

[H.A.S.C. No. 112-115]

**REQUEST FOR AUTHORIZATION OF AN-
OTHER BRAC ROUND AND ADDITIONAL
REDUCTIONS IN OVERSEAS BASES**

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

HEARING HELD

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CONTENTS

CHRONOLOGICAL LIST OF HEARINGS

2012

	Page
HEARING:	
Thursday, March 8, 2012, Request for Authorization of Another BRAC Round and Additional Reductions in Overseas Bases	1
APPENDIX:	
Thursday, March 8, 2012	39

THURSDAY, MARCH 8, 2012

REQUEST FOR AUTHORIZATION OF ANOTHER BRAC ROUND AND ADDITIONAL REDUCTIONS IN OVERSEAS BASES

STATEMENTS PRESENTED BY MEMBERS OF CONGRESS

Bordallo, Hon. Madeleine Z., a Delegate from Guam, Ranking Member, Subcommittee on Readiness	2
Forbes, Hon. J. Randy, a Representative from Virginia, Chairman, Subcommittee on Readiness	1

WITNESSES

Bishop, BG Christopher D., Acting Deputy Assistant Secretary of Defense for Plans, Department of Defense	7
Lepore, Brian J., Director, Defense Capabilities and Management, U.S. Government Accountability Office	8
Robyn, Dr. Dorothy, Deputy Under Secretary of Defense for Installations and Environment, Department of Defense	4

APPENDIX

PREPARED STATEMENTS:

Forbes, Hon. J. Randy	43
Lepore, Brian J.	61
Robyn, Dr. Dorothy	46

DOCUMENTS SUBMITTED FOR THE RECORD:

Chart distributed by Dr. Robyn	91
--------------------------------------	----

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING:

[The information was not available at the time of printing.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING:

Mr. Forbes	95
Ms. Bordallo	99
Mr. Courtney	101

**REQUEST FOR AUTHORIZATION OF ANOTHER BRAC
ROUND AND ADDITIONAL REDUCTIONS IN OVERSEAS
BASES**

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Thursday, March 8, 2012.

The subcommittee met, pursuant to call, at 1:04 p.m., in room 2118, Rayburn House Office Building, Hon. J. Randy Forbes (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE ON READINESS

Mr. FORBES. We want to welcome all of our members and our distinguished panel of experts to today's hearing that will focus on the administration's request for another Base Realignment and Closure round. I want to begin by apologizing to all of our witnesses for the fact that we have had to delay this because of our votes. Thank you so much for your patience and putting up with that delay.

And I welcome this discussion to assess whether our facilities and infrastructure are aligned with our force structure, but to answer this question I think we need to assess the size of our Armed Forces. In my estimation there are two courses of action for Congress to consider. While our military exists in an era of peace and tranquility that includes reducing the size of our Armed Forces or one that presumes the changing security environment will challenge our strategic objectives and require a robust military to provide peace and stability.

One does not need to look too far in our past to predict our future. Countless intelligence estimates underscore the fact that we will be challenged in any number of regions and by numerous non-governmental entities. The proliferation of nuclear capabilities as sought by Iran and North Korea, the emerging influence of an expanding People's Republic of China, and the continued instability in Afghanistan, Syria, and Libya all point to an uncertain future where our Nation's Armed Forces will be called upon to provide stability.

I believe in maintaining peace through strength. I believe that a strong economy requires a strong military to protect the free flow of goods around the world. And I believe in American exceptionalism.

My friends, it is for these reasons that I believe our Nation is charting the wrong course with these sweeping military reductions.

The President's new strategic guidance departs from a bipartisan strategy that has been in existence for nearly two decades.

The shortsighted, budget-driven imperatives underpinning this strategy presume our military will not be required to prevail in two simultaneous regional engagements. Again, in my estimation this direction is fraught with danger and will place American interests as well as American lives at risk.

Let me be very clear: I will oppose any initiative that seeks to undermine the preeminence of our military. I will oppose any effort that breaks faith with our service members and veterans. And I will oppose any effort that seeks to diminish the capabilities of our service members in favor of an expanded social agenda.

The administration presumes that our military will go quietly in the night. Thus far, the silence of our uniformed leadership on this issue has been deafening. Speaking for myself and what I believe is the majority of Americans, our Nation cannot afford additional reductions in our military.

As to the request that is before our subcommittee this morning, I look forward to better understanding the reason the administration believes that another round of base closures is necessary. In my initial assessment of this issue I believe that our current force structure is correct and our infrastructure is adequately sized for our future force. If the administration presumes that a reduced force structure is required to meet our future security challenges and cite this as the principal reason for this BRAC [Base Closure and Realignment] request I must move to vigorously oppose another round of BRAC.

Joining us today to discuss reasons for another round of base closure are three very distinguished individuals, and we appreciate their expertise and their willingness to be here today. Dr. Dorothy Robyn is the Deputy Under Secretary of Defense for Installations and Environment. Brigadier General Christopher D. Bishop is the Acting Deputy Assistant Secretary of Defense for Plans. And Brian Lepore, Director, Defense Capabilities Assessment, the U.S. Government Accounting—Accountability Office.

Once again, ladies and gentlemen, we thank you all for being here.

And I now recognize my good friend, the ranking member, Ms. Bordallo, for any remarks she may have.

[The prepared statement of Mr. Forbes can be found in the Appendix on page 43.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you very much, Mr. Chairman.

Dr. Robyn, welcome. Welcome to our subcommittee. I have appreciated the opportunity to work closely with you over the past 3 years on issues pertaining to the realignment of Marines on Guam as well as some environmental issues.

General Bishop, thank you for your service and for appearing before the committee this morning.

And also, I welcome Brian Lepore, from GAO [U.S. Government Accountability Office], back to our subcommittee.

Today our subcommittee is going to receive testimony on an issue that evokes a lot of passion and concern from our members. Many of us remember BRAC 2005 and some even previous BRAC rounds. As the former Lieutenant Governor of Guam, I remember working hard to protect the bases on Guam.

And I have also found it very ironic that despite BRAC rounds on Guam, the Department of Defense continues to seek private or Government of Guam land to meet training requirements on the island. I think this serves to highlight how shortsighted the BRAC process can be given the dynamic nature of our military requirements.

However, from my personal experience I am deeply concerned about the administration's intent to request another BRAC round. A 2007 GAO report and analysis indicated that the annual net recurring savings for the BRAC 2005 round was \$4.0 billion while total costs for that BRAC round increased 66 percent, from \$21 billion to \$35 billion, compared to the BRAC Commission's reported estimates.

Moreover, GAO estimates indicated that cumulative BRAC 2005 savings would not exceed cumulative costs until 2018. Due to the significant upfront costs associated with BRAC and the length of time to see a payback, how can we afford another BRAC round, given the funding reductions mandated by the Budget Control Act?

Furthermore, our discussion about overseas basing posture is very important for the current and future security of our Nation. As we decrease our operational tempo in Afghanistan and have ended the war in Iraq we need to make sure that our country is postured for the next century.

I appreciate this administration's continued commitment to the Asia Pacific region. However, I am concerned that the fiscal year 2013 budget does not match the rhetoric of this strategy.

This committee has remained supportive of efforts to increase our focus on the Asia Pacific region, but questions remain about the strategic value of recent realignment decisions. I do fear that the Department is making short-term decisions on overseas basing posture to the detriment of our long-term strategy and requirements. While I remain supportive of the overall goals of realigning Marines from Okinawa to Guam, I think the strategic value—not just perceived budget or political constraints—need to be better understood by me and the members of this subcommittee.

I believe it is important for our Nation to maintain an intelligent, well-balanced forward presence of forces in overseas locations. It is important for us to find the right balance between permanent presence in some locations as well as reliance on host nation support and rotational forces.

But the risks associated with finding balances must be weighed very carefully. I am concerned that these risks have not been clearly weighed in the matter of realigning forces in Japan, and I am also concerned about proposed reductions in Europe and the message that it sends to our allies in NATO [North Atlantic Treaty Organization], especially Germany.

So today I look forward to the testimony from our witnesses and to our question and answer period.

And I yield back, Mr. Chairman.

Mr. FORBES. Thank you for those remarks, Madeleine.

As we discussed prior to the hearing, I ask unanimous consent that it be made in order to depart from regular order so that Members may ask questions that follow the train of thought from the preceding Member. I think this will provide a roundtable-type format and will enhance the dialogue of these very important issues. So without objection, that is so ordered.

And with that, Dr. Robyn, thank you for being here. We look forward to your statement, and the floor is yours.

STATEMENT OF DR. DOROTHY ROBYN, DEPUTY UNDER SECRETARY OF DEFENSE FOR INSTALLATIONS AND ENVIRONMENT, DEPARTMENT OF DEFENSE

Dr. ROBYN. Thank you very much, Chairman Forbes, and Ranking Member Bordallo, other members of the subcommittee. Thank you for the opportunity to testify on the Department's request for authority to conduct two more rounds of base realignment and closure.

A year ago I spoke to a gathering of aerospace executives in Phoenix about what the Department of Defense [DOD] was doing about facility energy. At the beginning of the speech, as a way to explain the challenge and the urgency of the task that I faced in overseeing that, I pointed out that DOD has a very large infrastructure footprint—300,000 buildings, 2.2 billion square feet of space. That is three times as much space as Walmart, six times as much space as GSA [U.S. General Services Administration].

I went on to talk about—in very excited way about all that we are doing to cut our energy costs on installations and improve energy security. Given that the audience was aerospace executives, I was looking forward to a lively exchange of questions about microgrids and other high-tech solutions.

When I finished my speech the CEO [chief executive officer] of one of the largest defense contractors in the country quickly raised his hand. He said, “How many of those 300,000 buildings do you really need?” It was a good question and it was for me a sobering reminder that at a time when the Department of Defense is cutting weapon systems and telling defense contractors they have to reduce their overhead, that defense industry leaders and others are looking to the Department to do just the same thing.

And as you know, it isn't just weapon systems that we are cutting. In keeping with the new strategic guidance and to meet the demands of the Budget Control Act, which requires a cut of \$487 billion over 10 years, we are also reducing our force structure.

You have heard the numbers. The Army is reducing force levels by 72,000; the Marine Corps is resizing to 182,000 active Marines; and the Air Force is eliminating nearly 300 aircraft over 5 years. That, in a nutshell, is why we are asking for additional BRAC rounds.

The math is straightforward. Force reductions produce excess capacity; excess capacity is a drain on resources. Only through BRAC can we align our infrastructure with our defense strategy.

Now, I know that BRAC is not popular and I expect to get many tough questions today. Let me respond to two of them in advance.

First, why can't we cut bases in Europe before we pursue a BRAC round here at home? Let me start by noting that we have already made significant reductions in our European footprint.

In the last 20 years U.S. force presence in Europe, as measured by number of personnel and installation sites, has gone down by about 80 percent. Just since 2003 the Department has returned more than 100 sites in Europe to their respective host nations and we have reduced our personnel by one-third.

And I distributed to you a chart showing just what Army has done in the last—in the last 5 years. And the chart also shows that over the next 3 years Army will close an additional 23 sites, as previously announced.

[The information referred to can be found in the Appendix on page 91.]

Dr. ROBYN. Now, with the recently announced force structure changes in Europe we can do more to consolidate our infrastructure there, and my office is working with the EUCOM [U.S. European Command] theater commander, his component commanders, and service leadership here in Washington to measure the capacity of all of our European installations. This inventory will allow us to analyze how much capacity can be shed and where.

With the goal of long-term cost reduction we will assess the costs and savings of each proposed action and identify those with the highest payback. We anticipate having preliminary options for the Secretary of Defense to review by the fall.

However, even a significant reduction of our remaining footprint in Europe will not achieve the needed cuts to overall infrastructure. Hence, our request for a parallel BRAC process.

The second question—or criticism that I want to respond to is this: Why would we do—and, Congresswoman Bordallo, you mentioned this in your remarks—how can we afford another BRAC round given that the last one, the 2005 round, doesn't pay off until 2018? That is an eminently fair question but I would argue that the 2005 round is not the right comparison.

Unlike the first four BRAC rounds, which paid off in a relatively short period of time, the 2005 round was not about savings and eliminating excess capacity. Carried out in a post-9/11 environment when the Department was at war, it was about transforming installations to better support the warfighter.

The Army, in particular, used BRAC 2005 to carry out major transformational initiatives, such as the modularization of brigade combat teams. Let me quote Dr. Craig College, the Deputy Assistant Chief of Staff for Army Installation Management: "The urgency of war drove the Army to leverage BRAC 2005 as the tool to integrate several critical transformational initiatives, which, if implemented separately, might have taken decades to complete."

In short, the 2005 round took place during a period of growth in the military and it reflected the goals and needs of that time. Because the focus was on transforming installations as opposed to saving money and space, it is a poor gauge of savings that the Department can achieve through another BRAC round. The prior BRAC rounds, which reduced capacity and paid off in a relatively short period of time, represent a better gauge of such savings.

And just for the record, let me note that the first four BRAC rounds generated a total of \$8 billion in annual recurring savings—savings that we get each and every year. The total savings to date from the first four BRAC rounds is \$100 billion.

For the BRAC 2005 round the annual recurring savings are \$4 billion, but because the payback period is longer we will not see the net savings from those until 2018.

The total of \$8 billion and \$4 billion—\$12 billion—represents the additional cost that DOD would incur each and every year for base operating support, personnel, leasing costs had we not had BRAC. These annual savings or avoided costs are equivalent to what the Department would spend to buy 300 Apache attack helicopters, 124 Super Hornets, or 4 *Virginia* class submarines.

Let me make a final point: Given the fiscal and strategic imperatives we face, if Congress does not authorize additional BRAC rounds the Department will be forced to use its existing authorities to begin to realign and close bases. One reason we want to avoid that approach is that if the Department acts outside of the BRAC process it is severely constrained in what it can do to help local communities.

To elaborate, when the Department closes and realigns bases within the statutory BRAC process the local community is a key participant. Using the authorities provided in the BRAC Act, the Department—we work hard with—to help local communities respond following a base closure.

This was not always the case. Following the 1988 and 1991 BRAC rounds the Department of Defense was largely indifferent to the fate of communities that had hosted its bases for decades. The services stripped property of assets that would have made it more valuable to the community—they would strip out underground sprinkler systems. Environmental cleanup took forever and the process of disposing of property, a key asset around which the community could build its base reuse plan, was slow, bureaucratic, and penny-pinching.

As a member of President Clinton's White House economic team, I led the Clinton administration's effort in 1993 to transform the way DOD and the rest of the Federal Government dealt with BRAC'd bases and the surrounding communities in an effort to promote job creation and economic development. My strongest supporter was then OMB [Office of Management and Budget] Director Leon Panetta, who had represented the California district that was home to Fort Ord when that base was closed as part of the 1991 BRAC round. The changes that we made laid the groundwork for many base—the many base reuse success stories from the 1990s that you hear about today.

If the Department were forced to begin the closure and realignment process using its existing authorities, communities would have to fend for themselves to a much greater degree. Under that scenario, local communities would have no role in the process for disposing of installation property. Land disposal outside of BRAC is done on a parcel-by-parcel basis with no mechanism for taking big-picture considerations into account.

Moreover, there would be no requirement for the services to dispose of the property in accordance with the local community's

plans. Finally, there would be no special property disposal preference for the local community. By law, the local community would have to stand in line for the property behind, in order, other Federal agencies, the homeless, and potential public benefit recipients.

In closing, let me restate the case for BRAC. The cuts in force structure that we are implementing and must implement to meet the requirements of the Budget Control Act must be accompanied by cuts in supporting infrastructure, including military bases. Absent a process for closing and realigning bases, the Department will be locked in a status quo configuration that does not match its evolving force structure, doctrine, and technology.

Moreover, given the expense of our installation infrastructure, if we retain bases that are excess to strategic and mission requirements we will be forced to cut spending on forces, training, and modernization. We will also be forced to use our existing authorities to begin the realignment and closure process, a scenario that will deny communities the help they so deserve.

Thank you very much, and I look forward to your questions.

[The prepared statement of Dr. Robyn can be found in the Appendix on page 46.]

Mr. FORBES. Thank you, Dr. Robyn.
General Bishop.

STATEMENT OF BG CHRISTOPHER D. BISHOP, ACTING DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR PLANS, DEPARTMENT OF DEFENSE

General BISHOP. Chairman Forbes, Ranking Member Bordallo, and members of the committee, good afternoon. I am Chris Bishop. I am the Acting Assistant Secretary of Defense for Plans and Policy and I am here to answer any questions I can about the new defense strategy that is behind our posture decisions.

The President and the Secretary of Defense recognize the changing geopolitical environment and our financial circumstances, to include the Budget Control Act for the tune of \$487 billion, required to revise U.S. defense strategy. They led the civilian military leadership of the Department through an extensive deliberation to develop the most recent strategic guidance, which was issued on January 5, 2012.

The Secretary's priorities as we went into the strategy were very clear: maintain the world's finest military. A smaller, ready, well-equipped military is preferable to a large force that has been arbitrarily cut across the board.

Savings must come through a balanced approach. We need to preserve the quality of an All-Volunteer Force and not break faith with our men and women in uniform and their families.

This strategy directed the Department to sustain a global presence with a rebalancing of our forces towards the Asia Pacific region and a sustainment of our presence in the Middle East. In Europe we are ensuring our ability to maintain defense commitments, including our NATO Article 5 commitment, and placing greater reliance on rotational presence and our partnership programs.

In Asia the Department is working to make our posture more geographically distributed, operationally resilient, and politically sustainable. And last, as part of our strategy the Secretary of De-

fense, the chairman, and other senior leaders wanted to make sure we increased critical—we made critical—increased investments in critical capabilities, such as cyberspace, special operations forces, and similar other capabilities.

I will be glad to answer any questions, and thank you.

Mr. FORBES. General, thank you.

Brian Lepore.

STATEMENT OF BRIAN J. LEPORE, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. LEPORE. Thank you, Mr. Chairman.

Chairman Forbes, Ranking Member Bordallo, and members of the subcommittee, thank you for the opportunity to be here today to present to you our preliminary findings on our review of—and oversight of BRAC 2005. As you know, GAO serves as an independent and objective observer of the BRAC process and we review implementation of the BRAC recommendations in just the same way as we review implementation of many other Federal programs.

We have issued many reports on BRAC 2005—about 30 to date, Mr. Chairman—and also, as directed by the subcommittee, as you know, we are identifying lessons learned from BRAC 2005 and we will be reporting to you on that later this year.

My testimony today is based on our prior and our current work, and I will make two points. First, I will identify the key factors and challenges from BRAC 2005, and I will provide to you our latest cost and savings estimates.

Now, my first point: Some of the key challenges from BRAC 2005, some stem from the atypical way that DOD used BRAC. Here is what I mean: Prior rounds were more focused on saving money by reducing excess infrastructure, but this round was different. DOD established force transformation and enhancing jointness as goals along with reducing infrastructure to save money. These goals and the selection criteria focusing on military value led DOD to propose some atypical BRAC recommendations, and that is my point.

The round's goals and the military value selection criteria help to explain some recommendations that DOD proposed to the commission and the consequent outcomes from BRAC 2005. Here is an example: the consolidation of supply, storage, and distribution functions in the Defense Logistics Agency. The recommendation is to transform business processes after transferring them to the military services but this required a process to involve key stakeholders across the services and strategic agreements, among other things—a little unusual approach.

Also, initiatives outside of BRAC can impact transformational recommendations within BRAC. Let me explain. DOD wanted to increase recruiting and foster jointness by consolidating functions in new Armed Forces Reserve Centers all across the country. The Army was to introduce 44—to implement 44 recommendations to construct 125 new Armed Forces Reserve Centers, but compounding the challenge of all of this construction was that it took place at a time when the force structure was changing among many of those units slated to occupy the centers.

Transformational recommendations can have far-reaching consequences but may not necessarily be focused just on saving money. Here is an example: The Air Force and the Air National Guard were implementing 37 recommendations affecting 56 Air National Guard bases to better support the future force structure.

As we previously reported, these recommendations were not likely to produce net annual recurring savings. The recommendations led to significant implementation challenges, also—completing staffing documents, ensuring adequate capacity at technical schools, staff getting new missions, for example. Thus, implementing transformational-type recommendations can require significant collaboration and coordination among stakeholders, sometimes at multiple levels of government, and effective implementation planning and execution.

We saw challenging interdependent recommendations. Delays in one affected others.

Here is an example: The Communications-Electronic Life Cycle Management Command was scheduled to move from Fort Monmouth, New Jersey, to Aberdeen Proving Ground, in Maryland, in a recommendation. But in another recommendation at Aberdeen the unit there had to move out of Aberdeen and move to Fort Lee, Virginia, first. Construction delays at Fort Lee rippled back to Aberdeen, delaying construction supporting the relocation from Fort Monmouth. So interdependent recommendations were a key challenge in BRAC 2005.

The commission reported its struggle to understand the impact on bases that were both gaining and losing missions at the same time and felt they would have benefited from the staff expertise from successive and overlapping BRAC rounds like those in the 1990s. Here is why: core staff stayed in place from one round to the next. The 2005 commission felt that its staff had a steep learning curve.

Now, my last point: the cost and savings from BRAC 2005. DOD's fiscal year 2011 budget shows BRAC costs grew from \$21 billion to about \$35.1 billion. Military construction costs contributed about \$2.4 billion of that.

Construction costs are partially explained because DOD transferred about 123,000 people from one location to another without reducing the force structure. Thus, DOD effectively concentrated more people on fewer bases since about over 20 major bases did close in this BRAC round and incoming personnel need places to work and other support, thus fueling much of this military construction.

Now, the savings: DOD's budget shows net annual recurring savings now at about \$3.8 billion, so DOD should recoup the upfront costs of BRAC 2005 in 2018, the break-even point. That said, the commission's 20-year net present value savings estimate has decreased by 73 percent to about \$9.9 billion.

Now, some recommendations were known to be unlikely to achieve savings in the 20-year net present window all along. The commission approved 30 such recommendations in 2005, although that has now grown to 77 recommendations.

Mr. Chairman, this concludes my prepared remarks and I would be happy to answer any questions that you or the other members of the subcommittee may have.

[The prepared statement of Mr. Lepore can be found in the Appendix on page 61.]

Mr. FORBES. Mr. Lepore, we would like to thank you and all those who work with you for the great job you guys do over there at GAO, and thank you for being here today.

To all of our witnesses, again, thank you for being here. I thanked you and—for your patience in being here with us through these votes.

I also thank our Members. I know some of them are going to have to leave and have travel plans, so I am going to defer my questions until the end to make sure as many of them can get theirs in as possible.

And so I am going to at this point in time recognize the distinguished gentlewoman from Guam for any questions she might have.

Ms. BORDALLO. Thank you, Mr. Chairman. I will make mine quick.

