Now, that doesn't mean because GAO and the Army said it, that it is gospel. They do have a study on it that so showed and we will make available to you a copy of that study, if you would like.

ELECTRONIC COMMAND REALINEMENT

Governor SHAPP. They said the same thing there at the time they were going to move the Signal Corps Materiel Center. I asked for the information, I couldn't get it. They broke up the Signal Corps Materiel Center and moved part of it to Fort Monmouth that was going to represent big savings, and part elsewhere; and it is my understanding what they moved up to Fort Monmouth has now been removed and it has been shuttled back and forth.

Meantime, the materiel center of the Signal Corps that had been functioning since the early days of World War II with all its trained personnel was broken up. And I dare say that whatever the projections the Army made regarding what happened there were never fulfilled. And I suspect it merely was figures on a piece of paper to back up the case without really having a detailed study. I would like very much to have the opportunity of reviewing the figures and the basis upon which those figures are computed for any savings that possibly can be made by breaking up the finest research organization the Army possesses and transplanting it elsewhere.

[The figures on realinement follow:]

REALINEMENT OF ARMY ELECTRONICS COMMAND

The realignment of U.S. Army Electronics Command elements formerly located in Philadelphia, Pennsylvania, was announced by the Secretary of the Army on 11 January 1973. These elements were to be consolidated with their parent command at Fort Monmouth, New Jersey.

At the time of the Army announcement, the Philadelphia civilian work force consisted of 2,362 personnel, 1,350 of whom staffed the Materiel Management Directorate and its NIPC. The remaining 1,012 civilians were assigned to support elements whose parent activities were based at Fort Monmouth. These elements comprised portions of the Directorates of Procurement and Production; Product Assurance; Management Information Systems; Personnel, Training and Force Development; the Headquarters and Installation Support Activity, and these Offices: Legal; Information; Comptroller; Small Business Advisory; Equal Employment Opportunity; Security and Safety.

The consolidation, a major undertaking in itself, took place during the same time frame as two parallel but separate actions: (1) activities which were widely dispersed throughout the Fort Monmouth complex were relocated to the new ECOM Office Building, and (2) in addition to the originally planned reduction of 493 personnel spaces, the Department of the Army directed a further reduction of 218 spaces in reaction to a Department of Defense budget cut. The implementing TDA which effected the realignment of ECOM therefore incorporated a total reduction of 711 spaces.

The ECOM merger was successfully accomplished within the planned 18 month period of implementation which followed the public announcement, and by 30 June 1974 the objectives of the consolidation had been substantially attained. Actual physical moves took place during the period August 1973-March 1974. There have been no counter-moves.

A greater ability to anticipate and react to customer requirements has been realized by the relocation of the Materiel Management Directorate and its National Inventory Control Point (NICP) from Philadelphia to Fort Monmouth. The collocation of the NICP, the National Maintenance Point (NMP), and other major mission and support elements within the new ECOM Office Building significantly improved management effectiveness by facilitating coordination and communication among the directorates. The costly and time-consuming travel between Philadelphia and Fort Monmouth and the duplication in support services that existed prior to implementation has been eliminated.

Total one time costs of the action were \$6.9 million. Annual cost reduction attributable to the action \$7.1 million.

Organizational elements which moved from Philadelphia to Fort Monmouth are not affected by the current Army proposal to create an Electronics Research and Development Command, a Communications Research and Development Command, and an associated Communications and Electronics Materiel Readiness Command. The former Philadelphia elements would become part of the Readiness Command and remain at Fort Monmouth.

CREATION OF QUALIFIED TEAM

Governor SHAPP. I have been in electronics. I am an electronics engineer. I have been involved in research of my own. I ran a company that had a large research organization. The hardest thing you can get together is a qualified capable team of research personnel and train them and have them functioning over a period of time.

You just can't get the new people and throw them together and in a short period of time expect to get results. Breaking up what had been so successful to the military, moving it out, splitting up the way they are doing it, not only will not represent any savings, it is going to put the Army way back in its research capabilities.

Senator JOHNSTON. Governor, this is the report of the Comptroller General. It is an extra copy which you may take. We would very much welcome your comments on it. We will hold the record open. How long will it take you to get those comments in? We would like to have it as quickly as we can.

Governor SHAPP. I don't know what is in the report, so I couldn't tell you. Can I read the report while I am here?

Senator JOHNSTON. Certainly. We have given the Army the opportunity. Actually we have asked the Army a number of questions. We don't want to tell you to get your answers in tomorrow, but we don't want to delay the matter greatly.

Governor SHAPP. Don't expect the answers by tomorrow. I will give you an answer as to how long it will take by tomorrow.

Senator JOHNSTON. Yes.

Governor SHAPP. Let me review this and be back in touch with you.

Senator JOHNSTON. Surely.

[Clerk's Note.—The following letter from Governor Shapp was received subsequent to the hearing.]

January 21, 1977

The Honorable J. Bennett Johnston, Jr.
 Chairman, Senate Subcommittee on
 Military Construction Appropriations
 Room 1224, Dirksen Senate Office Building
 Washington, D. C. 20515

Dear Chairman Johnston:

Following my testimony opposing the Army's request for \$7.4 million for construction related to the closing of the Frankford Arsenal, I and my staff have reviewed the August 3, 1976 Report of the Comptroller General, "Army Plans to Realign the Armament Community." I would appreciate it if this letter could be incorporated in the record of your hearing.

The most significant aspect of this Report is not what it does conclude, but what it does not conclude. There is no analysis of the specific costs which will be entailed by closing the Frankford Arsenal, as compared to the overall costs of the realignment. To quote the Report,

"Although it would be desirable, in GAO's view, to identify the Frankford Arsenal closure costs included in the total [estimated cost of realignment], this was not feasible." (p. iii)

This same point is reiterated on page 6 of the Report. In other words, although GAO concludes that the overall realignment would decrease annual operating costs by some \$31.2 million, the Report does not relate any specific part of this to the Arsenal closing per se.