Mr. Lepore, GAO has written substantially about the impact of previous BRAC rounds. The GAO has done a very thorough job in detailing the cost increases to implement BRAC 2005 as well as the reduced payback time. If—and I stress, if—another BRAC round were authorized, what could the Congress do to help ensure a quicker payback time?

Mr. LEPORE. Congresswoman Bordallo, I think the key point that I would make is that the choices that DOD makes in terms of selecting the goals of the round, the reasons for doing BRAC, as well as the selection criteria that they propose, go a long way toward explaining the nature of the recommendations that are put forward. Thus, if saving money is going to be the key goal of BRAC—of our future BRAC round, should you authorize one, then it is a fair question to ask them what goals they propose and how the military selection criteria, or whichever selection criteria they choose, will actually help to achieve those goals.

Ms. BORDALLO. Thank you.

Dr. Robyn, the Department, in its fiscal year 2013 budget, has suggested significant personnel and force structure changes. Unlike the military transformation efforts of last decade, these current changes seem aimed more at cost savings given our fiscally austere times. Are these current forces structure changes and, for example, retirement of aircraft in the Air Force, foreshadow where the Department may use BRAC authority if another round was authorized?

Dr. ROBYN. No, I don't think that is a fair—I don't think it is—it is reasonable to think that that is the case. When we do a—BRAC round we are—the process requires us to consider every installation equally. So you can't really say, oh, because we are cutting that particular part of the force structure it is necessarily going to impact that installation.

Under the rules of BRAC—and this is one of the strengths of the process—we look at everything equally. So even if a—you were cut-

ting a weapon system at a particular base you would consider that base for additional missions.

So I would not draw that—that link that you are—that you are—

Ms. BORDALLO. Thank you.

I just have one quick question, Mr. Chairman.

My final question is for you, Dr. Robyn, or General Bishop. Can you detail the efforts that have been ongoing to look at our overseas basing posture? I would like to and think it is important for members of this subcommittee to understand what metrics and analysis are ongoing to look at our overseas bases.

To what extent are we factoring in host nation support, like in Japan, where they pay for our forces stationed in the country to travel to their training locations? I have always been concerned about some comments from Members in the other body that want to broadly target overseas bases without having a very solid, analytical basis for these comments.

And I am also curious how this overseas basing analysis will impact our overseas location in the Asia Pacific region. How does the President's announcement of a pivot to the region make a difference in the analysis?

Either one of you?

Dr. ROBYN. I think some of what you are asking we would be happy to provide but we can't do it in an open hearing.

From an installations perspective, we will align the infrastructure to properly support evolving operational requirements and strategic commitments. Our current analysis is focused heavily on our legacy infrastructure in Europe, particularly in view of the force structure changes—strategic changes we announced there, the elimination of two BCTs [Brigade Combat Teams] and associated support forces, decreases in Air Force presence, decreases in required support to CENTCOM [U.S. Central Command], and I have talked about our—our work with the EUCOM theater commander.

As you know, the Asia Pacific is an area where we are trying to enhance our focus and the buildup of Marines on Guam is part of that.

General Bishop, would you like to add to that?

General BISHOP. Ma'am, thank you. A couple of comments, if I could.

We will be providing the required NDAA [National Defense Authorization Act] reports—one on the Pacific Asia region at the end of June, which will describe in detail that posture laydown, and we have a second study that you have asked us to do, which is the global view, and that will be completed March 2013, and we anticipate that will be fairly—fairly complete.

If I could, I would like to make a comment about the Asia Pacific as an example. Part of what the senior leadership of the Department has wanted to do is have a very geographically distributed presence, and a great example of this is how we are looking at the Marines, and the Marines in Okinawa, in Hawaii, in Guam, in Australia. And of course, Australia—and I can talk about this more as the—later in the hearing if you would like—Australia will be

a—what we call a low-cost, small footprint presence because that is a rotational force there.

So we are looking at the Pacific in a very broad way. We are looking at it perhaps a little differently than before, trying to strengthen the places that have provided tremendous value for us and provide additional posture elsewhere, ma'am.

Ms. BORDALLO. Thank you very much.

I yield back, Mr. Chair.

Mr. FORBES. Thank you, Madeleine.

The distinguished gentleman from Georgia, Mr. Scott, is recognized for 5 minutes.

Mr. SCOTT. Thank you, Mr. Chairman.

And I just, again, want to remind everybody that the money taken out of—out of national security is not going to go to pay down the national debt or reduce the deficit; it will, in effect, go to fund social programs for which, quite honestly, we don't see a willingness to—to cut, and I think that puts every American at risk.

But General, you said that you would be happy to explain anything about the U.S. defense strategy that has changed. A little less than 12 months ago there was a proposed reduction of 25,000 uniformed personnel in the Army; now it is 75,000. Can you, in approximately—make—make it brief, but tell me what the—what change in the defense strategy has led to a three-fold increase in the number of soldiers that are going to be terminated?

General BISHOP. I would say it is in a broader context as we look at the—the drawdown in Afghanistan, the drawdown in Iraq, as we look more globally. A good example would be Europe, for example. We have had four combat brigades in Europe for quite some time. There have been discussions the last number of years with both administrations on how many BCTs there should be in Europe.

Truth be told, as you think about the work—the ongoing events in Afghanistan and Iraq, some of that BCT presence has not been in Europe for some time because it has been in Iraq and Afghanistan engaged. So as the Army looked at things in general I think they are heading towards a reduction of about eight BCTs, you know, worldwide, and two of those would come out of Europe, just if—as an example, if I could offer.

Mr. SCOTT. Do you think the world is going to be a safer place tomorrow than it is today?

General BISHOP. That is a difficult question for me to answer. I would say from the—

Mr. SCOTT. Let me apologize for interrupting you, then, but the bottom line is, most of us don't think it is going to be safer tomorrow than it is today.

Dr. Robyn, you said that math is straightforward. You work with the DOD yet the DOD is unable to produce an audited financial statement. They have, for the last 20 years, been under a law that says that they would produce an audited financial statement.

Have they simply been negligent in their duties to do that or have they just decided not to comply with the law?

Dr. ROBYN. Well, that is a little outside my lane. I oversee real property, and the normal—so I—I get involved in that debate only insofar as it applies to real property. The normal rules of account-

ing don't—don't—you know, DOD is a funny place. It is certainly not—I mean, there is enormous amount of oversight, including by you folks. So I don't think it is at all a dereliction of duty.

Mr. SCOTT. But they cannot produce it and they have had—

Dr. ROBYN. Well, I believe the new Secretary Panetta has committed to—to doing that by—I mean, we have always had a deadline. It is a question of when we—when we have it. I believe he accelerated the process. This, as I say, this is not directly in my lane.

Mr. SCOTT. How many square feet is the Pentagon?

Dr. ROBYN. Oh. I don't know. I don't know.

Mr. SCOTT. The largest building in the world and you are in charge of it—

Dr. ROBYN. Yes. I know the 2.2 billion for all of our facilities; I don't know what it is for the—

Mr. SCOTT. It is about 6.5 million square feet—

Dr. ROBYN. Okay. Good.

Mr. SCOTT [continuing]. If I am not mistaken, somewhere in there. How many civilians work at the Pentagon?

Dr. ROBYN. Roughly 20,000 to 25,000.

Mr. SCOTT. 20,000 to 25,000.

Dr. ROBYN. Right.

Mr. SCOTT. How many total people work at the Pentagon?

Dr. ROBYN. Well, that was the number that I—I think it is 20,000 to 25,000 people.

Mr. SCOTT. Okay. That is a pretty big difference. That is about a 20-plus percent—

Dr. ROBYN. You mean whether it is 20,000 or 25,000?

Mr. SCOTT. Yes, ma'am.

Dr. ROBYN. 23,000, I am hearing from the—

Mr. SCOTT. Okay. How many of them are civilian?

Dr. ROBYN. I don't know the ratio of civilian to military.

Mr. SCOTT. It seems to me that the civilians at the Pentagon are perfectly willing to recommend reductions of those who are in the fight—our warfighters, our soldiers—and reductions of those who are working to support our warfighters, yet when we ask them about reductions to the areas where they work those—those areas seem to be off limit to reductions.

So I can tell you, as somebody who has a large base in their district in Robins Air Force Base, and I have a tremendous number of bases in the State of Georgia that I represent, we are extremely concerned about BRAC—extremely concerned not—not so much because of what it is, but because of—the DOD's math doesn't, quite honestly, in my opinion, sometimes seem to be straightforward, and there seems to be the willingness of the civilians at the Pentagon to cut the military but, quite honestly, not look at where the waste is, which may very well be in the civilian workforce and the—the procurement processes.

Mr. Chairman, I will yield back my time and ask that we get that audited financial statement from the Pentagon as soon as possible—

Mr. FORBES. Good.

Mr. SCOTT. It has been 20 years.

Mr. FORBES. Dr. Robyn, if you would like to answer you can. As I told you at the beginning, we want you to have the ability to answer any of the questions. But if you would like to take that for the—

Dr. ROBYN. Well, sure. I will get back to you in terms of—but I—I think, I mean, BRAC—BRAC affects civilians. It doesn't just affect people in uniform; it affects—it affects civilians who work in—and it affects communities.

[The information referred to was not available at the time of printing.]

Dr. ROBYN. And we have a—you know, our country was established around civilian control of the military. We were told by Congress to reduce the budget by \$487 billion over 10 years. You can't do that without cutting infrastructure. It costs us \$55 billion a year to maintain our installations and we have to be—

Mr. SCOTT. But, ma'am, you are more willing to cut the men and women that are out there—you are more willing to cut the men and women that are out there putting together the equipment that the men and women in the war need than you are to cut those who, quite honestly, don't get any dirt under their fingernails.

Mr. FORBES. And the gentleman's time is expired.

The distinguished gentleman from Connecticut, Mr. Courtney, is recognized for 5 minutes.

Mr. COURTNEY. Thank you, Mr. Chairman.

You know, Dr. Robyn, you just cited the Budget Control Act as the sort of mission of what is behind this proposal. However, you know, since Secretary Panetta announced his request for authorization of BRAC he has never once cited a single penny of projected savings within any framework through the Budget Control Act, whether it is the first 5 years or the first 10 years.

Under the best scenario—you know, if you get full authorization next week and you begin your process, by your own testimony and by his own comments there is no question there are upfront costs that are associated with the BRAC. We know that from, you know, the GAO report.

Yet, the budget that got sent over from the administration, again, gave us nothing in terms of, you know—you know, how many *Virginia* class subs or how many helicopters or how many other weapons platforms it is going to cost for you to do the early year implementation of BRAC. And frankly, without that, at the same time that by your own testimony it is clear that the Pentagon is already doing internal governance for BRAC process—you are already moving—this train is moving in your Department. You haven't given us language for BRAC authorization, which, you know, we—we need to pass that I—last time I checked. And you haven't given us a single number in terms of how, you know, we can really evaluate whether or not this even fits within the Budget Control Act at all.

And, you know, to me, you know, that gap—that absence of any hard, you know, budget data about why—why we should do this, and yet all we—you know, we hear the Budget Control Act cited but we have been given nothing to show where it fits in within the caps that are—that are part of the Budget Control Act. I mean, I think the reason why is—and the, you know, the Secretary said,

well, because he has to wait for—for Congress to do it and we don't want to project something that may not happen, okay, and that is, you know, respectful of the process and I appreciate that. But frankly, I think the other reason is—is I think everybody who—who knows this process and can read a GAO report knows that even in the best BRAC rounds it costs money to do this.

So when are we going to see those numbers, in terms of how much you say this is going to cost?

Dr. ROBYN. You mentioned two issues. Frankly, we were—I asked our comptroller the other day what—you know, why didn't we put something in, and he said, frankly, we just didn't have time. I mean, this, you know, we—we were debating this. We were debating a lot of things. And the decision to ask for two rounds of BRAC was under debate. We did not have time.

Had we had time it would have taken the form of a cost wedge, not a savings number, because we don't know what the—we can estimate what it would cost based on prior BRAC rounds. It is not a terribly good estimate but we have done that before.

In earlier years we did not put anything in the budget in terms of what BRAC would—would cost or save up until fairly far along in the process. My understanding is we began putting in a cost wedge. It is a very, very rough—rough analysis. So, you know, I think we could probably come up with something but obviously it won't be—it won't be in the budget.

In terms of what are we doing to move out—is the train moving, we—we do—our legislation is at OMB. I expect it to be here any day now. I think by law it has to be here by the 17th of March and it—and it will be, and it will look, I believe, very much like the past legislation.

We are doing those things that can be done without authorization. We are doing an inventory. We are looking at our analytic tools, things like COBRA [Cost of Base Realignment Actions], looking at whether we need to update the tools that we have.

We are doing the things that we can do so that if we do get authorization for a 2013 round we can move out smartly, but I wouldn't—I don't think it is fair to say the train—

Mr. COURTNEY. You know, again, I appreciate the honesty of your answer in terms of the comptroller's inability to give us a number, but frankly, you know, if we are going to see testimony that touts the transparency of what is going on here, at the same time you are asking for authorization—I mean, look at—under the best scenario we are probably not going to get a defense authorization bill until after the election. It will probably be a lame duck measure.

Dr. ROBYN. Right.

Mr. COURTNEY. 2013 is when you are asking for an actual list to come out. You know, that is just completely unrealistic and—and frankly, unfair to ask Congress to—to accept that kind of a timeline when you haven't given us a scrap of information in terms of savings.

I yield back, Mr. Chairman.

Mr. FORBES. Thank you, Mr. Courtney.

Distinguished lady from Missouri, Mrs. Hartzler, is recognized for 5 minutes.

Mrs. HARTZLER. Thank you, Mr. Chairman. I was thinking the same line of questioning as my colleague here.

In order to call for this there has to be some justification that it is going to save money, I would assume. So what is that assumption? What types of savings are you hoping to achieve with a round of BRAC?

Dr. ROBYN. Well, BRAC always saves money. The question is when is—when is that break-even point. And as I said before, it was—it came, that break-even point, the point where you begin getting net savings, came relatively soon in the first four rounds, later in the BRAC 2005 round because it—as—

Mrs. HARTZLER. Right. I am sorry. I didn't want to interrupt but I am—

Dr. ROBYN. No, no, no. That is fine.

Mrs. HARTZLER [continuing]. 5 minutes.

But you are saying that we have to cut \$487 billion with the Budget Control Act over 10 years and so because of that you are going to have to have BRAC in order to make up part of that \$487 billion. So how much of that are you anticipating saving through BRAC?

Dr. ROBYN. BRAC is a response to force structure cuts, and the force structure cuts are a response to both fiscal realities—the Budget Control Act—and to strategic changes—

Mrs. HARTZLER. Okay. So if it is not because of the Budget Control Act it is because of force structure change then won't we have a larger force structure still than before pre-9/11? Even with the drawdowns we will still have a larger troop force than we had then. So we needed to house them then; we needed to have a place for them to train. And so what has changed?

Dr. ROBYN. Well, we have 500—today we have 500 fewer aircraft than we did in—after the 1995 round. We calculated in 2004 that at that time we had 24 percent excess capacity in our infrastructure. You know, rough—those were crude estimates but we—we did those calculations, sent it up to you all in a report. That was 2004—24 percent excess capacity.

By our calculations, again, we think we reduced excess capacity in the 2005 round by only 3 to 5 percent, so we began with excess capacity, and I think you heard from—I think you have—my colleague on the Air Force said that yesterday in another—another hearing. The force structure cuts will generate additional excess capacity. There is just no two ways around that. And that is what we need to respond to.

Mrs. HARTZLER. How much excess infrastructure do you think we have right now?

Dr. ROBYN. I mean, the only thing I can give you is this 2004 report. That is the best thing I have. We have not done that kind of analysis.

[The information referred to was not available at the time of printing.]

Mrs. HARTZLER. So you don't know how much infrastructure you have. You don't know how much savings you are going to have. You don't know how much cost this is going to have. And yet, you are coming to us and asking for BRAC?

Dr. ROBYN. You never know what your costs and savings from a BRAC round are going to be until you undertake it. You do have a sense that you have got—we knew in—in the late 1980s that we had excess capacity. I don't know if we knew exactly how much. And we knew at the end of 1995 that we still had excess capacity.

We began asking for—when I was still in the Clinton White House we began asking for another BRAC round in 1997, 1998, and Congress finally gave us that in 2001. But because of changes in circumstances—9/11 and the war in Iraq—the 2005 round didn't focus on cutting excess capacity; it focused on transformation of the Army.

So we had some level of excess capacity even at the end of the 2005 round, and we can see that we are going to have more with the force structure cuts.

Mrs. HARTZLER. You would think there would be a cost-benefit analysis done from that. The information I have shows the administration indicated the services had between 15 and 20 percent excess infrastructure before 2005, yet they only closed 1 percent of the infrastructure.

And so you should be able to say, "Okay, we have 19 percent extra infrastructure, and here is X amount of dollars it is costing us, and so here is how much we are going to save if we do it," as some justification. So you don't have those figures now?

Dr. ROBYN. Well, I can show you our 2004 report that shows that we had 24 percent excess capacity. I don't want to fall on my sword over the statistical techniques that were used to get that but it was a reasonable estimate—24 percent. The BRAC 2005 round eliminated, again, using similar techniques, roughly 3 to 5 percent of capacity. So that suggests roughly 20 percent.

Now, if you want to—you know, again, I mean these are really rough numbers. We spend \$55 billion a year on installations. You can take 20 percent of—of that as some rough order—

Mrs. HARTZLER. I think that would be helpful for all of us through the process if you give us more hard data.

Thank you.

Mr. FORBES. Thank you, Mrs. Hartzler.

Mr. Loeb sack, you are recognized for 5 minutes.

Mr. LOEB SACK. Thank you, Mr. Chair.

And I want to thank the ranking member and you both for having this important hearing today. The more I sit here and the more I listen the more I am kind of reminded of Charles Lindblom, who used to talk about muddling through.

And it is actually pretty disconcerting, I have to say. I mean, a lot of us who—who consider ourselves at least social scientists if not something more than that, and that is who I was, numbers matter. Numbers make a big difference in—and now that I am here in Congress and—and responsible for taxpayer dollars and making sure they are spent correctly I have to tell you that unfortunately, the more I hear today the more disconcerting all this is, and the more concerns I have, and the more I wonder if at best what is happening here is an attempt at muddling through. And that is not meant to be a compliment. I am sorry.

It is really a very, very difficult situation and I have a lot of questions about even the wisdom of another BRAC given that—

that taxpayers won't even see the upfront \$35 billion cost of the 2005 BRAC start to be paid off—even start to be paid off, until 13 years after that round was initiated.

And I understand, I mean, there are a lot of questions out here, a lot of unknowns and all the rest, but given all the unknowns then that makes me question even more why the heck people are thinking about doing another BRAC. It just doesn't seem to make much sense to me given all those—all those unknowns.

And, you know, I want to go back a little bit to data and—and all the rest, which, you know, is a concern today. But my first question is, would—will the Department be open with its data collection and the process that it uses to gather those data as we go through this if we were to go through this, and what steps would be taken to ensure that openness?

Dr. ROBYN. First, let me say, thank you for invoking Charles Lindblom. I don't think I ever thought I would be at—

Mr. LOEBSACK. Not everybody here knows—

Dr. ROBYN [continuing]. A hearing where that would—that would happen, but I do. I went to public policy school and I read Charles Lindblom, and he was one of the greats. And I have got to say, I know this is not where you were going, but, you know, I think among people like Charles Lindblom BRAC is an amazing process. I mean, here you had a need to close bases; it worked in a very political, partisan way; it did not work—the process didn't work in the 1960s and the 1970s.

Dick Arney came up with a marvelous mechanism. When the task is to impose harm—do something that is going to impose enormous harm on individual members but be for the collective good, do it in this all or nothing way. What a marvelous mechanism. And people come from all over the world, literally, to talk to us about how BRAC works. OMB is leading a civilian version of BRAC. You know, it is tough. It is really, really tough, and that is why we are having the discussion that we are.

And I agree. I think numbers are important. It is ironic because I had an interesting exchange with Congressman Farr, from California, yesterday, who feels that we go too far in quantifying things, that we use this COBRA model that reduces everything to costs and benefits and we miss things like the fact that if the Naval Postgraduate School is in Monterey you are going to be able to attract eminent scholars—

Whereas you are not if it is in Fort Huachuca. That was a place where the commission came down against the Army.

So I think if—you know, I think we have to be careful that we use numbers a lot. We quantify a lot in the BRAC process in an effort to—when—we don't share it when it is an internal DOD debate; we share it when it goes to the commission and the idea is that then it becomes—it is supposed to be transparent so that the commission can hold hearings.

Mr. LOEBSACK. I have just got a minute left so I just want to—

Dr. ROBYN. Yes. I am sorry.

Mr. LOEBSACK. That is okay. I think there might be a number of people who will maybe question the assumption at the outset that this is all going to be for the collective good. We have to accept that assumption in the first place to go forward with any kind of

a BRAC, and I am not sure that we are all willing to accept that at this point.

But the second thing you mentioned, Congressman Farr and the Naval Postgraduate School, I have a real question about the ability of communities who would be affected by any of this—a challenge the data and the rating of installations prior to any of this going into effect. Can you speak to that issue?

Dr. ROBYN. Well, I thought—I had a—a conversation with Congressman Courtney before the hearing started and he told me that the folks in New London did not have access to the data that DOD used to deliberate the—that issue internally. I thought—I will have to get back to both of you on this—I thought that the idea was we keep it confidential while we are debating within DOD for very good reasons; it then becomes very transparent once it goes to the commission.

Brian, can you speak to this?

Mr. LEPORE. It is my understanding that much of the data does eventually become public. I think Dr. Robyn does make an important point that the process, of necessity, probably, does need to occur in some level of secrecy—at least the part where DOD is developing the recommendations that it proposes back to the commission. But my understanding is it becomes public eventually. I can't speak to that specific—

Mr. LOEBSACK. It needs to, if I might just say that.

I have to yield back at this point. We have already gone over. And I thank you, Mr. Chair.

But that has to be public. We have to have that transparency in a democracy. That is all there is to it. So thank you very much.

Thank you, Mr. Chairman.

Mr. FORBES. Thank you, Dave.

Mrs. Roby is recognized for 5 minutes.

Mrs. ROBY. Thank you, Mr. Chairman.

Thank you for all being here today.

I have a very specific timing question, and, you know in—the 2005 BRAC was authorized in December of 2001 and initial guidance was not given by the Secretary of Defense until March 2004. How in the world are you planning on accomplishing any type of assessment and how do we expect to approve, authorize, or complete a full BRAC in significantly less time under the President's request? It doesn't seem possible, and as suggested before, certainly not a fair, transparent process.

Dr. ROBYN. Well, two issues. Secretary Rumsfeld actually issued a memo in 2002 which laid out the objectives. I have seen that same reference that you have and I think there was another document that came out in 2004, but the—the kickoff—what we call the kickoff memo came out in November of 2002 and laid out the objectives.