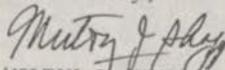
This fact alone should serve to reinforce one of the most fundamental objections which I have to the closing. As I stated in my formal testimony, for the past five years the Army has consistently been unable or unwilling to back up with detailed figures its claim of specific cost savings related to the Arsenal closing. It is clear that the GAO reviewers, asking the same questions which I have asked, received the same unsatisfactory answers.

This point should serve to reinforce my insistence that no action be taken on the Arsenal closing until a specific cost-benefit analysis is completed.

I note also that the Arsenal closing will mean a net reduction of 2,779 direct jobs in Philadelphia. Because of the magnitude of this loss, a cost-benefit analysis for the Arsenal must take into account the overall impacts of the job loss to the economy of the Philadelphia Region, including unemployment compensation, and other income maintenance programs.

Until such a study is completed, I will continue to maintain that there is no basis for the Army's claim that the Arsenal closing will produce net benefits for the nation.

Sincerely,


 MILTON J. SHARP
 Governor

CENTRALIZATION OF EFFORT DISCOURAGED

Senator JOHNSTON. Senator Stevens, any questions?

Senator STEVENS. I am sorry I was late to hear your testimony, Governor, and I appreciate your position. I might say to the chairman and the Army that I was a little disturbed yesterday in the testimony that indicated that we are concentrating so much expertise in one place. If I understand, Watervleit is the only place in the country that can handle the 155 millimeter howitzer. In these days of change and in the future as far as our military threat, it seems to me to be highly unlikely that a country of this size should have a situation that there is only one place in the whole country where a piece of equipment so vital to our security could be made. The gentleman sitting on your left has been a friend of mine now for I think at least 30 years, and I am sure I can participate a little bit of what he is going to say.

I do think those of us involved in the effort now to reduce the cost of our national defense establishment should at the same time keep in mind that the cost of diversity and ability to produce is a cost that ought to be an ongoing one and a recognition of that cost is something I think the people of the United States would be quick to give us, so long as it was totally efficient.

I hope you can come up with a plan that is acceptable to the elected representatives in the area concerned that we can consider, because I share the chairman's viewpoint something like this should not come up in a reprogramming request.

We should have had more time to consider it and I would hate to be in the position of vetoing a projected savings merely because we don't really have the time to give to it at this stage, whereas in the normal hearings on the regular bill we would have much more time to touch base and consider the viewpoints of the delegations from the respective States.

I am disturbed and I hope the Army will have some answers for us before we are through as to why it is we are going in this direction of ending up with one location with a concentration of expertise that I think could be more diversified in the interest of security in the broad sense.

Governor SHAPP. Senator, I would carry your thought one step further. If the Army wanted to diversify, which I think is proper, in view of the national problems, security problems, then keep Frankford Arsenal the way it is and establish another research center. We have gone through this in many other fields. There is nothing to gain by breaking up a research team that has been working together for years and moving it around and shuffling it around. But there would be some merit to even taking some of the people from Frankford, keeping Frankford going as a research center and taking some of the people to help establish another research place. This could have, I think, far better consequences for national security than what the Army is now doing.

Senator STEVENS. Thank you.

CONCENTRATION OF FACILITIES

Senator JOHNSTON. Thank you very much, Governor. Perhaps the Army would want to respond to that for the record about concentration at one place. I would suspect the answer is going to be that both are very vulnerable; if they want to drop the bomb on them they would lose both of them in the first 5 minutes. Perhaps you would respond to that.

Senator STEVENS. I hope they don't think we are looking only at protecting these installations in view of a nuclear attack. The concepts of guerrilla warfare we see around the world today are the isolated sapper who comes in and destroys a very key installation. From that point of view he puts off the plans for reequipment and redeployment of a major segment of our military population.

I don't think we are talking about nuclear war; I think we are talking about strategic defense against the threat that exists in the world today, and it is time we started looking at that more closely. We really should. That is all there is to it. I hope the Army will address it for us.

[The information follows:]

RISKS INHERENT IN SINGLE NATIONAL SOURCE FOR
CRITICAL DEFENSE MATERIEL

The Army shares Senator Stevens' concern for the risks inherent in having only a single national source for a critical item of defense materiel, or in having the only activity of a particular type concentrated at a single installation.

Unfortunately, the capital investment involved in duplicating all key facilities would be tremendous. A rough estimate of the replacement cost of Watervliet Arsenal, for instance, is over \$400 million. The initial investment is not the only consideration, either. Once built, the facility must be maintained and, in peacetime, it must compete with other facilities for severely limited maintenance funds within restricted manpower ceilings.

The Army does have, of course, some multiple production facilities for the same product or group of products in those cases where projected wartime consumption clearly warrants the total production capacity of these multiple facilities. This is the case with several of the Army ammunition plants.

As an alternative to Army investment in physical plant and equipment for production facilities required only in the event of war, there are a number of mobilization production agreements with industry. Cannon assemblies (tube and breech) for 105mm howitzer, 105mm tank gun and 155mm howitzer are so covered. In these cases, the industry sources supplement the capacity of Watervliet Arsenal, which remains the primary source. The industry sources do, however, constitute alternate capability. For 8 inch cannon assemblies, Watervliet is the only source.

Concentration of functional activities, such as research and development, is another matter. Research and development activities

are not what would normally be considered high priority targets, because the ongoing work is not likely to affect field operations for from two to ten years in the future. Admittedly, concentration of research and development activities, such as planned for the Arramen Research and Development Command, does increase vulnerability to nuclear attack. Against this hopefully rather remote risk, we have to weigh the expected increased efficiency and responsiveness in providing new and improved conventional weapons and ammunition for the much more likely non-nuclear conflicts.

The possibility of terrorist attack or sabotage does loom large in today's world. This has been a subject of major concern within the Army for about five years. Here, as in other areas, we have to assign priorities, based primarily on the potential for harm of Army materiel in the wrong hands. First priority in security resources goes to storage sites for nuclear and chemical weapons, followed by storage sites for conventional weapons and ammunition. Manufacturing plants and laboratories are somewhat lower on the security spectrum, although all these installations have their own internal security force and contingency plans for reinforcement. Other, less obvious, measures have been taken as well, such as improved door locks and intrusion detection systems.

As a practical matter, it would be very difficult for a small group to inflict permanently disabling damage on a major industrial or research and development complex. Generally, there is just too much to destroy, spread over too large an area, given the limited time available before security forces could react.

STATE OF NEW JERSEY

STATEMENT OF HON. BRENDAN T. BYRNE, GOVERNOR OF THE
STATE OF NEW JERSEY

ACCOMPANIED BY HON. HELEN S. MEYNER, A REPRESENTATIVE
IN CONGRESS FROM THE 13TH CONGRESSIONAL DISTRICT
OF NEW JERSEY

SUPPORT OF PICATINNY ARSENAL

Senator JOHNSTON. Next we are pleased to have the outstanding Governor from New Jersey, Brendan Byrne.

Governor BYRNE. Thank you, Senator, Senator Stevens, Governor Shapp. I am happy to have the opportunity to come here and testify on behalf of Picatinny.

PREPARED STATEMENT

I have prepared testimony of some three pages and with the chairman's permission, I would like to mark that testimony rather than read it.

Senator JOHNSTON. Yes; the testimony will be received into the record.

[The statement follows:]

PREPARED STATEMENT OF GOVERNOR BRENDAN T. BYRNE

I am pleased to have this opportunity to speak to you today regarding the events surrounding the establishment of the Armament Research and Development Command, also known as ARRADCOM, located in Dover, New Jersey.

Since 1974 when the Army Material Acquisition Review Committee conducted an independent review of the total Army acquisition process, there has been increased awareness of the Congressional mandate for efficient spending of the defense dollar. As a result of the AMARC study, where the Army tried to focus on systems rather than components, there was presented a recommendation that the Army consolidate into research and development communities.

The primary recommendation of that study was the formation of an Armament Research and Development Command.

The Army used both in-house and outside consultants to review the plan, in order to avoid bias and ensure objectivity. Not only that, the plan was subjected to further intense review by Congress' own accounting agency, the GAO, the Army Audit Agency, and the various Congressional Delegations. On at least 11 separate occasions from December, 1973 when the study was initiated through February, 1975 when the Congressional Delegations were briefed to July, 1976 when the House Subcommittee on Military Construction held hearings, there were opportunities for comments, recommendations and objections to be presented. At no time were the Army findings altered; the Army has continued to hold that the most efficient site for ARRADCOM was in Dover, New Jersey.

The Picatinny Arsenal installation continues to be a major part of the economic base of the Greater Dover Area and one of the largest employers in New Jersey.

While some slight recovery from the recent recession has been noted, the economic climate in New Jersey remains unfavorable. In November, 1976, the national unemployment rate (not adjusted for seasonality) stood at 7.4%. The unemployment rate in November, 1976

in New Jersey was 10.1% and the Newark Standard Metropolitan Statistical Area (SMSA), which includes Picatinny Arsenal, was 9.7%. Within the 10 municipalities which comprise the "Greater Dover Area," the overall unemployment rate was 8.4% in November, 1976.

The real problem in our State is that cyclical recovery is simply not enough. In October, 1976, manufactory employment was slightly below the previous recession low point 15 months earlier. In seven years, New Jersey has lost over 20% of its factory jobs.

The State is suffering from something more than a typical business cycle. Equally critical are the statistics of employment in the construction industry. The level of employment at the end of 1976 was close to that reached during the worst months of the recession.

It is customarily believed that the services sectors might provide better opportunities for employment. Actually, even this source of employment growth has been disappointing. The service sectors have shown some signs of recovery but were far from being able to recompensate significantly for the losses in factory jobs and in the construction industry.

In 1977, the New Jersey economy will be the beneficiary of continued modest expansion but will be a long way from realizing full utilization of its labor force and productive capacity. Achieving this, however, requires strenuous long-term efforts which cannot be accomplished in any one year.

A number of initiatives are being taken to confront this challenge. New Jersey's economic problems are shared by the other Northeast industrial states. In the hope of building strength through unified effort, we have been an active participant in the development of what is now the Coalition of Northeast Governors.

And as a Governor of a Northeast State, I cannot empathise more with the plight of our sister State of Pennsylvania. What is economically descriptive of our State of New Jersey is strongly similar for the

Commonwealth of Pennsylvania. We in New Jersey are more than willing to work with Pennsylvania in her efforts to find a new mission for Frankfort. Many employees of Frankfort Arsenal are indeed residents of the State of New Jersey.

If it is agreeable to Governor Shapp and his Delegation, I will call a meeting of the New Jersey Congressional Delegation to determine what assistance can be provided by our Delegation members to efforts by the Commonwealth of Pennsylvania Delegation.

In closing, I would add, that in this, the final step in a four-year process of deliberations, there should be no delay. If the reorganization does not take place as planned, the net effect will be a far greater cost to the taxpayer. The hundreds of people who have already made their commitments, bought houses and changed schools for their children, who have come to our State and whose contributions we recognize and welcome would be hard pressed to reverse their plans.

The State of New Jersey respectfully requests a speedy approval of the \$7.36 million.

RELATIONSHIP OF PENNSYLVANIA AND NEW JERSEY GOVERNORS

Governor BYRNE. I want to then say that we are not here today in a fight between Governor Shapp and Governor Byrne. I don't think any two Governors have gotten along better than we have. Governor Shapp just entered into an agreement with me with respect to tax reciprocity which gave up several millions of Pennsylvania tax receipts because it was fair to do it. So I have to first preface any remarks by announcing or reiterating my respect for Milton Shapp.