And in this case, where you had a compressed time, obviously you would have to do that. You know, the—I mean, we would need to figure out very quickly what the—what the goals—goals are. And Brian stressed the importance of the goals to determining what sort of an outcome you get.

It is an aggressive—it is an aggressive schedule. There is no—

Mrs. ROBY. Well, and let me just stop you right there because I think part of it is we have—we have had posture hearings in this committee, and we have had the Joint Chiefs here, and we have talked about the \$487 billion in cuts that—that is current law that we are having to work under, but we are facing sequestration in January, and I guess my question would be, do you think it is wise to move this rapidly and this aggressively, to use your word, not knowing what January holds when we have got almost a half trillion dollars in cuts now under the Budget Control Act, a half trillion cuts in January? Wouldn't it be irresponsible to move that quickly without us knowing what that looks like?

Dr. ROBYN. We have asked for two rounds, and one—one reason is clearly it is—it is aggressive to do a round in 2013. We think we can do it but it is aggressive. But we have asked for two rounds because things are changing. We are not necessarily anticipating sequestration but a second round would give us an opportunity to adapt and to take into account things that happen subsequently.

Mrs. ROBY. Well, it is tremendous—of tremendous concern to me, this path, and I would suggest, as I just did, again, that under our current fiscal restraints and not knowing what is going to happen in the next 10 months, when the Joint Chiefs have sat in front of us and we have asked specifically about sequestration and they have said, “We are not even discussing sequestration right now,” then how in the world can we prepare for this type of aggressive BRAC under those circumstances? And I would just suggest that—that in some respects it would be irresponsible to our military, but—but to our military families, as well.

And with that, I will yield back.

Mr. FORBES. Thank you, Mrs. Roby.

Mr. Reyes is recognized for 5 minutes.

Mr. REYES. Thank you, Mr. Chairman. I am more than a little concerned that we are talking about authority for two more BRAC rounds when we still have huge issues cleaning up environmental sites. I know that in Fort Bliss we have Castner Range, which is full of unexploded ordinances. It is an old artillery and mortar range.

So is there—has DOD factored in the remaining issues with the past BRACs in terms of moving forward with additional—with additional potential closings? Is somebody strategically planning through all of that?

Because I know I am as concerned as other Members about not knowing exactly the cost of the last BRAC. We are moving, it seems to me, in the dark with this request for two additional BRACs without having a clear understanding or idea of how we are going to work our way through the results of the last BRACs.

Dr. ROBYN. I think that is a—it is a fair question and it is one that Congressman Farr asked me yesterday—wouldn't you have more credibility if you upped the budget for cleanup of past BRAC sites? Let me answer that—let me give you a two-part answer.

First of all, the bases that we would close or realign as part of a 2013 round or a 2015 round would likely be in much better shape than those that we closed in the 1990s because we do a lot better job now of doing cleanup on our active bases. So just as a factual matter, we don't face—even in the 2005 round the cleanup prob-

lems were not nearly as great. And you can measure that by the fraction of total BRAC costs that go for environmental cleanup. They were much lower in the 2005 round. We are still carrying them out, obviously.

We have very clear goals and a path to get to remedy in place, response complete at—at all of the different categories of sites that we have, including the legacy BRAC sites and the 2005 BRAC sites. So we are not operating in the dark. We have a very clear path. We are, you know, in a resource-constrained world. We get X amount of money every year. Our total environmental budget is about \$4 billion and a fraction of that goes for environmental cleanup.

So we are on track to meet goals. Should those goals be more aggressive if we are asking for another BRAC round? I think that is a fair—I think that is a fair question.

Mr. REYES. So just to put things in context, so the—for lack of a better word to describe it, the backlog results of the last BRACs are—if I understood you correctly, the—you are working on it. Is that—

Dr. ROBYN. Yes. You know, I should have those numbers handy on how many of those we have—we have—

Mr. REYES. That would be helpful—

Dr. ROBYN. Yes. I will get you—I do have those in my office.

Let me just say that the critical thing isn't necessarily when the cleanup is completed. It depends on the nature of the—the remediation that is required. But a lot of places—for McClellan Air Force Base, for example, a 1995 closure, that—because of the nature of the contamination that cleanup is going to go on for a long, long time but McClellan is thriving. I mean, it is—they are doing—that is a tremendous reuse success story.

And a lot of other places—once you get the—what is called the remedy in place you can have development. And in fact, we put at the top of the list those BRAC'd—those base closure properties for which there is economic development on track. We put those at the top of the list. If a community hasn't figured out how they are going to use a piece of property it is lower down on the list. So we do rank order in terms of economic development potential.

Mr. REYES. Well, and I think it would be important to the committee if we were to have a way to measure the track record of DOD, the impact that it has had on different communities, and how that prioritization—

Mr. FORBES. Dr. Robyn, would you commit—

Dr. ROBYN. Yes. We will—

Mr. FORBES [continuing]. To get that for the record? Mr. Reyes would like to know the answer.

Dr. ROBYN. Absolutely. Yes. We have those handy.

[The information referred to was not available at the time of printing.]

Mr. REYES. Very good. Thank you, Mr. Chairman.

Mr. FORBES. Mr. Schilling is recognized for 5 minutes.

Mr. SCHILLING. Thank you, Chairman.

Thank you all for coming here today. And, you know, one of the things that the chairman usually starts out our committee meetings with is, "Are we ready?" And one of the fears that we have

up here is that one of our main objectives here is—constitutionally is to defend the United States of America, and—and with all of the cuts happening and—and not having the full numbers and knowing where we are headed, it is actually quite scary for us here. And like my colleague from Georgia, you know, I don't believe that the world is going to get any safer tomorrow; I think it is actually, as we watch what is going on in Iran and what we are finding even as of today, it is quite a hostile situation, I would say, at the least.

But what I would like to do is start out with Mr. Director, if I could, sir. You mention in your testimony that the GAO will be reporting on lessons learned from the BRAC of 2005 later this year, and do you believe, sir, that this report will come too late to use its recommendations in the first of the two rounds of BRAC, sir?

Mr. LEPORE. Well, I certainly hope it gets here in time to be helpful. We are required by the directive—the 2008 Defense Authorization Act—to report to you by September 15th, 1 year after the end of implementation. In consultation with the subcommittee, you all have asked us to report earlier than that, and so to try to get it up here in time for the conference committee, and—and we are—we have committed to do that and so we are going to try—we are going to do our level best to get it here in time for your conference.

Mr. SCHILLING. That would be great. It is kind of like building a house, you know, to have the builders show up and they just start building before you have the plans drawn, so that would definitely be a good thing.

In your testimony you state that the Congress codify the eight final 2005 BRAC selection criteria—you stated that the first—let's see how I—I have got to reread this here. In your testimony you state that Congress codify the eight final 2005 BRAC selection criteria used in the—that BRAC and stated that the first four, enhancing military value, were the priority criteria. Will these similar criteria likely be used again for the proposed two rounds?

Mr. LEPORE. The way the process has worked with the military value selection criteria, at least in BRAC 2005, was that the Congress directed DOD to propose the selection criteria, and they did that. You also directed that it be available for public comment. DOD published it in the Federal Register, accepted comments, and may have made changes. We haven't actually looked at exactly how they tweaked, if they were tweaked, after that process.

But the criteria started with DOD and it was proposed to you—you, the Congress. And then the Congress subsequently, in authorizing the BRAC round, you all basically put the DOD proposal, if you will—I think with some, perhaps some changes—but the DOD proposal in statute and directed that the first four, known as the military value selection criteria, be the primary criteria.

Number five, which is in the other criteria, or secondary criteria, is actually the one that talks about the time between which you—you have actually begun the process of implementing a recommendation and hit the payback period—you have hit the break-even period. But that is actually a secondary criteria.

Mr. SCHILLING. Very good.

And then lastly—I will make this one quick—Mrs. Robyn, in your testimony you state that there is too much overhead in con-

struction, sustainment, recapitalization, and operation costs for the bases which we currently have in the strategic force we are planning for. If this is the case then how do we rectify not only the remaining cost for the most recent 2005 BRAC and those previous but also the new cost that the two proposed rounds of BRAC will bring on DOD's shrinking budget?

Dr. ROBYN. Sorry. Could you clarify the question, please?

Mr. SCHILLING. Yes. Basically what we are trying to figure out is, you know, here we have—we started out in 2005; we are going to go all the way to 2018 to get this thing paid for and we are going to bring on another BRAC. So basically, are we going to pay off the previous BRAC before we start to bring on—this is kind of like buying a car while you still owe on the other one and you can't afford the payments.

Dr. ROBYN. Well, we are reaping savings from the last BRAC round, but it—it was an expensive—expensive BRAC round. And it was expensive in part because it wasn't focused on just eliminating excess capacity. That was an objective but it wasn't the major objective. The major objective was transformation and jointness.

So I think it did not get at excess infrastructure. We have a certain amount of it now. We are going to have more of it. There is no other way to get at that other than BRAC, and it—inherently it requires some upfront investment.

I would envision that if we have a 2013 round that it would pay back more quickly because it would be focused on going after our focus, our desire is to go after—is to reduce overhead, so cut where we can achieve savings, more like we did in the first four BRAC rounds.

Mr. SCHILLING. Very good.

Thank you all for your time.

Mr. FORBES. Mr. Rogers is recognized for 5 minutes.

Mr. ROGERS. Thank you, Mr. Chairman.

I am mindful of what things were like around here 9 years ago when we went into Iraq and Afghanistan, and one of the great problems we experienced is our depot system was not ready, and it was embarrassing, frankly, and hard to go home and explain to family members who had loved ones over there why we weren't able to support them in the way they should have been supported. Now, it took us about 18 months to get up to speed, and what I worry about now as you all talk about this—this BRAC is us trimming down and not being ready—A, just losing sight of the fact we are still in war. We could be in Iran in a heartbeat, or somewhere over trying to keep folks off Israel or North Korea. I don't want to see us degrade our depot infrastructure and lose any core capability that we may need soon, and I would like to hear you reassure me that you don't think that is a threat.

And start with you, Mr. Director?

Mr. LEPORE. As I said earlier in my testimony, Congressman Rogers, the key for doing a successful BRAC are the choices that DOD makes—the goals that they set for the round, the selection criteria that they propose and ultimately employ, and the nature of those goals and the nature of the—of the selection criteria will logically lead to the outcome. And I think that is the point I made with respect to BRAC 2005.

And to the extent that—that DOD's—these hypothetical recommendations—we are speaking hypothetically here—to the extent that they proposed recommendations that had some impact on depot capabilities, your concern could prove to be well-founded. But it really would depend on the nature of the recommendations that DOD would put forward and be based on the goals of the round and the nature of the military selection criteria.

Mr. ROGERS. General.

General BISHOP. I can offer this, just kind of in the broader posture context: I think that you are exactly right. There were some challenges in the depot systems, especially in those—the period of time you referenced before.

One of the things the Secretary has talked about is taking the excellence of—that we have learned in the last 10 years from sometimes very difficult, sometimes very hard-fought lessons and make sure we don't lose that, make sure that we don't slip back to that level of inefficiencies. And just a general comment, I would offer that the logistics enterprise in DOD, I would offer that the depot enterprise is considerably different today than it was 10 years ago, and—

Mr. ROGERS. And that is what I want to keep. You know, I met with General Dunwoody last week about this and she assured me that—that she learned her lesson and that she will—even though she is retiring, that that department is not going to let us get caught like that again.

But then when I hear this talk it just—it worries me that maybe we have—we have got a real short memory. I am very apprehensive about this for that reason, but also, I am apprehensive about these end strength reductions that are being proposed for the same reason. You know, we are liable to be in another war in the next 90 days, so—

Anyway, ma'am, will you tell me—tell me why I am wrong?

Dr. ROBYN. I honestly don't have a—any sense of whether we have excess depot capacity. We did in 1995. We closed Kelly and McClellan, as you know, because there clearly was excess capacity among the five big Air Force depots. We got it down to three.

I just don't know what the situation is today.

Mr. ROGERS. Well, I just hope you all will be mindful that we have to maintain a certain core capability at all times, whether we are in war or not, because we didn't expect to be in Iraq and Afghanistan and all of a sudden in the blink of an eye we are in both places. So we have to always be ready.

Thank you very much for your time.

Thank you, Mr. Chairman.

Mr. FORBES. Thank you, Mr. Rogers.

As I mentioned to all of our witnesses, I was going to defer my questions till the end and—and I thank you for your patience. And I just have a number I would like to go through with you and kind of start with what Mr. Loeb sack said, and that is basically that we need some facts. You know, we might not need all the facts but we have got to have some facts, and that is what we are trying to get our hands around.

The other thing is, one of the things that I really appreciate about these hearings is yesterday Mr. Lepore was kind enough to

come meet with me before this, as you were, Dr. Robyn and General Bishop, and Mr. Lepore said, "My opinion doesn't matter." Well, I quickly told him that was wrong, and it is wrong, and here is why: because the great thing about these hearings—and we have had this from the Secretary of Defense on down—you guys have been authorized to give us your opinions as well as, you know, the Department's, and we value those opinions.

And, Dr. Robyn, the only thing that I would get on some of the semantics—and I wouldn't dare suggest what you should say and what you don't say—but it hits us a little bit odd when we hear people come in and say, "Congress made me do this." You know, the President proposed these cuts long before Congress issued them and the President signed the bill, and the President has made very clear if he doesn't like what Congress is going to do he is going to go around it, so this is not just the Congress imposing these things on us.

The second thing is, it is a little hollow to many of us who watched what happened in the 1990s to be bragging about what we did in the 1990s because most of the witnesses we have had coming in here have talked about, we don't want to repeat that again where we hollowed out the force. When I first came in to Congress I remember going out and meeting with our pilots on an aircraft carrier and asking them what they needed, and they didn't talk about retirement systems or any of the things that we—we normally look to—they wanted engines for their airplanes. They didn't have enough engines for their airplanes to do the training and stuff they have.

And then the third thing—and I am not sure if it—I think it was Mr. Loeb sack said but it might have been Mr. Courtney—but to say that we are getting ready to impose harm on members and that that is what is driving us to do a better good, believe me—most of the people that sit on this committee are looking and thinking that we are imposing harm on the—the American people by these force structures that we are having.

But I want to kind of walk through just to make sure I have got a clarity on what some of the facts are, and as I understand reading your testimony and hearing you today that—Mr. Lepore has said the objectives and the goals that we have for BRAC will ultimately determine the outcome.

Fair statement, Brian?

Mr. LEPORE. That is fair, Mr. Chairman.

Mr. FORBES. Okay.

If that is true, Dr. Robyn, then as I understand what you are saying, the primary goal for this BRAC is that because we have this huge reduced force structure that we need to have a BRAC because we are going to have excess capability. Is that just a fair statement?

Dr. ROBYN. Yes.

Mr. FORBES. If we didn't have the force structure we wouldn't necessarily be coming here asking to do the BRAC.

Dr. ROBYN. I think that is fair. I also said we think we do have excess capacity even before—

Mr. FORBES. But you have had that—

Dr. ROBYN. We have had that for a while.

Mr. FORBES. I think it would also be fair for those of us who feel it is wrong to reduce the force structure the way we are doing, we shouldn't be supporting this round of BRAC because basically we are tearing up the very ability we would have to rebuild that force structure. Fair statement?

I mean, it is divided in two camps. I mean, if you feel this force structure is right, that we should reduce it, you ought to go on with the BRAC; if you think this force structure is not the right thing to do you ought to oppose the BRAC. Fair?

Dr. ROBYN. Well, I think it depends on whether you think your views will—will prevail in the—

Mr. FORBES. No. We are not talking about whether I prevail; I am talking about whether I—my position and what I think is right.

Dr. ROBYN. I think there is a logical internal coherence to that logic.

Mr. FORBES. Then let me also ask you this: You have a great deal of expertise you bring to this from not just your service in government but you being a professor at the government—School of Government at Harvard, and you make this statement, “While some may view our request for a round in 2013 as aggressive the magnitude of the cuts we are making in force structure means we simply can't wait. Leading U.S. corporations retain their vitality and market position by being able to adapt quickly to changed circumstances and U.S. military is no different.” Fair quote of what you said?

Dr. ROBYN. Yes.

Mr. FORBES. I take it, then, that it would be bad policy in your mind if we did not move forward with a round of BRAC based on the fact that we have these force structure changes that are going to be taking place over—I guess it is a 5-year period of time, or so, that—they are not all going to take place now, but over a 5-year period. Is that a fair statement?

Dr. ROBYN. Yes.

Mr. FORBES. Okay. The reason I ask that—

Dr. ROBYN. There is a trick here.

[Laughter.]

Mr. FORBES. There is not always a trick, you know? No, the question I want to ask is this: If that is true then what I am looking at is how do you know what these force structure numbers are? This is kind of what Mrs. Roby was saying, and I guess you were given those by looking at the budget over that 5-year period of time. Is that where they come from, or—

Dr. ROBYN. Well, I think the Department had an extensive, lengthy debate, as General Bishop described, to—

Mr. FORBES. I am going to get to him in a just a second—

Dr. ROBYN. Okay.

Mr. FORBES [continuing]. On that, but if that is true why are we not talking about the amount of force structure that would take place with sequestration? That is not 5 years out. That is in January. That is the law of the land—President signed it. Why aren't you guys coming here and telling us this is not going to be just 70,000 people in the Army, but we are talking about a half trillion dollars more of force structure that we are talking about. Why is there such a silence on that?

Dr. ROBYN. I think that is probably not the appropriate—I don't think I am the right person to answer the question, but—

Mr. FORBES. But wouldn't it be bad policy, if it is bad policy not to be moving forward on a force structure cuts that are going to take place over 5 years shouldn't we be moving forward on a force structure that is going to have to take place in a few months?

Dr. ROBYN. I think the Secretary has said we will begin planning for it in this summer if—

Mr. FORBES. But help me with this—

Dr. ROBYN [continuing]. If there is not some indication—

Mr. FORBES. You have indicated that it would be bad policy for us not to be planning force structures that are going to take place over a 5-year period of time, but do you think it is not bad policy if the Secretary is going to wait and start planning the force structures that are going to take place just months from now?

Dr. ROBYN. We are hoping not to have sequestration.

Mr. FORBES. But I am hoping not to have these \$487 billion of cuts, but that doesn't mean we can't plan for them.

Dr. ROBYN. But one is law and the—well, I guess they are—

Mr. FORBES. They are both law.

Dr. ROBYN. Yes. But one is contingent. One is a—

Mr. FORBES. How is it contingent? I don't understand that.

Dr. ROBYN. Well, the sequestration is if there is not an agreement on other—

Mr. FORBES. There wasn't an agreement. That time—that time period has passed.

Dr. ROBYN. I don't think there is a general acceptance that sequestration is a fait accompli.

Mr. FORBES. Well, what do you base that on? I mean, it is—no, seriously. This is what I have a problem with: I think the American people have a right to know, and not just wait until after the election, what these cuts are going to mean in sequestration as well as the other cuts. But there is this deafening silence.

And you can't just walk back and say, "Oh, I am hoping that won't happen."

Dr. ROBYN. I believe—when we were asked this question—my colleagues and I—at a—service counterparts—yesterday at a hearing some of them offered up things that the chiefs have said on record. I am not going to—

Mr. FORBES. But as the person coming here and telling us what you are looking for in terms of facilities, are you telling us that you don't have any idea what those potential cuts could be in January?

Dr. ROBYN. There will be an impact on facilities, to be sure, but that is, I think, a—that is a second-order calculation once you have a sense of what the magnitude of the cuts will be.

Mr. FORBES. But it doesn't bother you as the person in charge of those facilities? I mean, you know, do you see the conflict that we have here when you come in and—

Dr. ROBYN. Well, to me, asking for two rounds is consistent with that. You know, I can't say we are—we are asking for two rounds because we think we will get sequestration; we are hoping not to. But I think—

Mr. FORBES. Okay. Let me ask you this question, if you don't mind, then: You talk about the fact—and you mentioned 70,000-

some in the Army, and that is going to mean we have excess capacity—but the Chief of Staff of the Army, General Odierno, testified, he said, I don't think you will see a big installation being asked to close; we think we have the right footprint. You also heard just last week before this committee the Commandant of the Marine Corps, General Amos, indicated, my sense is we are pretty much there; we are pretty lean.

Were they wrong?

Dr. ROBYN. I have given a lot of thought to those—those statements. I work for the Secretary of Defense. Let me say that the Secretary of Defense is—very much believes that we need another—another BRAC round.

Mr. FORBES. I understand. But you are coming back to my first part about we need a little facts—you know, just some facts. You can't just walk in and say, "We need it," but not give us any facts.

And I have got the Chief of Staff that is coming here—of the Army—who is saying, "No, no. We are pretty much there. We are not going to—we don't need all these closures." I have got the Commandant of the Marine Corps saying, "No, no. We are pretty much there." And then I have got you coming in here and saying, "Oh, no, we have got all these cuts—we have got to cut these facilities."

Help me with why you are right and they are wrong.

Dr. ROBYN. When he testified last week before HAC MILCON [U.S. House Committee on Appropriations Subcommittee on Military Construction, Veterans Affairs, and Related Agencies] General Odierno said he fully supported the Department's request for another—another BRAC round, and my colleague—

Mr. FORBES. I don't disagree with that. They always come in here—you know, I ask Admiral Mullen—he came in here and he said he was supporting the administration so I said, "Admiral, in the whole time you have been here have you ever not supported what they did?" And he said no.

I mean, so, we—I understand they are going to support that but—but we have to make an independent calculus that the facts justify that. Was he factually correct or was—were they factually wrong in their testimony?

Dr. ROBYN. I don't want to second guess the—the chief of the Army. That is not a good—a good career move.

Mr. FORBES. So then would we say that he was correct?

Dr. ROBYN. I think the Army is still digesting the 2005 round, number one. It was huge for the Army and it—and as we discussed earlier, the implementation was pushed out and so they are still—I mean, they are still dealing with that.

Mr. FORBES. Do you at least appreciate the conflict we have between that testimony and your testimony?

Dr. ROBYN. No, I do. I do. But I think it is—I also—I think it is not always easy to—to say, "We need to close bases." You alienate—

Mr. FORBES. Oh, I know it is not easy, but I mean, this is the Chief of Staff of the Army. He didn't mind going down and shutting down the Joint Forces Command, you know, at all. I mean, that wasn't hard. He is a pretty tough guy. You know, I don't—I don't think he would come in here because it was hard and, you know, not—not do it.

General Bishop, you have got a very impressive resumé, and one of the things that—that I look at here is you were the Vice Director for Operations, Plans, Logistics and Engineering, the United States Joint Forces Command. You are responsible for the force structure issues, providing oversight for deployment—you have looked at numbers, and people, and where we have deployed them.