He also has a great city in Philadelphia, by the way, and Philadelphia is regenerating, it is coming back. You never go to Philadelphia without seeing some new building complex and substantial rehabilitation of urban areas, and for that Milton Shapp deserves credit. W. C. Fields would be happy to die in a Philadelphia day.

As a matter of fact, the Frankford Arsenal employs people from south Jersey and I recognize that.

UNEMPLOYMENT IN DOVER, N.J., AREA

If I may comment on the Picatinny situation, and there are others who will testify or supply documents or who have testified who are in much better positions than I am to document or refute the cost items.

While Governor Shapp was testifying I tried to check, for instance, the allegation of a \$50 million cost just to adjust Picatinny to do the things that Frankford is now doing, and I think that that figure can be very substantially refuted. A good deal of that cost would have to be incurred regardless of the location or relocation of the facility. I don't think we are concerned about that.

What I am here to say is that Picatinny is located in an area of very high unemployment in New Jersey, and in an area where there is no ready solution to that employment; and in giving Governor Shapp and Mayor Rizzo credit for the rehabilitation of Philadelphia, you also have to take into account that Philadelphia has a good deal more flexibility in dealing with unemployment than Dover, N.J., does.

Picatinny, as I say, has been a mainstay of that area. I remember, before I became Governor, as a judge, Senator Stevens, that up in that area we would get jurors anxious to serve from Picatinny because it had gone through substantial atrophy up to this time and the whole area has suffered from it.

I went up to Picatinny with the Under Secretary of the Army while this decision was in the process of being made by the Army—Under Secretary Augustine—and I talked with him. I asked him on what basis the decision was going to be made by the Army. He told me it was going to be made on an objective basis; that unemployment would be part of that objective consideration, but only a small part; that the overall mandate from the Congress was that there be greater efficiency in the operation of the military.

I was satisfied when that tour ended that day that the decision would be made on an objective basis, and I suspect that it was made on an objective basis.

USE FOR FRANKFORD ARSENAL

I suspect that frankly aside from that one remark made by a Vice Presidential candidate, that that decision would not have been substantially quarreled with. I am not against the use of the Frankford Arsenal. I am not against finding a use for it. I don't think that a use for Frankford Arsenal and a move to Picatinny and consolidation with Picatinny are mutually exclusive. I have in my prepared testimony indicated they would be happy to work with Governor Shapp or anyone else toward that end, but I do think that an objective judgment affecting as vitally as it does an area of New Jersey, which is an area that can be made or broken by the removal or substantially further diminishment of Picatinny, is one that compels me to come down and make these views known to this subcommittee.

I understand, Senator Stevens, your question about whether we shouldn't make a vital weapon in more than one place, and I see merit in that suggestion. On the other hand, if all or a vital part of that weapon is made in Picatinny now, as I understand it is, and something happens to Picatinny, we are in the same national defense posture that we would be under the hypothesis that you asked.

All I want to say is that an objective decision has been made. The decision that this subcommittee has to make and the Appropriations Committee has to make is a decision as to whether to appropriate some \$7.3 million toward effectuating that decision. If that money is not appropriated the Army, as I understand it, can go forward with consolidation in any event. However, the lack of this appropriation would mean additional hardship to those people being transferred to Picatinny.

I also agree that there ought to be a better way of getting congressional input into these decisions. I think that is something that this committee and that this Congress can improve on. But I would not like to see Picatinny again suffer by reason of whatever shortcomings may presently exist in that process. Thank you.

EFFECT ON DOVER, N.J., FROM FRANKFORD STATUS QUO

Senator JOHNSTON. I thank you very much, Governor Byrne.

You mentioned that Picatinny—or the Dover area—would be made or broken by this decision. Now, you say broken. Do you mean if we froze Frankford—the Army froze Frankford—at approximately what it is now, that that would break Dover?

Governor BYRNE. Well, I think Dover is one of our really tough high unemployment areas in New Jersey.

By the way, if you said to me I will give you 5 years or 10 years then you can have Picatinny and you can turn it into an industrial complex, or something of that sort, that would be an interesting type of challenge. I have looked into that kind of a challenge because I think we are all optimists and we all look for the day when everybody can guarantee world peace and we won't need arsenals and we won't need armaments and won't need defense.

Senator JOHNSTON. By that time, we won't need Senators.

NONMILITARY USE FOR PICATINNY

Governor BYRNE. I have looked into the possibility of the use of Picatinny for nonmilitary purposes, and the fact is Picatinny has been there a long time. I remember as a kid hearing stories about Picatinny during World War I as a major arsenal at that time.

There are so many unspent shells in the testing areas of Picatinny now that all of the Army experts tell me there is no way we can feasibly use Picatinny for any peaceful purpose. So we are presented with a situation where we can't get substantial employment out of Picatinny and we really don't have any alternative uses for it.

REASONS FOR DOVER UNEMPLOYMENT

Senator JOHNSTON. What is responsible for the high unemployment in Dover? Have you had any particular industries that shut down?

Representative MEYNER. Well, it is high all over New Jersey, as I pointed out yesterday. It is 13 percent in New Jersey, in this particular area which is industrialized. In certain trades like the construction trades, it is up over 60 percent.

New Jersey being the most urban State in the Nation, unemployment is high.

Senator JOHNSTON. Hopefully we are going to be able to get those construction trades back to work under this new administration.

Governor BYRNE. Dover also has probably a higher percentage of minority unemployed than any other town, Senator, in Congresswoman Meyner's district.

Representative MEYNER. Yes.

Governor SHAPP. I would like to comment. I appreciate what Governor Byrne has been saying, but Philadelphia has one of the highest unemployment rates of any of the big cities. I wish that we were in the condition—

Governor BYRNE. I am not saying they didn't have unemployment. I said they have flexibility.

Governor SHAPP. Every day I am afraid to pick up a newspaper now because for the last 3 weeks on the front page of our newspaper it has been: Westinghouse closing down something, the Boeing situation, a couple of chemical companies or some insurance company moved out of Philadelphia. This is true of all of our major cities, not just Philadelphia. As the tax rates rise in the cities, to take care of all the problems there are, those who remain have higher property taxes. So there is a flight from the major cities of industries that is going to leave behind some ghost situations. And for the Federal Government to exacerbate that problem by moving an installation like this out of a major city really is unconscionable.

Senator JOHNSTON. Frankly, unemployment rates are to me a very persuasive argument in any kind of base closure proceeding. The problem with this one is that we have high unemployment in both New Jersey and the Philadelphia area, so it would be difficult to make the decision based upon that alone.

Governor SHAPP. I do not disagree with you, but I think the caliber of the people we have there that you can't just replace, or you can't

refer them off. If you do, then you have lost their skills. And putting a research team together, a team of technicians and machinists together, that have been working together for years, and move it to Dover or anywhere else is an impractical situation.

I tried it in industry, I moved my research facility out of Philadelphia. We had a plant up in Sherburne, N.Y., and I tried to change our research facilities there because the analysis showed we would save money up in Sherburne, N.Y. After 18 months we reversed that and had to go back to the Philadelphia base because we didn't have the personnel up there to really conduct the type of research we wanted. That was a smaller scale situation than you have here.

To just pick up a research facility that has had the proven record for over 100 years that Frankford has and move it to another area is going to have a serious detrimental impact on the defense capabilities of this Nation.

Senator JOHNSTON. Thank you very much, Senator Stevens.

PROGRAMS AT PICATINNY

Senator STEVENS. You mentioned the impact on Dover and I think we appreciate that. If this money is not approved, as I understand it, Picatinny won't be affected in terms of its present level of employment. Is that your understanding?

Governor BYRNE. No; there are several programs going on at the same time. One moves approximately 300 people out of Picatinny. This appropriation moves some people into Picatinny. Without this appropriation there would be no inflow. Picatinny, by the way, has lost some 4,000 jobs since the end of the Vietnam war; a good many of those people are still in the Dover area, and that contributes, frankly, to the present unemployment problem in Dover and in the Dover area.

Senator STEVENS. As far as the plans of the Army, have you looked them over with regard to Picatinny? Have you been totally informed as to what they plan to do?

Governor BYRNE. I have been informed as to the general concept. As I say, I spent a day with Under Secretary Augustine and we got a thorough briefing. We were told what the alternatives were at the time, and we traipsed through a good part of Picatinny at the time.

LOCATION OF EMPLOYEES WORKING AT FRANKFORD

Senator STEVENS. You made a statement that a portion of your people work at Frankford; is that right?

Governor BYRNE. There are people that work in Frankford who live in New Jersey. Camden and Philadelphia are separated by a very narrow stretch of the Delaware River. Most of the Philadelphia Phillies live in New Jersey. Most of the Philadelphia Flyers live in New Jersey. Most of the Philadelphia Eagles live in New Jersey.

Governor SHAPP. Some Pennsylvania voters live in New Jersey.

Senator JOHNSTON. Governor, Representative Meyner told us yesterday that New Jersey was a beautiful place with clear streams and wonderful trees and air. With all that, why do all of these people live in Philadelphia?

Governor BYRNE. They are coming over.

Senator JOHNSTON. They are coming back?

Governor BYRNE. Yes.

Representative MEYNER. They are coming over and up to Dover.

Senator STEVENS. I appreciate your testimony. It just seems to me again the problem is that I don't believe this is the place to initiate what looks to me to be a major change through a reprogramming request. From what you say, this is another stage of an ongoing plan in terms of reutilization of Picatinny which at this time impacts Frankford very heavily.

SILENCE IN DEFENSE DEPARTMENT MOVES

Governor SHAPP. How do we go about breaking the wall of silence that has been built around the Defense Department on, I won't say all moves, but on the moves that have taken place in the Philadelphia area. When the Quartermaster Corps was moving, I requested information and didn't get it. When they were working on the Navy Yard, I requested information and didn't get it. When the Signal Corps Materiel Center was going to be moved, I requested information to justify the move. And on no occasion did the military give me any of the information I requested, but just barged right on through and made the moves.

From the understanding I have, and I have not followed it closely, but I dare say that if an investigation were to be made by the Senate or the House or anybody that conducts such an investigation, they would find the savings that were put down on a piece of paper to justify the moves never materialized. In fact, higher costs and lower efficiency of operation have been incurred.

I just feel that very strongly from my own personal experience of running a research organization, running operations in a business for many years. You don't do what they are doing and achieve those savings as they are put on a piece of paper. Perhaps an investigation would reveal that some of these moves have not been proper.

CONFERENCE OF NORTHERN GOVERNORS

Now, Governor Byrne and I at this moment are, of course, on opposite sides of this particular street. On the other hand, the Conference of Northern Governors have been putting together some information—and I realize, Senator Johnston, this is in opposition to some of the desires of your particular State—but one of the statistics that is so devastating is this: In the 1976-77 budget of DOD, funds for improvement of military bases in this country show that in the States from Minnesota to Maine to Maryland, \$47 million appropriated; in the States from Texas to Florida, \$941 million. About 20 times as much money go into military installations in those States.

I recognize that there are certain advantages for certain types of facilities being in the southern area, but I cannot see the defense of this Nation being protected when you have such a wide disparity as this.

Second, it means that the military installations of our area in the country obviously cannot be up to par. And now I am faced, not

just with Frankford Arsenal, but I am faced now with a threat of the military to close down almost all of the operations at Indiantown Gap and the Cumberland Materiel Supply Center in the central part of our State.

LACK OF MILITARY JUSTIFICATIONS TO MOVE

This is going on even as I am fighting the Frankford Arsenal situation, and again, no information from the military to justify what they are trying to do.

Now, something should be explained to the civilian leaders of this Nation as to what is going on. I can't get it as Governor of the Commonwealth of Pennsylvania.

Senator STEVENS. The South may have just won the war, we don't know. I told that to my colleague.