You have heard a lot of concerns up here about the world situation right now, and we are just getting things in on our BlackBerry right now where your boss has said that they are planning at least potential possibilities for strikes against Iran. You have probably seen that, today, coming out in the news.

As you look at that, General—and I want to ask you, again, what I said earlier, your personal opinion for all the logistics and that—with that even on the planning prospect, with the situations we are seeing in the world today, do you think it is wise from a strategic point of view—not from a budgetary point—a strategic point of view, to be making the kind of drastic structure reductions that we are making?

General BISHOP. See if I can—I can best—best answer your question. I think it goes back to context. We have had two hard-fought, long-term engagements—many, many forces on the ground and in the air in Iraq and Afghanistan over these last 10 years.

As we close down our operations in Iraq, or have closed down our operations in Iraq and we draw down our 33,000 this year in Afghanistan we are—I believe the Department is trying to position themselves to deal with the global threats in a reasonable and appropriate level. There is certainly risk in any strategy that arises. There were risks in former strategies; there are certainly risks in this strategy, which have been addressed and viewed holistically by the Secretary and the chairman.

But as we have looked at the strategy we put the strategy together with that careful look and that context, but clearly, you know, in law we have a reduction of \$487 billion.

Mr. FORBES. And that is why I ask, outside of the \$487 billion, if you weren't looking at those—and I realize, you play the cards that you are dealt. I am talking about, we don't look at those cards; we look at what we need to do to defend the country. If we have got to go back and change the \$487 we have got to change it; if we have got to change sequestration we have got to change it.

I am talking about your personal look-down as you have done this logistics for our force structure. You are looking at a situation right now with all the contingencies we see in the world where we see right now, news today, the Secretary of Defense says that they are planning potential strikes against Iran—just doing the planning process. Would you recommend from a strategic point of view the size of the force structure reductions that we are having outside of budgetary restraints that were forcing us to do that?

General BISHOP. In my view, Mr. Chairman, I think the strategy makes sense. I think the force posture adjustments along with the strategy make sense. I think it is a reasonable risk assessment.

Anybody in uniform would probably say we would always prefer to have more, but there is—as we have looked at this we have really carefully looked at it, and I want to emphasize the Secretary, all the chiefs—service chiefs—the chairman himself, and senior people

in OSD [Office of the Secretary of Defense], throughout the period of time this strategy was put together, spent a tremendous amount of time looking at this and looking at it very closely.

But we clearly have to balance, you know, as you said, the cards that we are dealt, as well, and we do have the reduction of dollars, and we do have a drawdown of two wars. And it is in that reality, I think, the strategy, in fact, does make sense.

Mr. FORBES. If you are looking at the fact, as I understand it now, that we are making an assessment of our overseas force structure, does it really make sense to initiate a round of BRAC if the Department is still in the process of assessing what we are going to do with our overseas force structure before that is done?

General BISHOP. I would say in many ways that our service chiefs, our combatant commanders have done an initial round of—of carefully viewing how they want to see the posture change. We rely on very, very strong partnerships across the globe. Part of the strategy is to strengthen those partnerships. We talked earlier about the strategy being about—in some ways about low costs, small footprints.

Many of the members here today, they come from states that participated in the Partnership for Peace program, which has been tremendously successful throughout Europe in developing capabilities it didn't have and wouldn't have served with us, and some of those states—some of those countries have, in fact, served side by side the United States military in Iraq and Afghanistan.

So I think it is all those things—the preserving—preserving the partnership development—in fact, enhancing that. We need to shift how we are doing our engagement to some degree as we shift away from these two wars, sir.

Mr. FORBES. But as we are looking at all of those assessments shouldn't we do the assessment before we start a round of BRAC to see what we are going to be closing here?

General BISHOP. Perhaps I didn't answer your question well before. I am going to avoid the—the BRAC question; I am going to defer that to my colleague to the left here.

But I would offer to you that the service chiefs, the chairman, and the Secretary, you know, have, in fact, done a—as they were putting the strategy together did very much—very closely look at that.

Dr. ROBYN. I would say, to the contrary, we would like to do the two in tandem. We would like to be reviewing our domestic bases at the same time that we are doing our—our look at foreign consolidation, and the reason is it gives us more, in thinking about where to put troops as they return we can be more efficient and more creative if we have the tool of BRAC so that we are not just putting people where we happen to have capacity; we can move—move people around.

We did that in 2004 and 2005. We had the luxury of being able to do the foreign review at the same time as the domestic. We would ideally like—like to do them in tandem again.

Mr. FORBES. One last question—Mr. Courtney has a couple questions that he would like to follow up with—as I understand the sequencing of the BRAC process, the Secretary of Defense has to give a certification that a BRAC is needed and then the cost saving—

that there is going to be cost savings that he is going to guarantee, and he certifies to that. Then after that there is this lengthy process where the Department pulls together all of its recommendations, and then the recommendations are given to the commission, and then the commission makes the recommendations to Congress, and then they pass it or not, and President decides to sign it.

How can the Secretary—am I wrong? Correct me, please.

Dr. ROBYN. Goes to the President before it goes to Congress.

Mr. FORBES. And then it comes back to Congress.

Dr. ROBYN. Right.

Mr. FORBES. How does the Secretary accurately certify that he knows there is going to be cost savings before he has even had the recommendations from the Department, much less from the BRAC commission?

Dr. ROBYN. I think the Secretary's certification does reflect a certain amount of internal analysis. I am not—

Mr. FORBES. Can you get with your folks—have you all—you know, because I just want to get the facts right.

Dr. ROBYN. There are two pieces that—of analysis on which he draws. One is a 20-year force structure plan developed by the Joint Chiefs of Staff, and then the other is an inventory of installation—

Mr. FORBES. And I understand that.

Dr. ROBYN [continuing]. Capacity and capability—

Mr. FORBES. But I want to come back—this is the Secretary's certification. This kicks it all off. He has got to give this to Congress.

This says he is guaranteeing—certifying, according to the language—and, Brian, you correct me if I am wrong on the language here—it says he is certifying that a round is necessary, and then he is also certifying that it is going to result in annual net savings for each of the military departments. And correct me, guys, if that is not a part of—Brian, is that a part of the process?

Mr. LEPORE. Yes, that is correct, Mr. Chairman.

Mr. FORBES. And it is my understanding that this comes before the recommendations.

Mr. LEPORE. It is our understanding that the certification essentially kicks off the process.

Mr. FORBES. Right.

Mr. LEPORE. It is that certification that the Secretary says, "I need to do this because I have got excess capacity; I want to close bases."

Mr. FORBES. And he certifies to say that there is going to be—

Mr. LEPORE. And he certifies the savings, and that is in the statute, Mr. Chairman.

Mr. FORBES. Yes. And the reason I ask is because that is what, in fact, happened. He made that certification in here, he gave this to Congress, but—but the two questions I would have for you—the first one is, how in the world do you know what the—that you are going to definitely have savings before you even know what the recommendations are?

Dr. ROBYN. Well, I don't think we—we don't even ask for the authority to do a BRAC round until we think there will be savings, so I think—

Mr. FORBES. That is not what he is saying here. I mean, when I get something that says I certify something that is more than “I think”—you know, that is—I mean, that comes back to what you heard here about the audits and all that—and I realize this is not about audits. But what I am saying is when we see something as Congress—this is what Mr. Courtney has been saying, Mr.—everybody up here has been saying—the fact, some—it is the Secretary’s certification. That is the name—

Dr. ROBYN. Right.

Mr. FORBES. This is what he files. He signs this.

This looks to us—and maybe we shouldn’t be trusting this. We are not trusting it as much anymore, but—you know, I am looking at this and I am saying, well, somebody has looked at this and—and they are certifying that this is true.

Dr. ROBYN. I just got a note saying—I mean, you have a 20-year force structure plan developed by the Joint Chiefs and you have a comprehensive installation inventory. I mean, that is the basis for—

Mr. FORBES. Well, first of all, the 20-year plan—the one thing I do agree with the Department on, you can’t do that. That is fantasy. I mean, you know, to do 20 years. You might do 5 years; you can’t do 20 years. And that is what the Secretary has testified to, and everybody else. That is not what I am looking at.

I am looking at some point in time it would make sense to me that the recommendations would determine—what if they come back and say, after looking at this objectively, which is what we are—we shouldn’t make—we shouldn’t close these facilities; we need them; they are too important. I shouldn’t shut down Mr. Courtney’s facility, or I shouldn’t shut down anything else.

How can he certify that there would be savings if he doesn’t even know what the recommendations are?

Dr. ROBYN. Well, we clearly won’t—wouldn’t put forward recommendations that we didn’t think would—would make—

Mr. FORBES. But you don’t know what—are you telling me that you know before you start this process what the recommendations are going to be?

Dr. ROBYN. No. No.

Mr. FORBES. Well, if you don’t do that, and even if you took your recommendations—

Dr. ROBYN. That is the later. No, you said what if you find out of your analysis—

Mr. FORBES. No, no. I am aware of that. But what I am saying is, even if you make recommendations the BRAC commission doesn’t have to take any of those—

Dr. ROBYN. Right.

Mr. FORBES. So how do you know to certify something before you even know the recommendations that there is going to be net savings?

Dr. ROBYN. I mean, it is comparison of needed capability and— and infrastructure, you know? I mean, that is—

Mr. FORBES. Brian, help me with this one. How would you—I mean, from the GAO’s point—how could you possibly give a certification like this if you don’t even know what the recommendations are?

Mr. LEPORE. Well, let me try to answer your question this way: One of the things that we look at in GAO when we look at things like assertions that something is going to happen or something has happened is we like to see some evidence that says that whatever the nature of this assertion is, there is some fact-based reason why the individual made that. One of the things that struck us about the sequencing is that the certification, as we understand it, that you are referring to, Mr. Chairman, occurs at the point where—it effectively kicks—kicks off the process. I mean, that is what the—what the certification is for.

So I think what we—if we were going to look at that and—and we are—we—as you know, under our lessons learned report we are looking at the sequencing of the whole process, quite frankly. One of the questions I think we would certainly ask is, is the order of the steps the right order, might be a way to say it.

Mr. FORBES. Would you at least agree with me that it would be impossible to know whether you had—were going to have net annual savings if you didn't know what the ultimate recommendations were going to be from the commission?

Mr. LEPORE. I think it is really hard to know where you are going to end up before you have started.

Mr. FORBES. And with that being said, the Secretary does give the certification. Can you tell me, if he is wrong, to the best of your knowledge, what is the penalty for that?

Mr. LEPORE. To the best of my knowledge, there is no real sort of legal penalty. I think one of the things that any assertion that any Federal official makes where we can't find evidence to support it—and I don't know that that is the case here—but where we cannot find evidence to support it, it does—it would raise questions in my mind as an auditor whether I would want to trust that kind of an assertion or—or a certification the next time.

Mr. FORBES. And I am not just catching you off guard on that question. I have asked you—told you I was going to ask you that, and you have tried to inquire with counsel and all, as to whether or not there were any penalties, and you haven't been able to find any.

Mr. LEPORE. That is what our general counsel tells me, that there—there is no real—no real penalty. And as you know, Mr. Chairman, under the lessons learned report we are going to go ahead and look at that sequencing and see whether there may be things that we could suggest to you as you consider this question of another round, and if so, whether there are appropriate changes you may want to consider.

Mr. FORBES. Thank you.

Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman. And I just have a couple sort of follow-up questions.

You know, this question about end strength reductions and how that fits into the need for a BRAC, you know, I thought it was kind of interesting that when Secretary Panetta announced the budget back in January, you know, one of the things that he was very, I think, adamant about insisting on was that the reduction of end strength is not a hollowing out of the force, that we are not sort of turning the clock back to the 1990s, that in fact, the—the troop

levels are going to be higher than—in 2017 than where we were when 9/11 occurred; and in fact, in the—in the case of the Marines they are going to be higher than they—they were in 2005 when the last BRAC round was completed.

And frankly, I think that is one of the reasons why General Odierno—I can't read his mind, but it would seem logical that, you know, the fractional reductions of—of troop levels, you know, really would make you conclude that, well, yes, you know, the footprint isn't really that far off in terms of what we need. And really going through all the branches, I mean, the proposal in the budget over 5 years in terms of reduction of end strength is actually quite minimal, and—but again—and he was, you know, clear that he wanted to reassure people that we weren't, you know, sort of again just kind of, you know, surrendering the country, or however you want to, you know, phrase it.

But again, the flip side of that is, well, then why are you insisting on a BRAC? I mean, the total number of folks in uniform is really not that much different than it was in 2005.

So, you know, I—for the record, I think it is important to reiterate that point, because again, some of us who really are not happy about this BRAC proposal are not necessarily adamantly opposed to other components of his plan that he—that he released.

But frankly, that is the mystery here is that, you know, a proposal like BRAC, which in January and then as of today we still have been told zero is the net savings—we have given nothing in terms of how this is supposed to fit within the Budget Control Act. I mean, the fact is, zero minus zero is zero. I mean, if we reject this proposal it—it has—it has no impact in terms of the budget document that was submitted back in January.

And again, I—there is no way, I believe, Dr. Robyn, that you can present us with, you know, an accurate BRAC proposal that doesn't, in fact, tip the—the balance in terms of exceeding the spending caps in the Budget Control Act. I mean, General Dempsey and Secretary Panetta, when they came before this committee, were very clear about, you know, if we sort of mess with this package, you know, it has all been sort of carefully crafted to sort of hit that number very precisely. Well, you know, if you are going to come up with a—with an honest or accurate proposal about how to do this we are going to have to spend money, and that has got to come out of some other part of the plan that the Secretary presented to this committee.

And frankly, you, in my opinion, have a high burden of proof to overcome for many of us that this is really, actually, comports with the Budget Control Act.

The other point I just want to make, in your opening comment you talked about the 300,000 buildings that the Pentagon has, and there is no question that within that inventory there have got to be some structures that are excess, and frankly, probably a drain in terms of energy costs, et cetera. But the fact is, you don't need a BRAC to take down a building. I mean, we had—we had a wrecking ball down in Groton, you know, 2 or 3 years ago that took down World War II dormitories that frankly were an eyesore and a drain in terms of the operating budget of the base that was there.

And so, you know, I would just sort of say that, I mean, yes, there is 300,000 buildings; yes, there is probably excess there. But that is not what we are being asked to do. This isn't a building realignment commission request; this is a base realignment request. And that is a far different issue than just excess buildings.

And I think, again, it is important for the record that that be made clear, is that there is nothing that really prohibits the Department from going through and—and eliminating structures that make no sense in terms of their operating overhead.

And with that, Mr. Chairman, I yield back.

Mr. FORBES. Thank you, Mr. Courtney.

Mr. REYES.

Mr. REYES. Thank you, Mr. Chairman.

Just very quickly, if Congress were to consider another round of BRAC is there any way we can ensure that—or you can assure Congress that a quicker payback might be provided, given the concern that so many Members are expressing to you? And what would be the limiting factors to our ability to get that kind of a quick payback?

Dr. ROBYN. I think every—I mean, every—the first four rounds of BRAC paid—paid off relatively quickly. We do BRAC to save money. The 2005 round is the outlier.

Just as the 2005 round reflected the needs of the time, 2013 round would reflect the needs of the current time, which are to eliminate excess overhead in order to put those resources back into enhancing other—other capabilities. So, you know, is there a way to—you know, there may be a way for Congress to, you know, exclude certain things, but I—you know, I think that is what we are—we are focused on trying to get rid of capacity that we don't need so that we can put the resources elsewhere.

Mr. REYES. So you are telling us that for these two that have been requested there would be a quick—

Dr. ROBYN. Well, I think they are more—they are likely to look like the first four rounds, because that is the environment that we are in. We are in an environment where we need to reduce—create and generate savings, reduce excess capacity and the resources that that consumes in order to put those resources into enhancing capabilities.

Mr. REYES. And there would be no difference between international presence versus domestic, or would there?

Dr. ROBYN. A difference in what—

Mr. REYES. In the payback.

Dr. ROBYN. Well, I think with the—when we close foreign—you are saying what the—the payback between the—I was distinguishing between the 2005 round of domestic closures and the—

Mr. REYES. Well, in terms of the savings, I mean, one of the concerns that you have heard Members express has been—

Dr. ROBYN. Right.

Mr. REYES [continuing]. There is a BRAC and then there—it just lingers, and lingers, and lingers, and—

Dr. ROBYN. Right.

Mr. REYES [continuing]. For the 2005 we were told it is going to be some time before it even breaks even, and we are not sure—

Dr. ROBYN. Yes. Again, I feel like I am—the 2005 round was different than all the other rounds. You know, I think we can debate whether one should use BRAC for transformation. I think the 2005 round did fabulous things, but I think one can have a debate about is that—is that a good use—is that a good use of BRAC? It worked, but I think we got a lot out of it.

Is that what we—is that what we need to do in 2013 and 2015? No. That is not the—the agenda is not to do transformation. More jointness, yes, I think, but we are not trying to do the kinds of transformational changes that the Army did, which reflected the needs of the time and the urgency of the war.

Mr. REYES. That is it, Mr. Chairman. Thank you for holding—

Mr. FORBES. Thank you, Mr. Reyes.

I want to thank all of you for your patience, and I am going to have one last question.

But I wanted to also tell you, Dr. Robyn, we just don't buy any more of this stuff of we are—we are taking excess resources so we can enhance other capabilities when Secretary Gates came out and announced he was going to shut down the Joint Forces Command in his press conference that day, he said, because this is going to be great. We are going to put this in shipbuilding; we are going to put this in ship repair. That lasted about 4 months before all that money was gone, you know, out of there.

And so I think most of us understand here this isn't because we are taking this out and putting it somewhere else. It is going out of the defense budget completely.

The other thing is, as Mr. Courtney pointed out, a lot of things you can do outside of BRAC. You can knock down a lot of these buildings and things—

Dr. ROBYN. Sure. Oh, yes. I didn't mean—

Mr. FORBES. I mean, we are only talking about for BRAC, when you have 300 civilians or more that you are relocating.

And the final question I would have for you, because as I heard Mr. Lepore's testimony—and, Mr. Lepore, I would like for you to correct me if I am wrong on your testimony, but you said basically that when you do BRAC the goals that are set kind of drive the selection criteria, and the selection criteria, with that, will drive the outcome. Correct me on what part of that I was wrong on.

Mr. LEPORE. I think you are close. What I think I said was that the goals help to drive where the Department hopes to end up and the selection criteria helps to define how they will get there, is a way to think about—

Mr. FORBES. Okay. They work together. Good.

Then, Dr. Robyn, last question I would have for you: Can you state for this committee the specific goals that the Department would have for this round of BRAC so we can at least have some forecast of where you might end up, and how do you think the selection criteria will help you reach those goals?

Brian, is that a fair statement?

Mr. LEPORE. Yes, it is, Mr. Chairman.

Mr. FORBES. Okay.

Dr. ROBYN. It would be presumptuous of me to say what the goals for the—for the round are. I think that needs to be an internal deliberation. I am giving you a sense of—that the focus is going

to be much more on getting rid of excess capacity than on transformation.

In terms of how the criteria relate, the criteria are in statute. You will see when you get our bill within the week that they are—they are set out. We preserved the same ones that were used in 2005, and I believe those were put in statute in 2005 in response to congressional desire, and we had a set of criteria and Congress made some changes, and it—so we—we have preserved what came out of the—or, I am sorry, it was 2001 legislation.

Mr. FORBES. Well, let me just tell all of you, I think you can tell by this subcommittee that they are going to have to have a lot more facts to—before they are going to bite off on this—another round of BRAC. And specifically, one thing they are not going to do is pass it so we can find out what is in it, you know, so we are going to need to know those goals and we are going to need to know some of the specifics in doing it.

But I promised all three of you if you had anything else you want to say or anything you want to clarify on any of the questions that came up that you didn't get all the time—Dr. Robyn, anything else?

Dr. ROBYN. No.

Mr. FORBES. Good. And if you don't mind, if you could get Mr. Reyes—

Dr. ROBYN. Yes. Yes, I will.

Mr. FORBES [continuing]. Information back.

General, thank you for your service. Anything else that we have left out that you would like to—

General BISHOP. No, Mr. Chairman. Thank you.

Mr. FORBES. And, Mr. Lepore, anything that we have omitted that you feel is appropriate?

Mr. LEPORE. No. And I appreciate the opportunity to be here once again.

Mr. FORBES. Listen, we want to thank you all for your service. Thank you so much for your patience and being here with us.

And, Mr. Reyes, if you have no additional questions, we are adjourned.

[Whereupon, at 3:02 p.m., the subcommittee was adjourned.]

A P P E N D I X

MARCH 8, 2012

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

MARCH 8, 2012

**Statement of the Congressman Forbes
Chairman, Subcommittee on Readiness**

BRAC Hearing

March 8, 2012

I want to welcome all our members and our distinguished panel of experts to today's hearing that will focus on the Administration's request for another Base Realignment and Closure round.

I welcome this discussion to assess whether our facilities and infrastructure are aligned with our force structure. But to answer this question, I think that we need to assess the size of our armed forces.

In my estimation there are two courses of action for Congress to consider. Will our military exist in an era of peace and tranquility that includes reducing the size of our armed forces, or one that presumes the changing security environment will challenge our strategic objectives and require a robust military to provide peace and stability?

One does not need to look too far in our past to presage our future. Countless intelligence estimates underscore the fact that we will be challenged in any number of regions and by numerous non governmental entities. The proliferation of nuclear capabilities as sought by Iran and North Korea, the emerging influence of an expanding People's Republic of China and the continued instability in Afghanistan, Syria and Libya all point to an uncertain future where our nation's armed forces will be called upon to provide stability.

I believe in maintaining peace through strength. I believe that a strong economy requires a strong military to protect the free-flow of goods around the world. And I believe in American exceptionalism.

My friends, it is for these reasons that I believe our nation is charting the wrong course with these sweeping military reductions. The President's new strategic guidance departs from a bi-partisan strategy

that has been in existence for nearly two decades. The short-sighted budget-driven imperatives underpinning this strategy presume our military will not be required to prevail in two simultaneous regional engagements. Again, in my estimation, this direction is fraught with danger and will place American interests as well as American lives at risk.

Let me be very clear. I will oppose any initiative that seeks to undermine the preeminence of our military, I will oppose any effort that breaks faith with our service members and veterans, and I will oppose any effort that seeks to diminish the capabilities of our service members in favor of an expanded social agenda.

My friends, the Administration presumes that our military will go quietly in the night. Thus far, the silence of our uniformed leadership on this issue has been deafening. Speaking for myself, and what I believe is the majority of Americans, our nation cannot afford additional reductions in our military.

As to the request that is before our subcommittee this morning, I look forward to better understanding the reason the Administration believes that another round of base closures is necessary. In my initial assessment of this issue, I believe that our current force structure is correct and our infrastructure is adequately sized for our future force.

If the Administration presumes that a reduced force structure is required to meet our future security challenges, and cite this as the principal reason for this BRAC request, I must move to vigorously oppose another round of BRAC.

Joining us today to discuss reasons for another round of base closure are three distinguished individuals:

Dr. Dorothy Robyn
Deputy Under Secretary of Defense for Installations and
Environment

Brigadier General Christopher D. Bishop
Acting Deputy Assistant Secretary of Defense for Plans

and

Mr. Brian Lepore
Director, Defense Capabilities Assessment
U.S. Government Accountability Office

Ladies and Gentlemen, thank you all for being here.

I now recognize the Ranking Member, Ms. Bordallo for any
remarks she may have.

HOLD UNTIL RELEASED

BY THE COMMITTEE

**Statement of
Dr. Dorothy Robyn
Deputy Under Secretary Of Defense
(Installations and Environment)**

**Before the House Armed Services Committee
Subcommittee on Readiness**

March 8, 2012

Chairman Forbes, Representative Bordallo and distinguished members of the subcommittee: I appreciate the opportunity to appear before you today to discuss the Department's request for authorization of two more rounds of Base Realignment and Closure (BRAC) and how that request relates to the Department's ongoing efforts to reduce its overseas infrastructure. My testimony will cover three topics: the strategic and fiscal imperatives that compel the closure and realignment of military installations, both here and overseas; the elements of the statutory BRAC process that make it the only fair, objective and proven process for doing so in the United States; and the financial benefits of BRAC to the Department and U.S taxpayers.

I. The Department Needs to Close and Realign Bases to Meet Strategic and Fiscal Imperatives

The United States is at a strategic turning point after a decade of war. With changes in strategy come changes—in this case reductions—in force structure. Simply stated, the cuts in force structure that we are implementing must be accompanied by cuts in supporting infrastructure, including military bases. Absent a process for closing and realigning bases, the Department will be locked in a status quo configuration that does not match its evolving force structure, doctrine and technology. Moreover, given the expense of our installation infrastructure, if we retain bases that are excess to strategic and mission requirements we will be forced to cut spending on forces, training and modernization.

A. Strategic Imperatives

The global security environment presents an increasingly complex set of challenges and opportunities. In his testimony before the House Armed Services Committee to support the Defense budget request, the Secretary outlined new strategic guidance that consists of five key elements:

1. The military will be smaller and leaner, but it will be agile, flexible, ready and technologically advanced.
2. The Department will rebalance our global posture and presence to emphasize the Asia-Pacific and the Middle East.
3. The Department will build innovative partnerships and strengthen key alliances and partnerships elsewhere in the world.
4. The Department will ensure that it can quickly confront and defeat aggression from any adversary-anytime, anywhere.
5. The Department will protect and prioritize key investments in technology and new capabilities, as well as our capacity to grow, adapt and mobilize as needed.

Our posture shifts can be described in terms of where we are reducing our presence and where we are focusing it. The United States and its coalition partners have successfully ended the military mission in Iraq. We will be reducing our troop presence in Afghanistan and transitioning security responsibilities to the Afghan forces. At the same time we are shifting and decreasing our presence in Europe. Specifically, we are removing two brigades and their supporting units, an Air Force squadron and an air control squadron. These shifts will be

matched by an increased emphasis in the Asia-Pacific and the Middle East as well as a concerted effort to build innovative partnerships and strengthen key alliances around the world.

In addition to the global posture shifts, we are shaping a joint force for the future that will be smaller and leaner across the board. Most significant, the Army is reducing force levels by 72,000, the Marine Corp is resizing to 182,000 active Marines and the Air Force is eliminating nearly 300 aircraft over five years. Related to these changes and the fiscal environment are the delay, restructuring and cancellation of modernization programs about which the Secretary spoke when he appeared before the full committee last month.

To adjust to these strategic changes, and to eliminate the excess capacity that results from reductions in force structure, the Department will need to close and realign installations in Europe and the United States. Examples from the 1990's illustrate how cuts in force structure, which reflected post-Cold War changes in strategy, created excess installation capacity. BRAC 1993 closed Naval Stations Mobile, Alabama, Staten Island, New York, and Treasure Island, California, because the Commission found "the capacity to homeport ships was excess to that required to support the DoD Force Structure." At the time the number of ships was projected to decrease from 466 in 1992 to 425 in 1997, and one aircraft carrier was to be removed from the inventory. As another example, the Commission closed K. I. Sawyer Air Force Base, Michigan, because of the decrease in the large-aircraft force structure. The same logic prevailed in BRAC 1995 when the Commission closed Fort Chafee, Arkansas, and Fort Pickett, Virginia (except for minimal reserve enclaves for training) because the Army was reducing its active duty strength from 12 divisions to 10. These and the scores of other BRAC actions implemented since 1988 have left our military far better prepared to take on changing strategic challenges than it would have been had Congress and the Department not had the courage to undertake them.

B. Fiscal Imperatives

The Department's request for additional BRAC rounds reflects fiscal as well as strategic imperatives. The Fiscal Year (FY) 2013 President's Budget provides \$525.4 billion for the Department, which is \$5.2 billion below the FY12 enacted level (\$530.6 billion). Adjusted for inflation, that is a reduction of 2.5 percent, and—as a result of congressional reductions to the Department's requests for FY11 and FY12—it represents the third consecutive year of real decline in the Defense budget. Consistent with the Budget Control Act (BCA), the FY13 budget is down by \$45.3 billion from what last year's budget had planned for FY13. Overall, DoD will shrink its budget by \$259 billion over five years and \$487 billion over 10 years to comply with the BCA. Needless to say, a reduction of this magnitude represents a change in the Department's fiscal environment.

The overhead cost to maintain, sustain and protect bases is substantial. In recent years, we have spent about \$40 billion a year on facilities construction, sustainment and recapitalization. Other costs associated with operating military installations (e.g., air traffic control, religious services and programs, payroll support, personnel management, morale, welfare and recreation services, and physical security) have averaged about \$15 billion a year.

Given the cost of our installation infrastructure, we cannot afford to maintain excess capacity. Parametric techniques used to analyze various capacity measures in 2004 indicated that the Department had 24 percent excess capacity overall relative to force structure plans developed by the Joint Staff.¹ As discussed below, the 2005 BRAC round focused principally on reconfiguring capacity to maximize war fighting capability and efficiency as opposed to eliminating excess capacity. Because BRAC 2005 eliminated only about three percent of the Department's capacity, we believe we have significant excess capacity today.

By moving forward quickly to eliminate excess infrastructure, the Department can reap savings and adjust to force structure changes quickly and effectively. While some may view our request for a round in 2013 as aggressive, the magnitude of the cuts we are making in force structure means we simply can't wait. Leading U.S. corporations retain their vitality and market position by being able to adapt quickly to changed circumstances, and the U.S. military is no different.

Senator McCain recognized this logic in 2001 when he expressed disapproval of Congress's decision to give the Department only one BRAC round, in 2005, instead of the two BRAC rounds commencing in 2003 it had requested:

Delaying the BRAC process, as we have done in this Conference Report, only harms force modernization and hurts the pocket book of service members, their families and military retirees. We can continue to maintain a military infrastructure that we do not need, or we can provide the necessary funds to ensure our military can fight and win future wars. Every dollar we spend on unnecessary bases precludes our military leaders from spending scarce resources on training our troops, keeping personnel quality of life at an appropriate level, maintaining force structure, replacing old weapons systems, and advancing our military technology.²

With the 2013 timeline in mind, we have started the initial preparatory work regarding internal governance for a BRAC process—inventorying our property and evaluating the extent to which we need to update our analytical tools. These efforts will allow us to proceed expeditiously once Congress authorizes BRAC.

C. Overseas Basing Review

The Department's request for additional rounds of BRAC comes at a time when we are looking aggressively at where we can close bases overseas—particularly in Europe. (Although domestic closures require legislative authority, overseas closures do not.)

We have already made significant reductions in our European footprint. Since 2003, the Department has returned more than 100 sites in Europe to their respective host nations, and we have reduced our personnel by one-third. Between FY12 and FY15 the Army alone will close 23 additional sites as previously announced (6 projected in FY12, 10 in FY13, and 7 in FY14 and FY15).

¹ DEPARTMENT OF DEFENSE, Report Required by Section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended through the National Defense Authorization Act for Fiscal Year 2003 (March 2004).

² 147 CONG. REC. 173, S13135 (December 13, 2001).

With the recently announced force structure changes in Europe, we can do more to consolidate our infrastructure with the goal of reducing long-term costs while still supporting our operational requirements and strategic commitments. First, we can reduce the number of discrete installation sites we maintain in Europe. We have more than 300 such sites—ranging from small communications posts to robust Main Operating Bases—of which about 200 house most of our activities. Second, we can eliminate excess support infrastructure such as warehouses, administrative space and housing. The infrastructure located off-base presents a particularly attractive target for consolidation. Third, we can take advantage of the capacity made excess by force structure changes to accommodate new functions.

My office has undertaken the first step in this process: we are working with the EUCOM theater commander, his component commanders and Service leadership here in Washington to measure the capacity of all of our European installations. This inventory will allow us to analyze how much capacity can be shed and where. With the goal of long-term cost reduction, we will assess the costs and savings of each proposed action and identify those with the highest payback. We anticipate having preliminary options for the Secretary to review by the Fall.

Even a significant reduction of our footprint overseas will not achieve the needed cuts to overall infrastructure—hence our request for a parallel, BRAC process. It makes sense to look at our domestic and overseas bases at the same time, moreover, so that the two reviews can inform one another. The Department took this approach in 2004-2005, and it would be no less useful now given the major strategic realignment underway.

II. BRAC is the Only Fair, Objective, and Proven Process for Closing and Realigning Bases in the United States

A. History – How it Worked (or Didn't) Before BRAC

Prior to 1977 the Secretary of Defense had unlimited authority to close military bases. That is not to say, however, that the legal and political landscape facilitated carrying out those actions in a manner that best suited the national security needs of the country. On the contrary, base closures were met with significant opposition from Members of Congress from areas affected by the actions and often resulted in appropriations act restrictions preventing the closures. As then House Armed Services Committee Chairman Les Aspin reflected, “[p]rior to the late 1970s, base closing had the look of a partisan process. The bases being closed were predominantly those in districts of members of Congress not of the party holding the White House.”

In 1977, Congress enacted section 2687 of title 10, United States Code, which limited the Secretary’s plenary authority to close all but the smallest bases. Section 2687 specifies that the Secretary may not close “any military installation at which at least 300 civilian personnel are authorized to be employed” unless it first complies with the procedural requirements of the statute. Specifically, the Secretary must notify the Congressional defense committees as part of an annual request for authorization of appropriations of the proposed actions and submit an evaluation of the fiscal, local economic, budgetary, environmental, strategic and operational

consequences of such action. After submission of such detailed information, no action may be taken before the expiration of 30 legislative days, or 60 calendar days, whichever is longer. Absent authorization of a BRAC round, section 2687 controls how the Department must close and realign military installations.

While the requirements of section 2687 may seem nothing more than procedural, as then Chairman Aspin observed, “[t]wo things happened. First, the process of closing bases became a lengthy one subject to lawsuits and other delays. Second, Congress directly intervened by prohibiting certain base closures with provisions hidden away in continuing resolutions. The combined result was no base closures in the decade that followed the new procedures. Defense secretaries had a right to feel frustrated.”

The BRAC process, explained in greater detail below, emerged from this history to become accepted as the only fair, objective and proven process for closing and realigning bases in the United States. In October of 1988, Rep Dick Armey (R-Texas) introduced a bill that established the basic methodology for BRAC that has endured to this day.

B. BRAC “101”

BRAC is the statutory process by which the Department can close or realign military installations within the United States and its territories. The first step is for Congress to pass legislation authorizing the Department to carry out a BRAC round. Although the specifics depend on the legislation, Congress has provided the same basic authority since 1990. The description below is based on that now-standard authority, as Congress authorized it for the 2005 round of BRAC. The Department’s request for additional BRAC rounds proposes to use that same statutory process.

The BRAC process begins with a certification that it is needed and will produce savings. Specifically, the Department prepares a 20-year force structure plan and a comprehensive installation inventory. Using those documents, the Department prepares a report for Congress in which it describes the infrastructure necessary to support the force structure, identifies areas of excess, conducts an economic analysis of the effect of closures and realignments on the excess capacity, and certifies that BRAC is needed and will generate savings. Only then is the Secretary authorized to proceed.

Once the Secretary certifies the need for a BRAC round, the Department develops recommendations for closures and realignments based on the 20-year force structure plan and statutory selection criteria.³ Military value must be the primary consideration. The Department

³ Congress specified the following criteria for use in the 2005 BRAC round, and the Department has proposed to use the same criteria for the requested rounds in 2013 and 2015.

Military Value Criteria:

1. The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training and readiness.
2. The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.

must consider all installations equally, and each person submitting data for the BRAC analysis must certify that the information is accurate and complete to the best of his or her knowledge and belief. The DoD Inspector General, the Service audit agencies and the Government Accountability Office oversee the Department's procedures.

The Secretary submits his recommendations to an independent Commission of nine members nominated by the President with the advice and consent of the Senate. The President must consult with the Speaker and the Senate majority leader concerning two commissioners each and the minority leaders of the House and Senate on one each. The President nominates the remaining three commissioners without consultation and designates the Chair. The Commission reviews the Secretary's recommendations for consistency with the force structure plan and selection criteria. The Commission has the power to add to, alter, or reject the Secretary's recommendations if it finds that he deviated substantially from either the force structure plan or selection criteria. The Commission's authority to add to or expand the Secretary's recommendations is subject to specific requirements regarding in-person visits to installations, public notice, and super-majority votes. The Commission must also hold regional meetings to solicit public input prior to making its recommendations.

The Commission forwards its recommendations to the President for review and approval. The President can accept or reject the Commission's recommendations on an all-or-none basis (i.e., he cannot make any modifications). If he accepts them, the President sends the recommendations and his approval to the Congress. If he rejects them, the Commission has one opportunity to present revised recommendations. If the President rejects the revised recommendations, the process ends.

The Congress has 45 days to enact a joint resolution disapproving the Commission's recommendations, also on an all-or-none basis. If Congress fails to enact such a resolution within that timeframe, the Department has a legal obligation to close and realign the installations as recommended by the Commission. The Department must initiate all closures and realignments within two years of the date the President transmits the recommendations to Congress and complete all closures and realignments within six years of that same date.

C. Key Elements That Make BRAC Fair and Objective

The statutory commission process created by past BRAC legislation (and which the Department's request proposes to continue) is a fair, objective and proven method for

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3. The ability to accommodate contingency, mobilization, surge and future total force requirements at both existing and potential receiving locations to support operations and training.
 4. The cost of operations and the manpower implications.

Other Criteria:

5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.
6. The economic impact on existing communities in the vicinity of military installations.
7. The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions and personnel.
8. The environmental impact, including the impact of costs related to potential environmental restoration, waste management and environmental compliance activities.

eliminating excess domestic infrastructure and realigning what remains. First, BRAC provides for a sound analytical process. It has at its foundation a 20-year force structure plan developed by the Joint Staff; a comprehensive installation inventory to ensure a thorough capacity analysis; and defined selection criteria that place priority on military value (with the flexibility to express that in a qualitative as well as a quantitative way).

Second, the BRAC process is comprehensive, thorough and transparent. By examining all installations and conducting thorough analyses of capacity and military value using certified data, the Department is able to align its infrastructure with the strategic imperatives detailed in the 20-year force structure plan. Such an approach has two additional merits. The requirement to look at every installation means the Department must consider a broad spectrum of approaches, not just the existing configuration. The requirement that the process be both logical and auditable facilitates independent review by the commission and affected communities. Third and most important is the BRAC requirement for an “All or None” review by the President and Congress, which prevents either one from taking individual recommendations off of the Commission’s list. Together with the provision for an independent commission, this all-or-none element is what insulates BRAC from politics, making it bi-partisan in the end.

Finally, the legal obligation on the Department to close and realign installations as recommended by the Commission, by a date certain, ensures that all actions will be carried out instead of being endlessly reconsidered. That certainty also facilitates economic reuse planning by impacted communities.

D. Local Communities Would be Disadvantaged by Infrastructure Reductions Without BRAC Authority

The Department is mindful of the significant impact a BRAC decision can have on a host community. In many places, a military base is an economic engine, and the closure of the base can lead to reduced local tax revenues, decreased student impact aid, falling housing prices and loss of retail and business revenue. Most important, a base closure can mean the loss of jobs.

As my testimony spells out, strategic and fiscal imperatives leave the Department no alternative—we must close and realign military bases here in the United States. Thus, if Congress does not authorize additional BRAC rounds for this purpose, the Department will be forced to use its existing authorities to begin to support our new defense strategy. One reason we want to avoid that approach is that, if it acts outside of the BRAC process, the Department is severely constrained in what it can do to help local communities.

To elaborate, when the Department closes and realigns bases within the statutory BRAC process, the local community is a key participant. Using the authorities provided in the BRAC Act, the Department works hard to help communities respond following a base closure. Candidly, this was not always the case. Following the 1988 and 1991 BRAC rounds, the Department was largely indifferent to the fate of communities that had hosted its bases for decades. Under the policy guidance in effect at the time, the Services stripped the property of assets that would have made it more valuable to the community (e.g., removing underground sprinkler systems); environmental cleanup took forever; and the process for disposing of property—the key asset

around which the community could build its reuse plan—was slow, bureaucratic and penny-pinching.

Currently serving DoD officials were instrumental in bringing about a change in that flawed approach. As a member of President Clinton's White House economic team, I led the Administration's effort in 1993 to transform the way DoD and the rest of the federal government dealt with BRAC'd bases and the surrounding communities in an effort to promote job creation and economic development. I had strong support from then-OMB Director Leon Panetta, who had represented the California district that was home to Fort Ord when that base was closed as part of the 1991 BRAC round. A key element of our effort was the Economic Development Conveyance (EDC), a mechanism that Congress created to facilitate the transfer of property at closed bases that would be used to create jobs.

In recent years, the Department has transferred 358,283 acres to communities at legacy BRAC sites (bases closed in the 1988-1995 rounds) as well as at BRAC 2005 locations, using an EDC or other transfer mechanism. By getting this property into productive reuse, the Department has helped communities rebuild the local tax base, generate revenue and most importantly replace lost jobs. In addition, the Department's Office of Economic Adjustment (OEA) offers base closure communities a program of financial and technical assistance. OEA helps a community establish a reuse organization that can speak with a single voice on behalf of affected stakeholders, and OEA serves as the single point of contact to help the community access other Federal agencies that can provide assistance.⁴

If the Department were forced to begin the closure and realignment process using its existing authorities, communities would have to fend for themselves to a much greater degree. Under that scenario, the Department would not have a date certain by which it had to complete a closure or realignment; this would leave communities on edge, not knowing whether or when their base would face a closure or reduction in its mission. Moreover, local communities would have no role in the process for disposing of installation property—land disposal outside of BRAC is done on a parcel-by-parcel basis with no mechanism for taking "big picture" considerations into account. Moreover, there would be no requirement for the Services to dispose of the property in accordance with the local community's plans for redevelopment of the closing installation or to solicit local community planning input. Finally, there would be no special property disposal preference for the local community—by law, the local community would have to stand in line for the property behind (in order) other Federal agencies, the homeless and potential public benefit recipients. Moreover, the community would have to pay fair market value for the property, and there would be no provision for the kind of profit-sharing approach that we are using more and more to avoid lengthy debates over the value of pieces of property for which there often are no market comparables.

⁴ I just attended the Winter Forum of the Association of Defense Communities, which represents base closure communities. I heard a number of complaints from the heads of local reuse authorities (LRAs)—a reminder that the Department still needs to do better when it comes to providing caretaker funds, getting environmental cleanup underway expeditiously and disposing of property in a speedy and transparent way. However, I was gratified to hear from one LRA head after another, "OEA is a godsend."

In sum, as part of a formal BRAC process, there is much that the Department can and will do to help communities. If we are forced to undertake closures and realignments outside of BRAC, however, the local communities will face a much more difficult process on the road to redevelopment.

III. BRAC Savings are Real and Substantial

Of all the efficiency measures that the Department has undertaken over the years, BRAC is perhaps the most successful and significant. As Table 1 shows, the first four rounds of BRAC (1988, 1991, 1993 and 1995) are producing a total of about \$8 billion in annual recurring savings, and the comparable figure for BRAC 2005 is \$4 billion. This amount (\$12 billion) represents the additional costs that the Department would incur every year for base operating support, personnel and leasing costs had we not had BRAC. These annual savings, or avoided costs, are equivalent to what the Department would spend to buy 300 Apache attack helicopters, 124 F/A-18E/F Super Hornets, or four Virginia class submarines.

SAVINGS FROM BRAC

(TY \$B)	Major Base Closures	Major Base Realignments	Minor Closures and Realignments	One-Time Costs ¹ (\$B)	Annual Recurring Savings ² (\$B)
BRAC 88	16	4	23	2.7	1.0
BRAC 91	26	17	32	5.2	2.3
BRAC 93	28	12	123	7.5	2.7
BRAC 95	27	22	57	6.6	1.9
BRAC 05	24	24	765	35.1	4.0
Total	121	79	1000	57.1	12.0³

Note 1: Through FY01 for prior BRAC Rounds and through FY11 for BRAC 2005.

Note 2: Annual recurring savings (ARS) begin in the year following each round's 6-year implementation period: FY96 for BRAC 1988; FY98 for BRAC 1991; FY00 for BRAC 1993; FY02 for BRAC 1995, and FY12 for BRAC 2005. These numbers reflect the ARS for each round starting in 2002.

Note 3: Does not add due to rounding

Understandably, some have questioned the savings from BRAC, and critics portray BRAC 2005 as an unexpectedly costly undertaking that did little in the end to eliminate excess capacity. It is important to examine the facts. By way of background, BRAC 2005 was by far the largest round undertaken by the Department. The BRAC Commission made 222 recommendations, resulting in 24 major closures, 24 major realignments and 765 lesser actions. These actions affected some

125,000 military personnel at more than 800 locations across the United States. The cost of implementation totaled \$35.1 billion, including \$24.7 billion for military construction and another \$10.4 billion to move personnel and equipment, outfit facilities and carry out environmental clean-up. Although the implementation cost far exceeded that of any prior round, so too do the savings (\$4 billion a year).

It is true that the 2005 round did little to eliminate excess capacity. However, that was largely by design. Congress approved the 2005 BRAC round just months after September 11, 2001, and the objectives were set out the following year. Although elimination of excess capacity was an objective, the focus of the 2005 BRAC round was on aligning our infrastructure with our military strategy so as to maximize war fighting capacity and efficiency. BRAC 2005 enabled the Department to reset its infrastructure to accommodate the return of forces from Europe and Korea; restructure its medical platforms; markedly increase joint basing and other cross-Service efforts; accommodate the Army's modularization; and revitalize the Army's reserve and guard infrastructure. These efforts were needed, and they have contributed significantly to the Department's effectiveness. However, they necessarily required substantial investments.