Senator JOHNSTON. Well, of course, the Frankford operations are not being proposed to be moved to Louisiana, but rather to New Jersey, which I think qualifies as a northern State.

Governor, you wanted to say something.

Governor BYRNE. I wanted to say that let us assume that we agree with Milton Shapp's observations: The question now becomes one of whether or not the Congress gets a handle on that situation by vetoing, in effect, a \$7.3 million appropriation?

Governor SHAPP. The best place I know where to start.

Governor BYRNE. The \$7.3 million appropriation is to accommodate people who are already scheduled to and are moving into Picatinny. Does the Congress try to work out some system with the military whereby there is a greater input at an earlier stage in its overall programing of what you are doing and what you are consolidating and where you are doing what?

MORE ORDERLY APPROACH NEEDED

I would respectfully opt for a more orderly approach and not an approach which says we are going to make it uncomfortable for several hundred people who are moving to Picatinny in 1977.

Senator JOHNSTON. Well, I quite agree with that, Governor. It ought to be done in an orderly way. You can make the same argument on either side of this question. That is the problem.

Governor BYRNE. I remember having a colleague on the bench who listened to the plaintiff's arguments. When the plaintiff finished he said, "You know, you are right." Then the defendant argued and when the defendant finished, the judge said, "you know you are right." The bailiff came over and whispered and said, "Judge, they can't both be right", and he looked at the bailiff and said, "You know, you are right."

Senator STEVENS. Let me ask the Army this question. If we approve this \$7.3 million, can it be approved in a way that would not approve any further consolidation or impact on this whole plan until we get a chance to review the whole thing? If we can do that, Governor Shapp, isn't that about all we can do at the present time?

It seems to me the Governor of New Jersey has a point. These people are moving in and the others are moving out. Failure to approve

this \$7.3 million is just really a small item that would result in tremendous inconvenience to some people but won't solve your problem and it won't provide us a thorough review of the total plans of the use of all these complexes. I don't think we will get into a total review at this point, nor do I think it ought to be basically our responsibility. The Armed Services Committee ought to be into this to a greater extent.

Representative MEYNER. Can I say this has been approved on the House side. The \$7.3 million was approved in the Military Construction Subcommittee under appropriations there about 4 months ago.

Governor SHAPP. I would like to reply. I think this is the time to make the stop. This has been going on for a number of years and it is one more step in the way of just devastating the facilities that have existed, pushing them around.

REVIEW OF MOVE BY NEW ADMINISTRATION

There has been no justification for it, no pricing, no cost savings justified to show for this, and I think the time has come, even though it is only a \$7.3 million appropriation, to symbolize this is going to stop. And, further, let me add this for the record. There is a new administration coming into Washington next week. The leaders of that administration have indicated that they want to stop this, to at least have the opportunity to review it.

Senator STEVENS. With all due respect, this is not exactly a happy time for me, I am sure you understand. It is a happy time for you. We will have others some other time again. As a practical matter, I have read those statements that indicated to me there is commitment to review Frankford to try to keep it on. I have not read anything to indicate there is a commitment to stop the move to Picatinny. If that is the case, they will be here a week from today. That is fine with me.

That has already been decided by the voters. I don't know why we should hold this up unless we get some message from the new administration that says we not only intend to keep Frankford open, but we intend to prevent the move contemplated by the \$7.3 million to Picatinny.

Out of courtesy if it came from the new administration, I would be the first to agree with the chairman we would fold our table and wait for recommendations. I have not heard that. If you have some information that I don't have, that is another matter, but I hate this idea of something like this coming up as reprogramming.

At the same time, I think that unless we get some indication from the new administration they want to rethink this, that this money has to come at the present time on a base which we have drawn a line and there is not going to be any more reprogramming until it has been given a total examination by one of the committees involved—

Governor SHAPP. Wouldn't it be fitting in view of their announced intention of retaining it in the Philadelphia area, to hold up to see if they do want to move any part of it, for whatever reasons, before the money is appropriated?

The appropriation of the money may not be necessary if there is not going to be a move. It may be necessary when they have a chance to review it to say, "Yes, OK, let's go ahead." At that time, it would be a very simple matter to appropriate money and nothing is lost. I think it unwise at this particular stage of development, to push this thing through at this particular moment, despite the public announcements that have been made by the new leadership. Let's take a chance they may come back a month later and say Picatinny should have this part and let's go ahead then and nothing has been lost.

Senator STEVENS. With due respect, I think that is up to the transition team for President-elect Carter. If he asks us that, I would concur immediately with the chairman and that will be the end of it. Unless we get some message, I think we ought to act on this with the full understanding that this matter will be thoroughly reviewed in the full bill, which incidentally won't be until September.

Governor SHAPP. Maybe I am missing a point here. What is the impact of your approving the \$7.3 million now? You mean it is not to be used or can be used now?

Senator JOHNSTON. Could be used.

Senator STEVENS. Strictly for the purposes of \$7.3 million and nothing further.

Governor SHAPP. Not for what?

Senator STEVENS. Nothing further than that.

Senator JOHNSTON. Actually, if we approve the reprogramming of \$7.3 million, I think the program which is in process now could be further implemented, that is, build the buildings, continue to move to Picatinny and continue to phase out the operations at Frankford. They couldn't do it that quickly, though, from a practical standpoint.

Let me say it would be my hope to hold this hearing open for further statements until Monday, the 24th, at which time the new administration will be in place, and then it would take us another, I would hope within a week or 10 days to make a decision. That would be by early February, at the latest.

Now, the new administration will be in place at that time, and if the committee should decide to allow the reprogramming, the Commander-in-Chief could stop that. That is not to say that we will make that decision. I don't know how the subcommittee will decide. But I don't think it is quite an answer to say we will approve the reprogramming and then not have any further steps take place because the Army is in the process of implementing this program.

It has been a program that commenced some time ago. It commenced with the study in December 1973 and has been going on since that time.