Likewise, the cost of the 2005 round was far more than expected: the up-front investment costs (\$35.1 billion) exceeded the Department's original estimate by fully 67 percent. However, that increase was largely due to deliberate decisions by the Department (principally the Army) to expand the originally envisioned scope of construction and recapitalization—either to address deficiencies in our enduring facilities or to expand the capabilities they provide. In one case—namely, the reconfiguration of medical facilities in the National Capital Region—Congress added requirements that, while meritorious, increased the cost of construction and outfitting by \$1 billion. In sum, BRAC 2005 served as a needed engine of recapitalization for our enduring military facilities (military construction accounted for 70 percent of BRAC 2005 up-front investment costs in contrast to only 33 percent of those costs in prior rounds).⁵

In short, the 2005 round took place during a period of growth in the military, and it reflected the goals and needs of that time. Because the focus was on transforming installations to better support forces—as opposed to saving money and space—it is a poor gauge of the savings that the Department can achieve through another BRAC round. The prior BRAC rounds—which reduced capacity and paid off in two to three years—represent a better gauge of such savings.

Another criticism of BRAC savings is the treatment of environmental cleanup costs. The argument is that, because we do not consider the cost of environmental remediation at a base to be closed by BRAC, we understate the up-front investment cost of that BRAC round. However, DoD is responsible for cleaning its facilities whether or not we close the base; BRAC only impacts the timing of the remediation. Treating the cleanup costs as a cost of the closure action

⁵ There are two other significant and related reasons for the increase in projected implementation costs. The Department decided to delay the implementation of BRAC 2005 because of competing budgetary priorities (in prior rounds, the implementation had always occurred early in the six-year window). That decision was expensive in and of itself because delay adds to the cost of inflation. In addition, delay meant that many of the large military construction contracts were competed in 2007 and early 2008, just when construction costs spiked because of the rise in construction activity following Hurricane Katrina and because of an increase in the global demand for critical construction materials such as steel and concrete.

would create a perverse incentive to close the cleanest bases and retain those with the highest cleanup costs.⁶

GAO has criticized DoD for failing to track and validate the cost savings that it cites as a result of BRAC.⁷ The savings from BRAC are avoided costs, however. The Department's accounting system, like that of private firms, does not track avoided costs. Thus, we can only estimate them. The Congressional Budget Office (CBO) said as much in a 1998 letter, "...the firm measures of BRAC savings that were requested by the Congress do not—and indeed cannot—exist. BRAC savings are really avoided costs—costs that DoD would have incurred if BRAC actions had not taken place. Because those avoided costs are not actual expenditures, DoD cannot observe them and record them in its financial records." CBO further observed that "[i]t is not possible for DoD to establish an information system to track actual savings."

Despite its criticisms, GAO recognizes that the savings do exist. GAO has written in reference to the 1990's BRAC rounds that in "addition to our analyses, studies by other federal agencies, such as CBO, the DoD Inspector General, and the Army Audit Agency, have shown that BRAC savings are real and substantial and are related to cost reductions in key operational areas as a result of BRAC actions."⁸

An example from the 2005 round illustrates why the savings we claim from BRAC are real and how in some cases they understate the real benefit. As part of its BRAC 2005 analysis, DoD conducted a comprehensive analysis of its medical infrastructure in the National Capital Region and concluded that it did not make sense to continue to operate four large inpatient hospitals in close proximity to one another when the physical assets were aging and the mode of treatment was shifting to outpatient care. This led to the BRAC recommendation to close the aging Walter Reed Army Medical Center and the inpatient facilities at Joint Base Andrews, recapitalize Fort Belvoir's hospital and expand the medical facilities at Bethesda. Over the long term, these changes will allow DoD to avoid the costs of recapitalizing and operating four inpatient hospitals: estimates at the time indicated that it would cost \$600-700 million to replace or renovate Walter Reed and that, under reasonable budget assumptions, the work would take years to complete (6-8 years for replacement or 10-15 years for renovation). Rather than take credit for that major cost avoidance, we have elected to be conservative in our savings estimates, instead counting just the reduction in net facility overhead costs (i.e., the sum of the support personnel, base operating support and sustainment and modernization costs saved at the closing location less the sum of the incremental increases in those costs at the new location). For the Walter Reed closure, those avoided costs total around \$170 million a year.

⁶ Although we do not include the cost of cleanup in the analysis of which bases to close or realign, we do include them in the subsequent, more comprehensive itemization of all BRAC implementation costs. Hence, the implementation cost for the 2005 round cited earlier (\$35.1 billion) includes environmental cleanup.

⁷ GOVERNMENT ACCOUNTABILITY OFFICE, MILITARY BASE REALIGNMENT AND CLOSURES; Estimated Costs Have Increased While Savings Estimates Have Decreased Since Fiscal Year 2009 GAO-10-98R (November 13, 2009)

⁸ GOVERNMENT ACCOUNTABILITY OFFICE, MILITARY BASE CLOSURES, Progress in Completing Actions from Prior Realignments and Closures, GAO-02-433 (April 2002).

IV. Conclusion

I want to thank you for the opportunity to explain the strategic and fiscal imperatives for closing and realigning military installations, including what the Department is already doing overseas in furtherance of those same ends; the elements of the statutory BRAC process that make it the only fair, objective and proven process for doing so in the United States; and the financial benefits of BRAC. The Department's leadership recognizes that a request for BRAC is a major step—and one that will be met with considerable opposition in the Congress. We believe it is a necessary step, however. The math is straightforward: force reductions produce excess capacity; excess capacity is a drain on resources. Only through BRAC can we align our infrastructure with our strategy.



Dorothy Robyn

**Deputy Under Secretary of Defense for
Installations and Environment**



Dorothy Robyn became the Deputy Under Secretary of Defense for Installations and Environment in July 2009. In this position, she provides management and oversight of military installations worldwide and manages environmental, safety, and occupational health programs for the Department. The Department's installations cover some 29 million acres, with 539,000 buildings and structures valued at more than \$700 billion. Her responsibilities include the development of installation capabilities, programs, and budgets; installation-energy programs and policy; base realignment and closure; privatization of military housing and utilities; and integration of environmental needs into the weapons acquisition process. She is also responsible for environmental management, safety and occupational health; environmental restoration at active and closing bases; conservation of natural and cultural resources; pollution prevention; environmental research and technology; fire protection; and explosives safety. Dr. Robyn also serves as the Department's designated Senior Real Property Officer and the DoD representative to the Advisory Council on Historic Preservation.



Before her appointment to the Department of Defense, Dr. Robyn was a principal with The Brattle Group, an economic consulting firm that specializes in competition and antitrust, energy and the environment. She focused principally on economic analysis of public policy issues related to the aviation and telecommunications sectors, including such issues as: proposed changes in the governance and financing of the U.S. air traffic control system; antitrust issues affecting international airline alliances; and mechanisms for FCC allocation of vacant radio spectrum. Prior to joining The Brattle Group in 2002, she was a Guest Scholar at the Brookings Institution.

From 1993 to 2001, Dr. Robyn served as Special Assistant to the President for Economic Policy and a senior staff member of the White House National Economic Council. She managed interagency coordination on high-priority issues in aviation and transportation, aerospace and defense, science and technology, and competition policy. Most relevant to her current job, she oversaw the development and implementation of the Clinton Administration's Defense Reinvestment and Transition Initiative, which encompassed adjustment programs for workers and communities hurt by defense downsizing; a comprehensive strategy to accelerate reuse of closing military bases; and efforts such as housing privatization, defense acquisition reform and "dual-use" R&D that were designed to allow for greater DoD reliance on commercial markets.

Prior to joining the White House staff, Dr. Robyn was with the Joint Economic Committee of Congress and the congressional Office of Technology Assessment (OTA). From 1983-1987, she was an assistant professor at Harvard's Kennedy School of Government, where she taught courses in public management, policy analysis and the business-government relationship.

She is co-author (with William Baumol) of *Toward an Evolutionary Regime for Spectrum Governance: Licensing or Unrestricted Entry?* (Brookings Press, 2006) and author of *Braking the Special Interests: Trucking Deregulation and the Politics of Policy Reform* (University of Chicago Press, 1987). Dr. Robyn has served as an

associate editor for the *Journal of Policy Analysis and Management*(1991-93) and as book editor for *Issues in Science and Technology* (1986-89). She wrote the 1995 White House report, *Second to None: Preserving America's Military Advantage through Dual-Use Technology* and co-authored the 1988 OTA report, *Commercializing High-Temperature Superconductivity*. She has a B.A. from Southern Illinois University and a Ph.D. and M.P.P. in public policy from the University of California at Berkeley. She is a native of St. Louis, Missouri.

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Testimony
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Committee on Armed Services, House of
Representatives

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**MILITARY BASE
REALIGNMENTS AND
CLOSURES**

**Key Factors Contributing to
BRAC 2005 Results**

Statement of Brian J. Lepore, Director
Defense Capabilities and Management





Highlights of GAO-12-513T, a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The Department of Defense (DOD) has faced long-term challenges in managing and halting degradation of its portfolio of facilities and reducing unneeded infrastructure to free up funds to better maintain the facilities it still uses and to meet other needs. Costs to build and maintain the defense infrastructure represent a significant financial commitment. DOD's management of its support infrastructure is on GAO's high-risk list, in part because of the challenges DOD faces in reducing its unneeded excess and obsolete infrastructure. DOD plans to reduce force structure and the President will request that Congress authorize the base realignment and closure (BRAC) process for 2013 and 2015. The Secretary of Defense stated that the BRAC process is the only effective way to achieve needed infrastructure savings.

This testimony discusses (1) key factors and challenges that contributed to BRAC 2005 implementation and results and (2) the most recent estimated costs and savings attributable to BRAC 2005. To do this work, GAO reviewed its previous work and selected documents related to BRAC 2005 such as BRAC business plans that laid out the requisite actions, timing of those actions, and DOD's estimated costs and savings associated with implementing each recommendation, briefings on BRAC implementation status prepared by the military services, and budget justification materials submitted to Congress. GAO also interviewed current and former officials from DOD and the BRAC Commission involved in the development, review, and implementation of BRAC recommendations.

View GAO-12-513T. For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

March 8, 2012

MILITARY BASE REALIGNMENTS AND CLOSURES

Key Factors Contributing to BRAC 2005 Results

What GAO Found

GAO identified several factors and challenges that contributed to the Department of Defense's (DOD) implementation of Base Realignment and Closure (BRAC) 2005 and the results achieved. In contrast to other BRAC rounds that were primarily focused on achieving savings by reducing excess infrastructure, the Secretary of Defense identified three goals for BRAC 2005. Specifically, BRAC 2005 was intended to (1) transform the military, (2) foster jointness, and (3) reduce excess infrastructure to produce savings. These goals and the primary selection criteria's focus on enhancing military value led DOD to identify numerous recommendations that were designed to be transformational and enhance jointness, thereby adding to the complexity the BRAC Commission and DOD faced in finalizing and implementing the recommendations. Some transformational-type recommendations needed sustained attention by DOD and significant coordination and planning among multiple stakeholders. To improve oversight of implementation of the recommendations, the Office of the Secretary of Defense (OSD) required business plans for each BRAC 2005 recommendation to better manage implementation. In addition, DOD developed recommendations that were interdependent on each other. However, this led to challenges across multiple recommendations when delays in completing one recommendation led to delays in completing others. Specifically, DOD had to synchronize the relocations of over 123,000 people with about \$24.7 billion in new construction or renovation at installations. Given the complexity of some BRAC recommendations, OSD directed the services to periodically brief it on implementation challenges. Furthermore, the scale of BRAC 2005 posed a number of challenges to the Commission as it conducted its independent review. For example, it reported that DOD's recommendations were of unprecedented scope and complexity, compounding the difficulty of its review. Moreover, the interdependent nature of some recommendations made it difficult for the Commission to evaluate the effect on installations that were both gaining and losing units simultaneously. Finally, the effect on communities from installation growth has led to challenges. For example, communities experiencing growth were hindered in their ability to effectively plan for off-base support such as adequate roads and schools due to inconsistent information from DOD around the 2007 time frame.

DOD's fiscal year 2011 BRAC 2005 budget submission to Congress shows that costs to implement the BRAC recommendations grew from \$21 billion originally estimated by the BRAC Commission in 2005 dollars to about \$35.1 billion in current dollars, an increase of about \$14.1 billion, or 67 percent. In constant 2005 dollars, costs increased to \$32.2 billion, an increase of 53 percent. Costs increased mostly due to military construction as DOD identified the need for new and renovated facilities to enhance capabilities. In 2005, the Commission estimated net annual recurring savings of \$4.2 billion and a 20-year net present value savings by 2025 of \$36 billion. GAO's analysis shows annual recurring savings are now about \$3.8 billion, a decrease of 9.5 percent, while the 20-year net present value savings are now about \$9.9 billion, a decrease of 73 percent. As such, DOD will not recoup its up-front costs until 2018.

Chairman Forbes, Ranking Member Bordallo, and Members of the Subcommittee:

Thank you for the opportunity to testify today on the Department of Defense's (DOD) latest round of base realignments and closures (BRAC), commonly referred to as BRAC 2005. GAO has two long-standing roles in the BRAC process. First, as requested by congressional committees for the 1988 BRAC round and mandated by law since 1990, we have served as an independent and objective observer of the BRAC process and have assessed and reported on DOD's decision-making processes leading up to proposed realignment and closure recommendations. We have operated in a real-time setting and had access to significant portions of the process as it evolved. Second, once the recommendations became binding, our role has been to review DOD's efforts to implement the recommendations, just as we routinely review the efficiency and effectiveness of many other congressionally mandated or authorized programs across the government. As such, we have issued about 50 reports related to the BRAC 2005 round and prior BRAC rounds since 1989 (see related GAO products at the end of this testimony) in addition to our statutorily required report providing a detailed analysis of the BRAC 2005 selection process and the Secretary of Defense's proposed realignment and closure recommendations to the BRAC Commission.¹

DOD has faced long-term challenges in managing its portfolio of facilities, halting degradation of facilities, and reducing unneeded infrastructure to free up funds to better maintain the facilities it still uses and to meet other needs. DOD has about 500 permanent installations in the United States that comprise more than 300,000 buildings and about 200,000 other structures with a replacement value of more than \$800 billion. Costs to build and maintain the defense infrastructure represent a significant financial commitment. However, closing unneeded defense facilities has historically been difficult because of public concern about the economic effects of closures on communities, the perceived lack of impartiality of the decision-making process, and legal requirements. DOD's

¹GAO, *Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closures and Realignments*, GAO-05-785 (Washington, D.C.: July 1, 2005). Legislation authorizing the BRAC 2005 round maintained the requirement, applicable to DOD's three previous rounds in 1991, 1993, and 1995, that we provide a detailed analysis of the Secretary's proposed recommendations and the selection process. We were required (Pub. L. No. 107-107, Title XXX, § 3001 (2001)) to report to the Congress and BRAC Commission by July 1, 2005.

management of its support infrastructure is on our high-risk list, in part due to the challenges DOD faces in eliminating unneeded infrastructure. The BRAC process is designed to overcome obstacles to eliminating unneeded infrastructure and to help DOD match needed infrastructure to the force structure and to support military missions. We reported in 2005 that DOD established and generally followed a logical and reasoned process for formulating its BRAC 2005 recommendations.²

As the Secretary of Defense testified before both the Senate and House Armed Services Committees 3 weeks ago, the President will request Congress to again authorize the BRAC process, for 2013 and 2015. The Secretary acknowledged that the BRAC process is controversial but stated that it is the only effective way to achieve needed infrastructure savings, and that the upcoming request comes as a result of DOD plans to reduce its force structure.³

As directed by the House Armed Services Committee in its report accompanying the National Defense Authorization Act for 2008,⁴ we have been reviewing BRAC 2005 to monitor implementation of the recommendations and identify lessons that could be used to improve future BRAC rounds should Congress authorize additional rounds.⁵ My testimony today is based on work completed to date, and I will identify (1) key factors and challenges that contributed to BRAC 2005 implementation and results and (2) the most-recent estimated costs and savings attributable to BRAC 2005. We will also be reporting on lessons learned from the BRAC 2005 round later this year.

To identify some of the key factors and challenges that contributed to BRAC 2005 implementation and results, we reviewed our previous work

²GAO-05-785.

³*Hearing to Receive Testimony on the Defense Authorization Request for Fiscal Year 2013 and the Future Years Defense Program, before the Senate Armed Services Committee, 112th Cong. (Feb. 14, 2012) (written prepared statement of Leon E. Panetta, Secretary of Defense), and Hearing to Receive Testimony on the Fiscal Year 2013 National Defense Authorization Budget Request from the Department of Defense, before the House Armed Services Committee, 112th Cong. (Feb. 15, 2012) (written prepared statement of Leon E. Panetta, Secretary of Defense).*

⁴Pub. L. No. 110-181 (2008).

⁵H.R. Rep. No. 110-146 (2007), at 514.

and key documents related to BRAC 2005, such as BRAC business plans that laid out the actions and timing of those actions to implement the recommendations, briefings prepared by the military services on the implementation status of the recommendations, and other key documents. We interviewed the Chairman of the 2005 BRAC Commission and members of the Commission's executive staff, key military department officials involved in BRAC 2005, and the former Deputy Under Secretary of Defense (Installations and Environment) who oversaw BRAC 2005 when DOD developed the recommendations that were sent to the Commission. We also interviewed representatives of five of the seven joint cross-service groups: Headquarters and Support Activities, Industrial, Medical, Supply and Storage, and Technical. We performed our work at the Office of the Secretary of Defense (OSD), Basing Directorate; the military departments; and other relevant offices.

To identify the current estimated costs and savings, we used DOD's annual BRAC 2005 budget submissions to Congress to conduct our analyses of BRAC costs and savings. To evaluate changes in projected net annual recurring savings from the BRAC Commission's original estimates in 2005 through to fiscal year 2011, we used data OSD provided on estimated savings in fiscal year 2012 because these data more fully captured the expected savings.⁶ We calculated the 20-year net present value savings by applying the same formulas and discount rate of 2.8 percent that the BRAC Commission used in 2005 to calculate the savings. Although the Office of Management and Budget prescribes the use of slightly different assumptions to calculate these estimates today, we used the factors and assumptions used by the BRAC Commission for consistency. To assess the reliability of DOD's BRAC cost and savings data, we tested computer-generated data for errors, reviewed relevant documentation, and discussed data quality control procedures with officials at the OSD Basing Directorate. We determined that the data used were sufficiently reliable for the purposes of addressing the objectives of this testimony. We performed this work from March 2011 to March 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

⁶OSD expected to have completed all of the recommendations by September 15, 2011, thus by fiscal year 2012 savings estimates should be complete and not subject to further change.

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Congress Established the BRAC Process

The BRAC 2005 process consisted of a series of legislatively prescribed steps as follows:

DOD proposed the selection criteria. DOD was required to propose the selection criteria to be used to develop and evaluate the candidate recommendations, consistent with considerations specified in the statute authorizing BRAC 2005.⁷ The criteria were to be made available for public comment in the Federal Register.⁸ Congress subsequently codified the eight final BRAC selection criteria used in BRAC 2005.⁹ The BRAC statute directed GAO to evaluate the selection criteria.¹⁰ Figure 1 displays the eight criteria. Importantly, Congress specified that the first four criteria relating to enhancing military value were to be the priority criteria.

⁷The statute authorizing BRAC 2005, Pub. L. No. 107-107, § 3002 (2001), amended the Defense Base Closure and Realignment Act of 1990 by inserting a new section, § 2913, which established "military value" as the primary consideration for BRAC recommendations and specified a number of considerations for determining military value, along with other selection criteria.

⁸DOD spelled out its final criteria at 69 Fed. Reg. 6948 (2004).

⁹Congress codified the criteria as adopted by DOD, with only minor modification. Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 2832 (2004).

¹⁰GAO, *Military Base Closures: Assessment of DOD's 2004 Report on the Need for a Base Realignment and Closure Round*, GAO-04-760 (Washington, D.C.: May 17, 2004).

Figure 1: Selection Criteria for the BRAC 2005 Round**Military value**

- ① The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.
- ② The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.
- ③ The ability to accommodate contingency, mobilization, surge and future total force requirements at both existing and potential receiving locations to support operations and training.
- ④ The cost of operations and the manpower implications.

Other criteria

- ⑤ The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed costs.
- ⑥ The economic impact on existing communities in the vicinity of military installations.
- ⑦ The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.
- ⑧ The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

Source: DOD and Pub.L. No. 101-510, section 2913.

DOD developed a force structure plan and infrastructure inventory. Congress required the Secretary of Defense to develop and submit to Congress a force structure plan laying out the numbers, size, and composition of the units that constitute U.S. defense forces—for example, divisions, ships, and air wings—based on the Secretary's assessment of the probable national security threats over the ensuing 20 year period,

and an inventory of global military installations.¹¹ The BRAC statute directed GAO to evaluate the force structure plan and infrastructure inventory.¹²

Secretary of Defense was required to provide certain certifications. On the basis of the force structure plan, infrastructure inventory, and accompanying analyses, the Secretary of Defense was required to certify whether the need existed for the closure or realignment of military installations. If the Secretary certified that the need existed, he was also required to certify that the round of closures and realignments would result in annual net savings for each of the military departments beginning not later than fiscal year 2011. The BRAC statute directed GAO to evaluate the need for the 2005 BRAC round.¹³

DOD began to develop options for closure or realignment recommendations. The military departments developed service-specific installation closure and realignment options. In addition, OSD established seven joint cross-service teams, called joint cross-service groups, to develop options across common business-oriented functions, such as medical services, supply and storage, and administrative activities. These closure and realignment options were reviewed by DOD's Infrastructure Executive Council—a senior-level policy-making and oversight body for the entire process. Options approved by this council were submitted to the Secretary of Defense for his review and approval. DOD developed hundreds of closure or realignment options for further analysis, which eventually led to DOD's submitting over 200 recommendations to the BRAC Commission for analysis and review. The BRAC statute directed GAO to analyze the recommendations of the Secretary and the selection process, and we issued our report to the congressional defense committees on July 1, 2005.¹⁴

¹¹Section 3001 of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. No. 107-107 (2001), amended § 2912 of the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 101-510 (1990), to, among other things, require DOD to develop a 20-year force structure plan. In prior BRAC rounds, the force structure plan was required to project the needed force structure for a 6-year period.

¹²GAO-04-760.

¹³GAO-04-760.

¹⁴GAO-05-785.