Senator STEVENS. I understand that, Mr. Chairman, but it does seem to me that construction is one thing; total implementation of the effort to prevent fragmentation of this whole arsenal concept is another, and I would hope that we could get an agreement from the Army they could go ahead with their construction money, but not continue any more moves until this review is completed. I don't see anything wrong with that.

Governor SHAPP. \$7.3 million might be wasted on facilities that won't be necessary because the move wouldn't be approved by the incoming administration.

Senator JOHNSTON. Is there anything further from our two distinguished visitors?

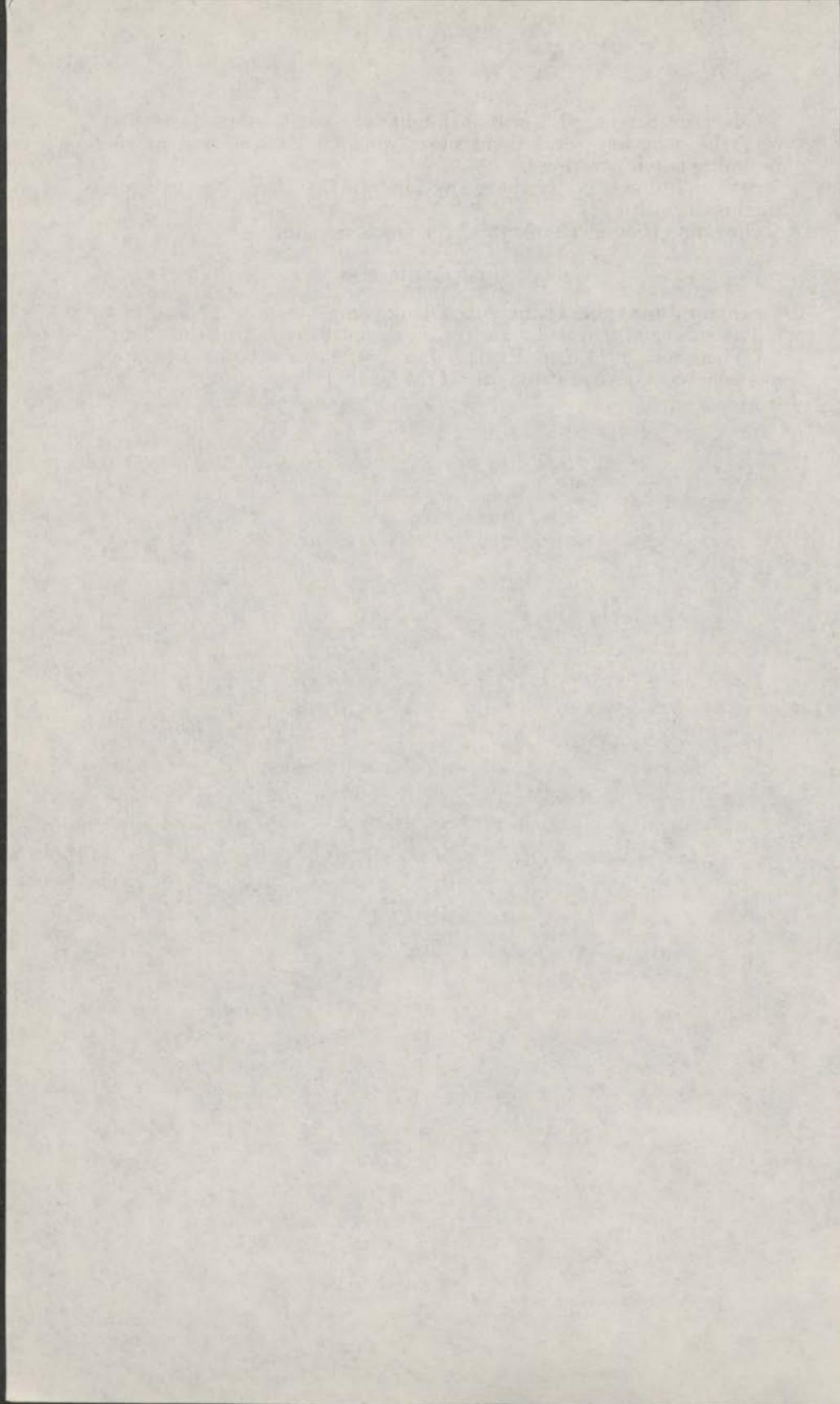
Governor BYRNE. Thank you very much, Senator.

SUBCOMMITTEE RECESS

Senator JOHNSTON. Thank you. Thank you, Governor.

The subcommittee will stand in recess until the call of the Chair.

[Whereupon, at 4 p.m., Friday, January 14, the subcommittee was recessed, to reconvene at the call of the Chair.]



ARMY REPROGRAMING REQUEST FOR CONSTRUCTION AND REHABILITATION OF FACILITIES AT PICATINNY ARSENAL

FRIDAY, FEBRUARY 3, 1977

U. S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C.

The subcommittee met at 10:05 a.m., in room S-126, the Capitol, Hon. J. Bennett Johnston, Jr. (chairman) presiding.
Present: Senators Johnston, Stevens, and Inouye.

BUSINESS MEETING ON CONSTRUCTION

REMARKS OF SENATOR JOHNSTON

Senator JOHNSTON. The hearing will come to order.

We are meeting today to consider a Department of the Army request to reprogram \$7.4 million for construction and rehabilitation of facilities at Picatinny Arsenal in New Jersey.

While it is not our practice to have the full committee meet to consider typically routine programings, the one now in question is neither typical nor routine. It is associated with a major reorganization and realinement encompassing the entire armament research and development community of the Army.

ARMY PLANS FOR CONSOLIDATION

On December 2, 1975, the Secretary of the Army announced plans to consolidate all armament research and development efforts under a central armament development center physically located at Picatinny Arsenal. This action is basically an outgrowth of the Army Materiel Acquisition Review Committee Report, completed in 1974, which addressed the methods of resolving problems being experienced in the armament development process.