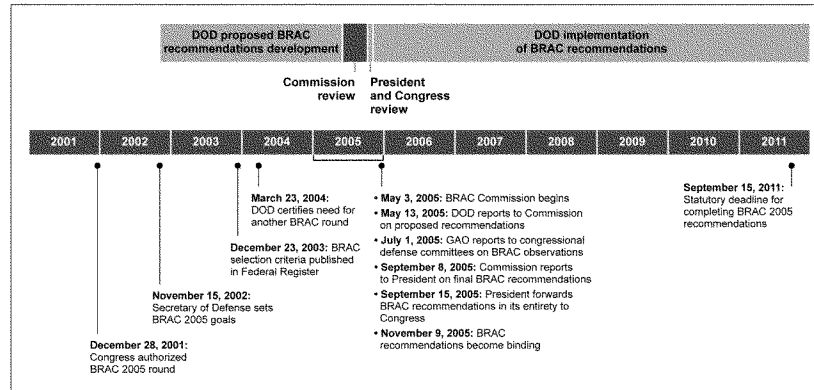
BRAC Commission performed an independent review of DOD's recommendations. After DOD selected its base closure and realignment recommendations, it submitted them to the BRAC Commission, which performed an independent review and analysis of DOD's recommendations. The Commission could approve, modify, reject, or add closure and realignment recommendations. Also, the BRAC Commission provided opportunities to interested parties, as well as community and congressional leaders, to provide testimony and express viewpoints. The Commission then voted on each individual closure or realignment recommendation, and those that were approved were included in the Commission's report to the President. In 2005, the BRAC Commission reported that it had rejected or modified about 14 percent of DOD's closure and realignment recommendations.

President approved BRAC recommendations. After receiving the recommendations, the President was to review the recommendations of the Secretary of Defense and the Commission and prepare a report by September 23, 2005, containing his approval or disapproval of the Commission's recommendations as a whole. Had the President disapproved of the Commission's recommendations, the Commission would have had until October 20, 2005, to submit a revised list of recommendations to the President for further consideration. If the President had not submitted a report to Congress of his approval of the Commission's recommendations by November 7, 2005, the BRAC process would have been terminated. The President submitted his report and approval of the 2005 Commission's recommendations on September 15, 2005.

Congress allowed the recommendations to become binding. After the President transmitted his approval of the Commission's recommendations to Congress, the Secretary of Defense would have been prohibited from implementing the recommendations if Congress had passed a joint resolution of disapproval within 45 days of the date of the President's submission or the adjournment of Congress for the session, whichever was sooner. Since Congress did not pass such a resolution, the recommendations became binding in November 2005.

Congress established clear time frames for implementation. The BRAC legislation required DOD to complete recommendations for closing or realigning bases made in BRAC 2005 by September 15, 2011—6 years from the date the President submitted his approval of the recommendations to Congress. Figure 2 displays the timeline of the BRAC 2005 round.

Figure 2: Timeline of BRAC 2005 Round



Source: GAO.

Key Factors and Challenges Affecting DOD and the Commission in BRAC 2005

GAO identified several factors and challenges that contributed to DOD's implementation of BRAC 2005 and the results achieved. In contrast to other BRAC rounds that were primarily focused on achieving savings by reducing excess infrastructure, the Secretary of Defense identified three goals for BRAC 2005. Specifically, BRAC 2005 was intended to transform the military, foster jointness, and reduce excess infrastructure to produce savings. These goals and the primary selection criteria's focus on enhancing military value led DOD to identify numerous recommendations that were designed to be transformational and enhance jointness, thereby adding to the complexity the Commission and DOD faced in finalizing and implementing the BRAC recommendations. Some key challenges that have confronted or continue to confront DOD or the Commission in regard to BRAC 2005 are as follows.

Some transformational-type BRAC recommendations required sustained senior leadership attention and a high level of coordination among many stakeholders to complete by the required date. The consolidation of supply, storage, and distribution functions within the Defense Logistics Agency is an example of an atypical use of the BRAC process. The

supply, storage, and distribution BRAC recommendation is transformational because it focuses on complex business process reengineering efforts involving the transfer of personnel and management functions. As we previously reported,¹⁵ the Defense Logistics Agency was faced with the potential for disruptions to depot operations during implementation of the BRAC consolidation recommendation and took certain steps we have identified as best practices to minimize the potential for disruption. These included committing sustained high-level leadership and including relevant stakeholders in an organizational structure to address implementation challenges as they arose. To implement the BRAC recommendations, the agency had to develop strategic agreements with the services that ensured that all stakeholders agreed on its plans for implementation, and had to address certain human capital and information technology challenges.

Similarly, another type of transformational BRAC recommendation that required sustained senior leadership attention was the establishment of the Navy's Fleet Readiness Centers. DOD expects this BRAC recommendation to produce significant savings; however, as we reported,¹⁶ this BRAC recommendation required sustained senior leadership attention to ensure effective completion. Our prior work states that sustained leadership is necessary to achieve workforce reorganizations and agency goals.¹⁷

Implementation of some transformational BRAC recommendations—especially those where a multitude of organizations and units all had roles to play to ensure the achievement of the goals of the recommendation—illustrated the need to involve key stakeholders and effective planning. For example, to transform the reserve forces in many states, the Army had planned to implement 44 BRAC recommendations to construct 125 new Armed Forces Reserve Centers by September 15, 2011.

¹⁵GAO, *Military Base Realignments and Closures: DOD Needs to Update Savings Estimates and Continue to Address Challenges in Consolidating Supply-Related Functions at Depot Maintenance Locations*, GAO-09-703 (Washington, D.C.: July 9, 2009).

¹⁶GAO, *Military Base Closures: Projected Savings from Fleet Readiness Centers Are Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges*, GAO-07-304 (Washington, D.C.: June 29, 2007).

¹⁷GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

As we previously reported, the Army identified several potential challenges, including completing all of the construction within the statutory implementation period, changing force structure and mission requirements that could affect the capacity of the new centers, and realizing efficiencies based on limited testing of new construction processes.¹⁸ Conversely, as we also previously reported, the Air Force used a consultative process that involved stakeholders to assign new missions to units that would lose flying missions as a result of 37 BRAC recommendations affecting 56 Air National Guard installations.¹⁹ As a result of this consultative process, Air National Guard units affected by BRAC 2005 were assigned replacement missions, of which 83 percent were highest priority, mission-critical missions, or a new flying mission. However, implementation of these BRAC recommendations led to other challenges that required significant stakeholder coordination. These challenges included the capacity of Air National Guard headquarters to develop new unit staffing documents, the need to retrain personnel for an intelligence mission at a rate that exceeded the capacity of the relevant school, and that Air National Guard Headquarters had not identified bridge missions for all units that will face a delay between losing their old flying mission and the startup of their replacement mission.

Establishing a specific organizational structure to overcome likely obstacles and help achieve desired goals. OSD emphasized the need for joint cross-service groups to analyze common business-oriented functions for BRAC 2005, an approach made more important by the desire to develop transformational BRAC recommendations. As with the 1993 and 1995 BRAC rounds, these joint cross-service groups performed analyses and developed closure and realignment options in addition to those developed by the military services. However, our evaluation of DOD's 1995 round indicated that the joint cross-service groups submitted options through the military services for approval, resulting in few being approved.²⁰ Conversely, the number of BRAC recommendations

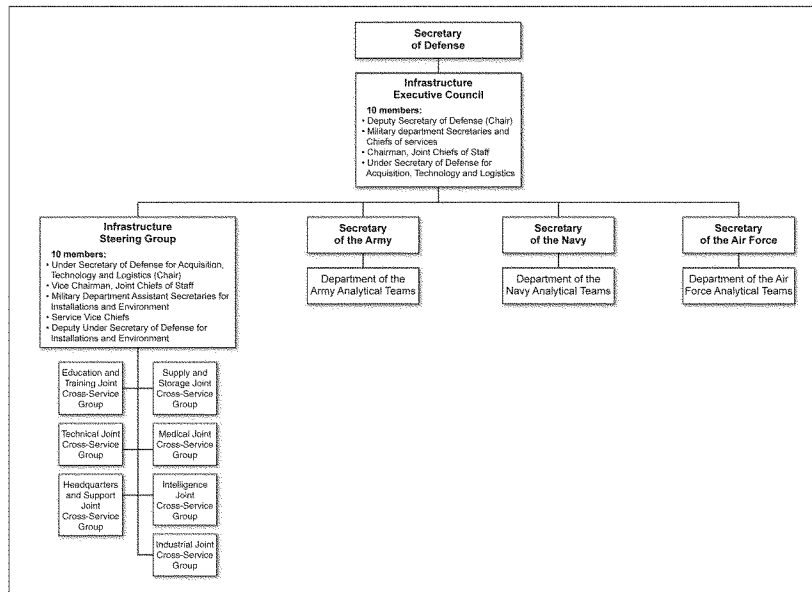
¹⁸GAO, *Military Base Realignments and Closures: Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers*, GAO-07-1040 (Washington, D.C.: Sept. 13, 2007).

¹⁹GAO, *Military Base Closures: Management Strategy Needed to Mitigate Challenges and Improve Communication to Help Ensure Timely Implementation of Air National Guard Recommendations*, GAO-07-641 (Washington, D.C.: May 16, 2007).

²⁰GAO, *Military Bases: Lessons Learned From Prior Base Closure Rounds*, GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

developed by the joint cross-service groups increased significantly in the BRAC 2005 round. This was due, in part, to high-level leadership ensuring that the options were reviewed by a DOD senior-level group, known as the Infrastructure Steering Group, rather than the military services. As shown in figure 3, the Infrastructure Steering Group was placed organizationally on par with the military departments.

Figure 3: DOD's BRAC Leadership Structure



Source: DOD.

DOD had to develop BRAC oversight mechanisms to improve accountability for implementation of the BRAC recommendations. For the first time, OSD required the military departments to develop business plans to better inform OSD of financial and status of implementation details for each of the BRAC 2005 recommendations and to facilitate OSD oversight. These business plans included information such as a listing of all actions needed to implement each recommendation; schedules for personnel relocations between installations; and updated cost and savings estimates by DOD based on more accurate and current information. This approach permitted senior-level intervention if warranted to ensure completion of the BRAC recommendations by the statutory completion date. Additionally, OSD recognized that the business plans would serve as the foundation for the complex program management necessary to implement the particularly complex transformational BRAC 2005 recommendations, and to delineate resource requirements and generate military construction requirements.

Interdependent recommendations affected DOD's ability to meet the statutory deadline. Many of the BRAC 2005 recommendations were interdependent and had to be completed in a sequential fashion within the statutory implementation period. In cases where interdependent recommendations required multiple relocations of large numbers of personnel, delays in completing one BRAC recommendation had a cascading effect on the implementation of other recommendations. Specifically, DOD had to synchronize the relocations of over 123,000 people with about \$24.7 billion in new construction or renovation. Commission officials told us that unlike prior BRAC rounds where each base was handled by a single integrated recommendation, in BRAC 2005, many installations were simultaneously affected by multiple interconnected BRAC recommendations. For example, as we have previously reported,²¹ as part of the BRAC recommendation to close Fort Monmouth, New Jersey, personnel from the Army's Communications-Electronics Life Cycle Management Command located at Fort Monmouth were to relocate to Aberdeen Proving Ground, Maryland. To accommodate the incoming personnel from Fort Monmouth, Army officials planned to renovate facilities that were occupied at the time by a training activity that was to relocate to Fort Lee, Virginia, as part of

²¹GAO, *Military Base Realignment and Closures: Army Is Developing Plans to Transfer Functions from Fort Monmouth, New Jersey, to Aberdeen Proving Ground, Maryland, but Challenges Remain*, GAO-08-1010R (Washington, D.C.: Aug. 13, 2008).

another BRAC recommendation. However, delays in completing new facilities at Fort Lee delayed the relocation of the training activity from Aberdeen, which in turn delayed the renovation of the Aberdeen facilities to support the Fort Monmouth closure. Similarly, two buildings at Fort Belvoir, Virginia, were to house certain Army organizations moving from leased space as part of a BRAC recommendation. However, the buildings at Fort Belvoir were occupied at the time by the Army Materiel Command, which was to relocate to Huntsville, Alabama, as part of another BRAC recommendation. Construction delays at the Huntsville location delayed the command's ability to move, which in turn delayed renovation of the space they were to vacate, consequently holding up the ability of the new occupants to relocate from the leased space. Given the complexity of these interdependent recommendations, OSD required the military services and defense agencies to periodically brief it on implementation challenges and progress.

Some complex sets of individual actions were combined within individual BRAC recommendations, complicating the Commission's review process. The scale of BRAC 2005 posed a number of challenges to the Commission as it did its independent review. First, the Commission reported that it assessed closure and realignment recommendations of unprecedented scope and complexity. Further, the executive staff of the BRAC Commission told us that their task was made more difficult and complex because many of the proposed recommendations put forward for BRAC 2005 represented the DOD goals of furthering transformation and fostering jointness, in addition to the more traditional base closures and realignments. Moreover, many of the proposed BRAC recommendations that DOD presented to the Commission for review were made up of multiple individual actions, unlike prior rounds in which each base was handled by a single integrated recommendation, according to the BRAC Commission. The executive staff of the Commission also told us that it was more difficult to assess the costs and the amount of time for the savings to offset implementation costs since many of the recommendations contained multiple interdependent actions, all of which needed to be reviewed. Table 1 compares the number of individual actions embedded within the BRAC 2005 recommendations with the number of similar actions needed to implement the recommendations in the prior rounds. The table shows that the number of individual BRAC actions was larger in BRAC 2005 (813) than that from the four prior BRAC rounds combined (387).

Table 1: BRAC Actions for All BRAC Rounds

Round	Major base closures	Major realignments	Minor closures and realignments	Total actions
1988	16	4	23	43
1991	26	17	32	75
1993	28	12	123	163
1995	27	22	57	106
Total for four prior rounds	97	55	235	387
BRAC 2005	24	24	765	813

Source: GAO analysis of DOD data.

Notes: For BRAC 2005, DOD defined major base closures as those that had a plant replacement value exceeding \$100 million, and defined major base realignments as those that had a net loss of 400 or more military and civilian personnel. In prior BRAC rounds, closures and realignments were often difficult to tabulate precisely, and GAO relied on DOD's characterization of which bases were considered to be major in the absence of a consistent definition.

Large size of BRAC 2005 may have contributed to the challenges confronting the Commission. The Commission executive staff that we interviewed said that they would have benefited from expertise built up during the multiple successive smaller BRAC rounds that occurred in 1991, 1993, and 1995, since the Commission staff stayed in place from one round to the next. However, because 10 years had elapsed since the last BRAC round, many Commission staff were new to BRAC in 2005 and had steep learning curves. This may have been compounded by the large number and variety of BRAC actions DOD presented to them for review. For example, the Commission reported that it struggled to fully understand the net impact on bases that were both gaining and losing missions at the same time, as in the interdependent BRAC recommendations discussed above. While the Commission had the authority to modify a BRAC recommendation, the Commission staff expressed concern that rejecting one action of a recommendation could potentially set off a cascade of effects rippling across several other proposed recommendations because of the interdependency of the individual actions.

The effect on communities from installation growth has led to challenges for the communities to ensure the provision of adequate services to the installation. DOD's Office of Economic Adjustment²² and DOD have devoted more resources to communities experiencing significant growth as a result of the consolidation that occurred under BRAC 2005. This is a change from prior BRAC rounds, when Office of Economic Adjustment assistance was more focused on helping communities cope with the closure of an installation than its growth. While some of the growth is attributable to initiatives other than BRAC, including increases in Army and Marine Corps force structure after 2007 and plans to rebase some overseas forces to the United States, BRAC has contributed with the transfer of about 123,000 positions from one installation to another within the 6-year BRAC implementation period. As we have previously reported, communities experiencing growth were hindered in their ability to effectively plan for off-base support such as adequate roads and schools due to inconsistent information from DOD around the 2007 time frame.²³ Further, DOD has missed opportunities to offer high-level leadership to communities affected by the growth, suggesting the need for more attention to this issue if a future set of BRAC recommendations leads to installation growth rather than closure.²⁴

Costs to Implement BRAC 2005 Increased as Estimated Savings Decreased

Our analysis of DOD's fiscal year 2011 BRAC 2005 budget submission to Congress and each annual submission throughout the BRAC 2005 implementation period shows that one-time implementation costs grew from \$21 billion originally estimated by the BRAC Commission in 2005 to about \$35.1 billion, an increase of about \$14.1 billion, or 67 percent.²⁵ In constant 2005 dollars, costs increased to about \$32.2 billion, an increase

²²The Office of Economic Adjustment is the primary DOD office responsible for providing assistance to communities, regions, and states affected by significant defense actions including base closures and realignments.

²³GAO, *Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth*, GAO-07-1007 (Washington, D.C.: September 13, 2007).

²⁴GAO, *Defense Infrastructure: High-Level Leadership Needed to Help Communities Address Challenges Caused by DOD-Related Growth*, GAO-08-665 (Washington, D.C.: June 17, 2008); *Defense Infrastructure: High-Level Federal Interagency Coordination Is Warranted to Address Transportation Needs beyond the Scope of the Defense Access Roads Program*, GAO-11-165 (Washington, D.C.: Jan. 26, 2011).

²⁵The \$35.1 billion in one-time implementation cost is in current dollars, which includes inflation, while the BRAC Commission estimate of \$21 billion is in constant 2005 dollars.

of 53 percent. According to an OSD analysis of the increase in costs, about \$10 billion of the increase was attributable to construction for additional facilities, increasing total military construction costs to about \$24.7 billion. In contrast, military construction costs for the four prior BRAC rounds combined amounted to less than \$7 billion. In a March 2010 testimony, the Deputy Under Secretary of Defense (Installations and Environment) characterized the military construction for BRAC 2005 as a major engine of recapitalization.²⁶ Other reasons for the cost increases include inflation and increased operations and maintenance, environmental restoration, and other costs.

Some cost increases have been attributed to unexpected expenses. For example, DOD's cost to implement the recommendation to close the Walter Reed Medical Center in Washington, D.C., and relocate medical care functions to the National Naval Medical Center, Bethesda, Maryland, and Fort Belvoir, Virginia, increased from about \$989 million to about \$2.7 billion due to higher military construction costs and other higher than anticipated costs for moving and purchasing equipment, as we previously reported.²⁷ Moreover, military construction costs to close Fort Monmouth, New Jersey, increased by \$613.2 million from the BRAC Commission estimate. One part of this recommendation included relocating the U.S. Army Military Academy Preparatory School from Fort Monmouth to West Point, New York, and part of the reason for the cost growth was that the scope of the facility construction increased from approximately 80,000 square feet to more than 250,000 square feet, and planning officials identified the need to spend additional money for rock removal needed for site preparation.

In 2005, the Commission estimated that BRAC 2005 would produce net annual recurring savings of \$4.2 billion with 20-year net present value savings of \$36 billion. However, our analysis of DOD's fiscal year 2011 BRAC 2005 budget submission to Congress shows that BRAC 2005 net annual recurring savings are now expected to be about \$3.8 billion, a

²⁶Hearing on Base Realignment and Closure, before the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies, 111th Cong. (March 17, 2010) (statement of Dr. Dorothy Robyn, Deputy Secretary of Defense (Installations and Environment)).

²⁷GAO, *Military Base Realignments and Closures: Estimated Costs Have Increased While Savings Estimates Have Decreased Since Fiscal Year 2009*, GAO-10-98R (Washington, D.C.: Nov. 13, 2009).

9.5 percent decrease from the Commission's estimate. The 20-year net present value savings estimated by the Commission in 2005 for this BRAC round have decreased by 73 percent to about \$9.9 billion. Some recommendations were acknowledged to be unlikely to produce savings in the 20-year net present value window. For example, the Commission approved 30 recommendations that were based on perceived high military value and were not expected to result in 20-year payback. However, our analysis of DOD's 2011 BRAC budget data shows that currently 77 out of 182 Commission-approved BRAC 2005 recommendations, or about 42 percent, are now not expected to pay back in the same 20-year period. In contrast, only four recommendations DOD developed in all four prior BRAC rounds combined were not expected to result in a 20-year payback. Finally, our analysis of the fiscal year 2011 BRAC budget shows that DOD will not recoup its up-front costs to implement BRAC recommendations until 2018—5 years later than the BRAC Commission estimates show it would take to pay back.²⁸ OSD officials told us that despite producing lower savings than anticipated, the department expects that the implementation of BRAC 2005 recommendations will produce capabilities that will enhance military value, defense operations, and defense management.

Concluding Remarks

As directed by the House Armed Services Committee's report accompanying the National Defense Authorization Act for 2008, we are continuing to analyze the results from BRAC 2005 to identify lessons learned. These lessons may be useful as Congress considers whether to authorize additional BRAC rounds and would similarly be useful to DOD in implementing recommendations from any future rounds. We will be reporting these lessons learned later this year.

Chairman Forbes, Ranking Member Bordallo, and Members of the Subcommittee, I thank you for inviting me to testify today. This concludes my prepared statement. I will be pleased to answer any questions that you may have at this time.

²⁸Payback period is a metric used by DOD and the BRAC Commission in evaluating individual BRAC recommendations and represents the time required to recoup up-front investment costs to implement BRAC recommendations. Thus, payback is the point at which cumulative savings exceed cumulative costs.

**Contacts and
Acknowledgments**

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DOCUMENTS SUBMITTED FOR THE RECORD

MARCH 8, 2012



Past / On-going Approved Site Closures

FY06-11 = 6 Garrisons / 97 Sites Closed, (23,075 Acres, \$9.07B PRV)

Year	Closures	Sites Total	Acres	PRV	Total
2006	7 Closures	7 Sites	50,368	\$0.36B	
2007	23 Closures	23 Sites	2,813	\$2.46B	
2008	26 Closures	26 Sites	11,905	\$2.52B	
2009	41 Closures	41 Sites	7,417	\$2.71B	
2010	45 Closures	45 Sites	600	\$0.48B	
2011	15 Closures	15 Sites	4,465	\$0.40B	
2012	15 Closures	15 Sites	1,742	\$2.71B	
2013	15 Closures	15 Sites	1,742	\$2.71B	
2014/15	7 Closures	7 Sites	770	\$1.39B	
Total	197 Closures	197 Sites	23,075	\$9.07B	

Approved / Announced Jun 10, OSD Overseas Base Closure Rounds # 51, 54, 55
 Robert Henderson 370-5170

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

MARCH 8, 2012

QUESTIONS SUBMITTED BY MR. FORBES

Mr. FORBES. Has the Secretary of Defense assessed whether excess infrastructure exists in the Department? What empirical support can the Department provide to support the BRAC request?

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Mr. FORBES. Congress requested an independent overseas basing assessment in the National Defense Authorization Act for Fiscal Year 2012. As a foundational document, shouldn't the Department complete the overseas basing assessment before a BRAC authorization is provided?

Dr. ROBYN. Even a significant reduction of our footprint overseas will not achieve the needed cuts to overall infrastructure. To eliminate the excess capacity that results from force structure reductions, the Department will need to close and realign installations in the United States as well as overseas—hence our request for a parallel, BRAC process. It makes sense to look at our domestic and overseas bases at the same time so that the two reviews can inform one another. The Department took this approach in 2004–2005, and it would be no less useful now given the major strategic realignment underway.