The plan entailed transferring all missions of the Rodman Laboratory, located at Rock Island, Ill., to the Development Center at Picatinny, largely function transfers at Watervliet and Edgewood Arsenals, as well as at Picatinny itself, and the closure of Frankford Arsenal at Philadelphia, previously announced in November of 1974, with the majority of its missions transferred to Picatinny.

EFFECT ON EMPLOYMENT

This realignment directly affects some 15,000 Army employees with 3,242 military and civilian positions being transferred, and over 2,600 positions being abolished. It will cost in excess of \$86 million to fully implement the proposal, after which annual cost savings of \$37 million are purported to accrue from improved performance and smaller base structure.

There are also such other matters to be considered as the economic impact which the plan will have in certain geographic sectors. For example, GAO projects that the closing of Frankford Arsenal would result in a payroll loss of nearly \$142 million to the city of Philadelphia.

On the 13th and 14th of this month, we heard testimony on the matter from Senators Case, Schweiker, Clark, Culver, Williams and Heinz, from Representatives Eilberg, Meyner, and Lederer, from Governors Shapp and Byrne of Pennsylvania and New Jersey respectively, from the Department of the Army, and from numerous public witnesses.

Let me digress just a moment to say that the testimony on the representation of the two sides in this case has been as outstanding as I have heard in any subcommittee. I am only sorry that both sides cannot win in this case, because they both deserved to win from the enthusiasm, the work, the dedication, and the excellence of the performance they exhibited.

ISSUES RAISED AT PREVIOUS HEARINGS

During these hearings three main issues were raised. First, the reliability of cost and saving projections; second, the economic impact of this and alternative proposals; third, the question of whether or not the Army can effectively accomplish its mission under the realignment.

Considering all facts in the case, we believe that the subcommittee should approve the Army's request to reprogram \$7.4 million for the initial facility construction at Picatinny. We did not reach this decision easily, but believe it to be the proper one after thorough review of the issues.

First, we are basically satisfied with the cost/savings projections. In a report dated August 3, 1976, GAO essentially substantiated the Army's estimates of the cost to implement the plan, and forecast annual savings of \$31 million annually as a result of the realignment. The initial cost of the action, therefore, would be amortized in something less than 3 years.

ECONOMIC IMPACT ON AFFECTED AREAS

Implementation of the Army's plan will have, and already has had, a great economic impact on the areas involved. The Philadelphia and Picatinny areas have been hurt in recent years, and both have had high unemployment. Under the Army's proposal, the situation in northern New Jersey would be improved. On the other hand, failure

to approve the action could assist Philadelphia, but at the expense of Picatinny.

These economic consequences should and have caused the subcommittee to consider the evidence in the most serious and complete manner, and required a very strong case in order to change the status quo. We believe that the Army has made an effective case that this realignment will save money and result in better mission performance, and be responsive in correcting problems facing the armament development process.

How responsive will the realignment be in correcting problems facing the armament development process? This is a judgment call, and one which requires a complete understanding of the technological and management factors of the case. The Department of the Army is being held responsible and accountable for the success of the development mission and should, therefore, be in the best position to determine the mechanics by which that mission can be most effectively performed.

I think that one has to accept that basic premise at some point, or we get into the position of managing an agency rather than overseeing it, and running an agency takes a great deal of technical expertise. We simply must assure ourselves that all pertinent factors were considered before arriving at a final conclusion. On balance, we believe that this has been done in this case.

PRIOR ACTIONS OF ARMY BEFORE CONGRESSIONAL APPROVAL

We would also like to comment briefly on another issue raised during the hearing: That, through the use of a reprogramming request, and by proceeding with the realignment prior to final action on that request, the Army has purposefully attempted to subvert the will of Congress and come before the subcommittee with a "fait accompli."

We fully agree that the matter would have been more appropriately handled through the normal authorization and appropriation process. We do not believe, however, that there was a conscious attempt to subvert the will of Congress. Specific, concrete proposals were simply not available when the fiscal year 1977 budget was formulated some 14 months ago. The inclusion in the fiscal year 1978 request would have entailed delaying implementation by 10 months or more.

This is a unique set of circumstances which should not occur in the future, and we would expect the Army not to follow that course again.

CONCLUSION

In conclusion, I would simply like to say that we have had a very difficult time in the case because we fully recognize the economic detriment that closing Frankford Arsenal and moving this facility to Picatinny will have. The question of closure is up to the Army, as to whether they can find an alternative use for Frankford.

I personally would hope that they can. There are many fine employees at Frankford who can be of use to the Army. I hope and trust that they can find a use for them, so that they will not have to close

Frankford. But our decision here is one that comes at the 11th hour, and it would be very difficult, I think, for us to tell the expert Army staff how they should configure their research and development efforts.

All in all, we think that the Army has done a thorough job of trying to get the most efficient and the most cost effective method of dealing with its research and development.

Senator STEVENS. I concur with the statement. The statement you made sets forth the grounds for the decision so completely. I share your viewpoint that it is unfortunate that we cannot act on both problems at the same time I am sure that we will face the problem of what to do in the Philadelphia area. I do believe that the decision is correct at this point, and should go ahead as scheduled.

Senator JOHNSTON. Senator Inouye?

Senator INOUE. It is not an easy decision, but from the standpoint of the Army's mission, the costs and savings involved, the economic impact, I believe we had no choice. Your decision, Mr. Chairman, I believe was the correct one.

Senator JOHNSTON. Thank you very much.

There is really not much more to say. I am sorry that we have to be a party to the economic difficulties of Frankford Arsenal and Philadelphia. As I said, we hope that an alternative can be found. But the evidence and our mission in this committee simply admitted of no other decision.

Thank you very much.

CONCLUSION OF HEARINGS

Senator JOHNSTON. This will conclude the hearings on the Picatinny Arsenal. We will stand in recess until the call of the Chair.

[Whereupon, at 10:15 a.m., Thursday, February 3, the hearings were concluded and the subcommittee was recessed, to reconvene at the call of the Chair.]