Mr. FORBES. Considering BRAC 2005 will not realize a payback on the \$35 billion investment until 2018, 13 years after the start of the initial investment, can the Nation afford to exacerbate a potential sequestration deficit in 10 years by moving forward with another round of BRAC?

Dr. ROBYN. Of all the efficiency measures that the Department has undertaken over the years, BRAC is perhaps the most successful and significant. The first four rounds of BRAC generated \$8 billion in annual, recurring savings; total savings from those four rounds is \$100 billion. The comparable figure for BRAC 2005 is \$4 billion. The annual recurring savings for all five rounds (\$12 billion) represents the additional costs that the Department would incur every year for base operating support, personnel and leasing costs had we not had BRAC. It represents what the Department would spend to buy 300 Apache attack helicopters, 124 F/A–18E/F Super Hornets, or four Virginia class submarines.

Because BRAC is a key priority, the Department will apply the resources necessary to support both a robust and thorough BRAC analysis and an efficient and effective implementation process. BRAC begins generating savings almost immediately, and those savings will partially offset its initial costs. BRAC will generate recurring savings far in excess of the upfront investment.

The 2005 round took place during a period of growth in the military, and it reflected the goals and needs of that time—aligning our infrastructure with our military strategy so as to maximize war fighting capacity and efficiency. These efforts contributed significantly to the Department's effectiveness; but they necessarily required substantial investments. Because the focus of the BRAC 2005 round was not on saving money and space, it is a poor gauge of the savings that the Department can achieve through another BRAC round. The prior BRAC rounds—which reduced capacity and paid off in a relatively few years—represent a better gauge of such costs and savings. In those rounds one-time costs range from \$2.7 billion to \$6.6 billion and the annual recurring savings ranged from \$1 billion to \$2.7 billion.

Mr. FORBES. With the exception of the Air Force, the other Service Chiefs have generally indicated that they do not anticipate any major reductions as a result of a future BRAC authorization. Why would the Administration request broad authority for an additional BRAC authorization when significant excess infrastructure does not appear to exist across the Department?

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Mr. FORBES. With greater transparency, the BRAC implementation costs have increased. In retrospect what additional methods should the BRAC process have built-in to increase cost accuracy?

Dr. ROBYN. The costs of the BRAC 2005 round increased for a number of reasons, but a change in the degree of transparency was not among them. By way of background, BRAC 2005 was by far the largest round undertaken by the Department. The BRAC Commission made 222 recommendations, resulting in 24 major closures, 24 major realignments and 765 lesser actions. These actions affected some 125,000

military personnel at more than 800 locations across the United States. The cost of implementation totaled \$35.1 billion, including \$24.7 billion for military construction and another \$10.4 billion to move personnel and equipment, outfit facilities and carry out environmental clean-up. Although the implementation cost far exceeded that of any prior round, so too do the savings (\$4 billion a year).

The cost of the 2005 round was far more than expected: the up-front investment costs (\$35.1 billion) exceeded the Department's original estimate by fully 67 percent. However, that increase was largely due to deliberate decisions by the Department (principally the Army) to expand the originally envisioned scope of construction and recapitalization—either to address deficiencies in our enduring facilities or to expand the capabilities they provide. In one case—namely, the reconfiguration of medical facilities in the National Capital Region—Congress added requirements that, while meritorious, increased the cost of construction and outfitting by \$1 billion. In sum, BRAC 2005 served as a needed engine of recapitalization for our enduring military facilities (military construction accounted for 70 percent of BRAC 2005 up-front investment costs in contrast to only 33 percent of those costs in prior rounds).

There are two other significant and related reasons for the increase in projected implementation costs. The Department decided to delay the implementation of BRAC 2005 because of competing budgetary priorities (in prior rounds, the implementation had always occurred early in the six-year window). That decision was expensive in and of itself because delay adds to the cost of inflation. In addition, delay meant that many of the large military construction contracts were competed in 2007 and early 2008, just when construction costs spiked because of the rise in construction activity following Hurricane Katrina and because of an increase in the global demand for critical construction materials such as steel and concrete.

Mr. FORBES. According to GAO and DOD the 2005 BRAC round is supposed to bring about military transformation and increased jointness. How are you seeing these results?

Dr. ROBYN. Of all the efficiency measures that the Department has undertaken over the years, BRAC is perhaps the most successful and significant. BRAC 2005 enabled the Department to reset its infrastructure to accommodate the return of forces from Europe and Korea; restructure its medical platforms; markedly increase joint basing and other cross-Service efforts; accommodate the Army's modularization; and revitalize the Army's reserve and guard infrastructure. These efforts were needed, and they have contributed significantly to the Department's effectiveness.

One of the singular achievements of BRAC 2005 has been the increase in jointness. The examples range from our Joint Bases themselves to the various consolidation and co-location efforts. Under BRAC 2005, 26 installations were consolidated into 12 Joint Bases. The Department felt that joint operation would enhance the military value of the installations, making them a DOD-wide asset. Joint Bases represent a fundamental change in our approach to installation management. Although these bases have been operating for only a short time, we are already beginning to see the expected economies of scale from consolidation. Perhaps even more important, joint bases are proving to be incubators for problem-solving and innovation: faced with inconsistent Service rules and requirements, Joint Base commanders are implementing new, cross-cutting business processes out of necessity.

Mr. FORBES. Is BRAC an appropriate vehicle for military transformation?

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Mr. FORBES. The 2006 International Agreement between the United States and the Government of Japan requires that the Government of Japan make "tangible progress" on the construction of a Marine Corps Air Station Futenma replacement facility in northern Okinawa. In the FY12 NDAA, this progress was stipulated as an element that needed to be met before moving forward on additional construction on Guam. As a result of discussions with the Government of Japan in January 2012, the Administration has decided to drop the "tangible progress" requirement required in the 2006 agreement.

a. What is the impact associated with not obtaining "tangible progress" at the Futenma replacement facility and moving forward with the Guam realignment process?

b. Will the removal of "tangible progress" influence affect progress in developing a Futenma Replacement Facility that the Third Marine Expeditionary Force considers critical to current and future operations?

c. Has the readiness posture of PACOM been negatively affected by competing priorities? If so, what would PACOM need to better resource readiness requirements?

General BISHOP. Strategically, there is a sound basis for establishing an operational Marine presence on Guam, and we will start moving Marines to Guam at the first opportunity. By delinking tangible progress on the Futenma Replacement

Facility (FRF) from the movement of Marines to Guam, both of these important initiatives can proceed independently, as circumstances permit.

Both the U.S. and Japanese governments have reaffirmed on more than one occasion that the FRF is the only operationally and politically viable alternative. Since Japan faces a domestic political imperative to reduce the U.S. military footprint in Futenma, Japan's incentive to develop the FRF remains. Until the FRF is constructed, U.S. Marine Corps aviation will continue to operate out of the Marine Corps Air Station Futenma.

The readiness posture of U.S. Pacific Command has been enhanced under the new defense strategy. We have reviewed our strategic defense posture in Asia—beginning with the 2010 Quadrennial Defense Review—in order to achieve a more geographically distributed, operationally resilient, and politically sustainable force structure in the region.

Mr. FORBES. How will the decision to withdraw two BCTs from Europe impact our ability to meet operational and training requirements?

General BISHOP. The two Brigade Combat Teams (BCTs) remaining in Europe will meet adequately our operational and training requirements. To maintain the interoperability gains of the last decade, we also believe that we need to assist the NATO Response Force (NRF) strategically. To this end, we will be allocating a CONUS-based BCT and brigade headquarters staff support to the NRF. This allocation will provide approximately two short-duration training opportunities per year. We believe this will best support NATO and help build critical partner capacity.

Mr. FORBES. If the number of U.S. forces stationed in EUCOM is reduced, will EUCOM still maintain building partnership capacity mission in Europe and still provide substantial rotational troops to an overseas contingency operation? At what troop level does conducting both of these missions become impossible?

General BISHOP. U.S. European Command (USEUCOM) assesses that the new force level following planned reductions is sufficient for assigned missions, including building partner capacity and having the flexibility to conduct out-of-area contingency operations if necessary.

Mr. FORBES. What is your estimate on the cost and savings associated with BRAC 2005?

Mr. LEPORE. DOD's fiscal year 2011 BRAC budget submission shows that the cost to implement the BRAC 2005 recommendations was about \$35.1 billion as we stated in our March 8, 2012 testimony. Further, our analysis of DOD's data shows net annual recurring savings are expected to be about \$3.8 billion, while the 20-year net present value savings are about \$9.9 billion, based on DOD's fiscal year 2011 BRAC budget submission. We plan to issue our final report related to BRAC 2005 costs and savings in May of this year.

Mr. FORBES. If Congress were to consider another round of BRAC, how can Congress ensure that a quicker payback is provided? What are the limiting factors?

Mr. LEPORE. Congress has a role early in the BRAC process in codifying the criteria that DOD and the BRAC Commission use to evaluate BRAC recommendations. If Congress authorizes a future BRAC round, and if minimizing payback time were a key goal of that round, amending the criteria used to evaluate BRAC recommendations to include the extent and timing of potential costs and savings as part of the primary criteria may help to achieve that goal. Although anticipated savings resulting from BRAC implementation remained an important consideration, the Secretary of Defense made it clear at the outset for the 2005 BRAC round that military transformation was the primary goal. To facilitate that goal, the selection criteria used to develop and evaluate the candidate recommendations made enhancing military value the primary selection criteria and included as "other" or secondary criteria the "extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed costs." Thus, the choices that DOD makes in terms of selecting the goals of the round, the reasons for doing another BRAC, and the selection criteria can help to determine the nature of the candidate recommendations that DOD forwards to the BRAC Commission for approval. If saving money is a key goal of a future BRAC round, should Congress authorize such a round, it is a fair question to ask DOD what goals they propose and how the selection criteria will help to achieve those goals.

There are two limiting factors associated with payback periods. One limitation that could affect Congress' ability to ensure that a future BRAC round provides a quicker payback period involves the accuracy of DOD and BRAC Commission cost and savings estimates. If the expected costs increase, or the expected savings decrease during the BRAC implementation timeframe, the payback period would be longer than DOD or the BRAC Commission originally estimated. Another limitation is the indicator used to assess payback. We believe that the 20-year net present

value of BRAC recommendations is a key indicator of the net result from up-front implementation costs and the resulting savings because it takes into account the time value of money; that is, net present value considers when a dollar amount, such as savings, is received during the 20 year period. As a result, annual savings and other dollar amounts receive different weights depending on when they occur, reflecting the fact that savings received further into the future are less valuable than savings received sooner. In payback period analysis, savings for different years would be treated the same. For the 2005 BRAC round, both DOD and the BRAC Commission calculated the net present value savings over a 20-year period ending in 2025 that we believe provides a more comprehensive analysis of expected savings in comparison to the payback calculation.

Mr. FORBES. DOD's estimates of the cost to implement its BRAC recommendations have increased by \$15 billion to date. What is GAO's assessment as to why estimates increased?

Mr. LEPORE. GAO found that, compared to the BRAC Commission's 2005 estimate, the cost to implement the 2005 BRAC round has grown by about \$14.1 billion using DOD's fiscal year 2011 BRAC budget submission data submitted to Congress. In 2007, officials told us that the large volume of BRAC-related military construction combined with ongoing reconstruction following hurricane Katrina could have contributed to increased construction costs for building materials and labor. This may have contributed to the overall increase in implementation costs. Further, according to a recent OSD analysis of the increase in one-time implementation costs, about \$10 billion of the increase was attributable to military construction costs as DOD identified the need for new and renovated facilities over the fiscal years 2006 through 2011 implementation period. In a March 2010 testimony, the Deputy Undersecretary of Defense for Installations and Environment characterized the military construction for BRAC 2005 as a major engine of recapitalization. Other increases in costs were for inflation and program management. We plan to issue our final report related to BRAC 2005 costs and savings in May of this year and provide further details regarding reasons for cost increases and specific examples.

Mr. FORBES. In your assessment, has the Department been able to provide accurate forecasts to gaining installations that coincide with community infrastructure? Has the Department's inaccurate forecasts of installation loading led to an over building in the communities to support the new force structure? What lessons learned can be provided as to discussions with the local communities?

Mr. LEPORE. A) As we reported in June 2008, some communities surrounding DOD growth installations had begun to identify infrastructure needs to help support expected personnel growth, but planning efforts were hampered by a lack of consistent and detailed planning information. At the time of our review, over half of the communities we surveyed expressed concerns about the completeness of the personnel data they received from DOD. For example, some communities expressed that they had not received reliable information on such issues as the number and ages of dependent children expected to accompany incoming service members and attend school in the community. As a result, these communities were concerned about their ability to effectively plan and obtain financing for critical infrastructure projects such as school construction. Although the consistency of personnel relocation data DOD provided had improved somewhat at the time of our review, we made a recommendation to DOD addressing this issue as explained in part C of this question.

B) GAO has not conducted a review of the impact of BRAC recommendations on communities affected by DOD growth since June 2008, and we did not assess the extent to which inaccurate forecasts may have led to overbuilding in that report. However, in that June 2008 report, we concluded that, although the long-term outlook for communities surrounding growing DOD facilities is generally encouraging, the very real challenges many communities face to accommodate an influx of military personnel requires carefully targeted investments and judicious use of local, state, and federal resources. While communities unable to provide needed infrastructure improvements in a timely manner could face overcrowded schools, congested roadways, and overburdened public services, some communities could make substantial investments or incur large debts only to find that new residents would be longer in coming or fewer in number than expected. Hence, accurate, detailed, and timely planning information is vital to both maximize the efficient use of resources and to ensure the highest quality of life possible for relocating DOD personnel and their families.

C) We further reported in June 2008 that high-level leadership attention was needed to better coordinate and leverage federal resources to assist communities affected by DOD activities. Because communities surrounding these locations play a vital role in providing support to the military, it has been long-standing DOD policy

that DOD should take the leadership role within the federal government in helping communities adapt to the effects of various defense program activities. DOD chairs the President's Economic Adjustment Committee, which consists of 22 federal agencies and is charged with ensuring that communities that are substantially and seriously impacted by DOD actions are aware of available federal economic adjustment programs. This Committee is also responsible for identifying problems that states and communities face as a result of defense actions; assuring interagency and inter-governmental coordination and adjustment assistance; and serving as a clearinghouse to exchange information among federal, state, regional, and community officials in the resolution of community economic problems. Within DOD, the Office of Economic Adjustment, a field activity under the Office of the Under Secretary of Defense for Acquisitions, Technology, and Logistics, provides administrative support for the Committee in addition to its duties to provide technical and planning assistance to affected communities. We recommended in our June 2008 report that the Secretary of Defense, as chair of the President's Economic Adjustment Committee, should direct the Under Secretary of Defense for Acquisition, Technology, and Logistics to holding regular meetings of the full executive-level Committee and by serving as a clearinghouse of information for identifying expected community impacts and problems as well as identifying existing resources for providing economic assistance to communities affected by DOD activities. This clearinghouse would provide a centralized source for information from all military services regarding personnel planning information, as well as information regarding any resources available at the federal, state, local, and private-sector levels that can help address potential infrastructure gaps at the affected communities. In addition, this information should be updated at least quarterly and made easily available to all interested stakeholders at the local, state, and federal levels. At the time of our report, DOD had left the workings of the Committee to its Office of Economic Adjustment.

QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. You indicated there were about 20,000–25,000 people who work at the Pentagon. What is the breakdown of that figure between military, civilians, and contractors?

Dr. ROBYN. The Washington Headquarters Service (WHS) reports that there are approximately 20,750 personnel working in the Pentagon. The breakdown is: 8,700 civilians, 6,750 military and 5,300 contractors.

Ms. BORDALLO. Do you believe that public-private competition requirements, 10 U.S.C. 2461 and the current moratorium on such should apply to work performed by civilians that may transfer to another base as a result of a BRAC action and would then be performed by a contractor who is performing the same service at the receiving base?

Dr. ROBYN. When a BRAC recommendation relocates a function from one installation to another, the function is assumed by the organization at the receiving location. As part of this process, the Department looks at the capacity of the receiving location to determine whether the relocation of that function also requires the transfer of personnel. In the case where the receiving location is performing the function via contract, it is unlikely that a transfer of personnel would be required. Because the statutory BRAC process determined how and where the function would be performed, there is no action to take under section 2461.

Ms. BORDALLO. Do you support efforts to get better accounting and visibility into contracted services, as required by law?

Dr. ROBYN. In November 2011, the Department submitted a comprehensive plan to the defense committees to document contractor full time equivalents (CFTE) that complies with requirements set forth in title 10 for the inventory of contracts for services. The plan included both short- and long-term actions. As delineated in that plan, the Department issued guidance on December 29, 2011, directing the preparation of the fiscal year 2011 inventory of contracts for services. That guidance was a significant step forward in meeting the requirements of title 10, as it broadened the scope of responsibility to all Components of the Department that rely on contracted support, and delineated the requirements for reviewing contracted services in accordance with the statutory requirements. Based on this guidance, we are working with all DOD organizations towards completion of a more accurate and comprehensive data set to be submitted this summer.

Additionally, together with the staff of the Department's Chief Management Officer, we are working towards implementing the Army's "Contractor Manpower Reporting Application" across the entire DOD-enterprise, in order to leverage estab-

lished processes, lessons learned, and best practices to comply with the law in the most cost efficient, effective, and consistent manner.

Ms. BORDALLO. In your opening remarks, you stated that the Department will be forced to use existing authorities to begin the realignment and closure process in the absence of the Congress passing new BRAC authority. Could you tell us in the absence of BRAC authority what criteria would be used for determining which bases you would realign or close and what internal deliberation processes you are using within the Department to make crucial decisions about closing or realigning assets?

Dr. ROBYN. Strategic and fiscal imperatives leave the Department no alternative—we must close and realign military bases here in the United States. Thus, if Congress does not authorize additional BRAC rounds for this purpose, the Department will be forced to use its existing authorities to begin to support our new defense strategy. Should this course of action be necessary, a plan and exact methodology will be developed. Rest assured that decisions will only be made after careful analysis of the CONUS installation inventory against all relevant factors to include any force structure changes. With a goal of long-term cost reduction, we will assess the costs and savings of each proposed action and identify those with the highest payback.

Ms. BORDALLO. Are there any areas that you plan to review from an inter-service standpoint, and if so, what are those areas? For those areas, what steps are you taking to ensure that each military service takes interservice concerns into consideration when downsizing personnel or making decisions about programmatic changes?

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Ms. BORDALLO. Recent changes in depot law have instructed that the Department establish organic (government-owned) depot maintenance capacity for new weapons systems within 4 years of fielding. Although the Department has scaled back modernization plans in some areas, there are a number of new systems in various stages of the procurement process. How will the Department account for these programs when making decisions about base closures and/or realignments?

Dr. ROBYN. The Department has asked Congress to authorize two BRAC rounds using the same process as it authorized for the 2005 round. BRAC is a statutory process under which the Secretary of Defense develops recommendations for closures and realignments based on a 20-year force structure plan and statutory selection criteria. In the analysis the Department must make military value the primary consideration, consider all installations equally, and all data submitted for use in the analysis must be certified as accurate and complete. The Department will carefully and fully consider all applicability statutory requirements as it undertakes the BRAC analysis, as noted above.

Statutory Selection Criteria: Military Value Criteria: 1. The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.

2. The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.

3. The ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.

4. The cost of operations and the manpower implications.

Other Criteria:

5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed the costs.

6. The economic impact on existing communities in the vicinity of military installations.

7. The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.

8. The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

Ms. BORDALLO. Title 10 requires depot core workload to be conducted by government employees at a level that ensures efficiency with the goal to generally be one of cost effectiveness since this workload is funded through working capital funds. How will the Department consider the impact on hourly rates when evaluating industrial facility locations for closure or realignment?

Dr. ROBYN. The Department will carefully and fully consider all applicability statutory requirements as it undertakes the BRAC analysis.

Ms. BORDALLO. Title 10 grants the Department waiver authority for core requirements and for 50/50 requirements for depot maintenance. Since a waiver request should be very rare, will the Department assure the Committee that it will assume compliance with the law without waivers when evaluating locations for closure or realignment?

Dr. ROBYN. The Department will carefully and fully consider all applicability statutory requirements as it undertakes the BRAC analysis.

Ms. BORDALLO. During development of BRAC goals, what consideration will be given to ensuring the preservation of the organic defense industrial base as a critical component of national defense?

Dr. ROBYN. The Department's January 2012 strategic guidance, Sustaining U.S. Global Leadership: Priorities for 21st Century Defense states, "... the Department will make every effort to maintain an adequate industrial base ..." This document will inform our goal development and decision making.

Ms. BORDALLO. Does the Department plan to look at Government-Owned, Contractor-Operated facilities as possible locations for closure or realignment?

Dr. ROBYN. Yes. The BRAC statute requires the Department to treat all installations equally, and that includes Government-Owned, Contractor-Operated facilities.

QUESTIONS SUBMITTED BY MR. COURTNEY

Mr. COURTNEY. In your testimony, you said that "If Congress does not authorize additional BRAC rounds, the Department will be forced to use its authority to begin to close and realign bases" and that if the Pentagon is forced "to operate outside the BRAC process, it is severely constrained in what it can do to help local communities." Please explain the existing authorities the Department would plan to use outside of the BRAC process should a new round(s) not be authorized. Please outline any limitations that currently exist in the use of such authorities. In addition, please describe the process by which the Department would identify which facilities, commands, or other activities to close or realign under these authorities.

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Mr. COURTNEY. In your testimony, you say that "techniques used to analyze various capacity measures in 2004 indicated that the Department had 24 percent excess capacity overall" and that "because BRAC 2005 eliminated only about three percent of the Department's capacity, we believe we have significant excess capacity today." This seemingly suggests that the Department today has 21 percent excess capacity, but based on a 2004 estimate. Will the Department be conducting an updated estimate to support the request for two new BRAC rounds?

Dr. ROBYN. [The information referred to was not available at the time of printing.]

Mr. COURTNEY. In regards to GAO's work on a "Lessons Learned" report to be released later this year, please describe whether the review will include any examination of the DOD's internal process for collecting, evaluating and scoring the data it collects to judge installations against the BRAC criteria.

Mr. LEPORE. In our ongoing work to report lessons learned related to the 2005 BRAC round, we intend to determine whether opportunities exist to improve the development of candidate BRAC recommendations by DOD and the review of BRAC recommendations by the BRAC Commission. For that aspect of the work, we plan to examine a variety of different processes both DOD and the Commission used to assess and evaluate the candidate recommendations, to include DOD's analytical cost comparison model that calculated the costs, savings, and return on investment of candidate realignment and closure actions.