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Oversight Hearing on Base Closure a...

**OVERSIGHT HEARING ON BASE CLOSURE
AND REALIGNMENT PROCESS**

HEARING

BEFORE THE

MILITARY INSTALLATIONS AND FACILITIES
SUBCOMMITTEE

OF THE

COMMITTEE ON NATIONAL SECURITY
HOUSE OF REPRESENTATIVES

ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

HEARING HELD
FEBRUARY 23, 1995



U.S. GOVERNMENT PRINTING OFFICE
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OVERSIGHT HEARING ON BASE CLOSURE AND REALIGNMENT PROCESS

HOUSE OF REPRESENTATIVES,
COMMITTEE ON NATIONAL SECURITY,
MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE,
Washington, DC, Thursday, February 23, 1995.

The subcommittee met, pursuant to call, at 2:30 p.m. in room 2212 Rayburn House Office Building, Hon. Joel Hefley (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. JOEL HEFLEY, A REPRESENTATIVE FROM COLORADO, CHAIRMAN, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE

Mr. HEFLEY. The subcommittee will come to order. We will probably be interrupted with some voting before we are through today, but we will try to go ahead and get started and move this along as expeditiously as we can.

This afternoon the Military Installations and Facilities Subcommittee will conduct its first hearing of the 104th Congress.

At the outset, I want to express my appreciation to my colleagues on this subcommittee, especially the ranking Member, Mr. Ortiz, for their cooperation and useful suggestions as we organize the subcommittee for this Congress.

I look forward to working closely with each of the committee Members and move toward consideration of the fiscal year 1996 Defense Authorization Bill.

The subject of today's hearing, an overview of where we currently stand in the base closure process, is critical to the long-term readiness and preparedness of the armed forces.

BRAC, of course, is also a matter of intense speculation and concern to Members of the committee and the communities they represent throughout the Nation.

Next week, the Department of Defense will make public its infrastructure recommendations to the Commission on Base Closure and Realignment. That will be the first step in a process that will take several months.

The hearing was called prior to the announcement of the Department's recommendations to provide this subcommittee with an opportunity to address a number of key questions before having to deal with the 1995 list.

Foremost among these questions are the costs and savings that have been realized or have not been realized from the first three rounds of base closures; the adequacy of the fiscal year 1996 budget request to meet BRAC demands; the process for base reuse and disposal; the unexpected costs associated with environmental clean-up

at BRAC sites; and how the Department plans to deal with lingering BRAC issues, once current law expires, when this last round in 1995 is finished.

I voted for the legislation which established the commission process. I believed then and I believe now that the unneeded infrastructure must be disposed of. However, I also voted in favor of the amendment offered last year by my good friend from Utah, Mr. Hansen, that sought to defer the 1995 round until 1997.

I did so because I share the concern of many Members that the budget resources were not adequate to meet BRAC demands. I am not sure that it is wise to have, as we will this year, four pages of BRAC action running at the same time.

I was also concerned when I cast that vote that infrastructure reductions may be in fact happening too fast and cutting too deep. I am concerned about the inadequacy of the force structure contemplated by the Bottom-Up Review and the ability of the remaining infrastructure to handle an up-sizing of the force if that should be necessary in the future. Based on history, it probably will be necessary at some time in the future.

Nothing that I have seen so far alleviates my concerns. I have an open mind and that is to some degree the reason for this hearing. I want to stress that this will not be the only hearing this subcommittee will conduct on this subject. Oversight of the BRAC process is a critical issue. We will come back to this subject throughout this session.

One other question that I want us to address with our first witness when he begins his testimony, maybe at the outset of that because it is not a part of your testimony, is a concern that I have.

I said we are not going to talk about the 1995 BRAC process and the list, except I have a concern that CNN is reporting this morning that they have a list of 110 bases to be closed.

They did not mention what those bases are, but that they have a list of 110 bases to be closed. That puts us, Mr. Ortiz and Members of Congress, in a terrible spot. We understand when we go out and talk to the Army and say is my base on your list and they say we cannot tell you. We understand that.

I guess I wonder how in the world could the Pentagon fight a war where we have to keep secrets, if these lists leak out to CNN before we have a chance to even know what is there. I would like for us to deal with that a little bit about how that happened.

With that, I would defer to Mr. Ortiz for any comments he has. Then we will take a break and go do the vote and then get to your testimony.

STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, RANKING MINORITY MEMBER, MILITARY INSTALLATIONS AND FACILITIES SUBCOMMITTEE

Mr. ORTIZ. Thank you, Mr. Chairman.

I have one of those lists right here, including my base. That is what they say right here.

Mr. Chairman, I want to thank you for holding a hearing this afternoon on base closure and the realignment process. This is an issue that is of great importance to the Members of this sub-

committee, communities all across the country, and the Department of Defense.

It also comes at a very important time. In less than a week we will be faced with BRAC 1995 and the dreaded Secretary of Defense closure list. It is important that now, more than ever, the Members of this body and our constituents have confidence in the fairness, economy and necessity of this base closure round.

Although I did not support the original base closure process because of my concern that we were transferring the job of the Congress to an independent commission, I heard the pleas of the Service Chiefs that the 1995 closure round be allowed to go forward as scheduled.

I hope that they are correct; that we will see savings in the out years as they resolve eliminating infrastructure and reducing the overhead costs associated with that infrastructure.

As we prepare for the fiscal year 1996 Authorization Bill, we must reflect and act on the lessons learned from the previous BRAC list with its required closure and realignment. We must continue the program initiated by President Clinton to assist in the conversion of closed bases to instruments of economic revitalization. This is very necessary, both for effective workers and communities. I would hope that BRAC 1995 is the last major base reduction for a very long, long time.

We need to take time to allow each service to build a stable program for rehabilitation and modernization. We must also allow local communities to recover from the enormous time, energy and money associated with defending the military value of local facilities.

For all of its devastation to the economies of local communities, I believe the base closure process has probably proved to be one of the most lucrative economic revitalization programs ever established for the lobbyist in Washington.

This is a very serious matter. I look forward to listening to both the testimony of GAO and, of course, Mr. Secretary. We are happy that you are with us today. Thank you, Mr. Chairman.

Mr. HEFLEY. The committee will stand in recess. Mr. Gotbaum, I apologize, but we will be back as quickly as we can.

[Recess.]

Mr. HEFLEY [presiding]. Please come back to order.

Our first witness is the Honorable Joshua Gotbaum, Assistant Secretary of Defense for Economic Security. Mr. Secretary, we are delighted to have you. I will turn it over to you.

STATEMENT OF JOSHUA GOTBAUM, ASSISTANT SECRETARY OF DEFENSE, ECONOMIC SECURITY

Mr. GOTBAUM. OK, Mr. Chairman.

Thank you very much for the opportunity to be here. This is maybe your first hearing this year, but this is my first appearance before your committee at all.

Mr. HEFLEY. Then we will learn together.

Mr. GOTBAUM. Yes, sir, absolutely. I am frankly pleased to be given an opportunity to talk about the issues of base closure and reuse which we consider to be frankly crucial.

Mr. Chairman, with your permission, since we have submitted a statement for the record, I would like to in effect summarize the points that I consider to be the major points and then open it up for your questions.

Mr. HEFLEY. Without objection, that will be done.

Mr. GOTBAUM. Your staff asked us to talk both on the issue of the base closure process and primarily on the issue of base reuse. So, let me talk briefly if I may about the BRAC process.

First of all, let me tell you where we are right now. The military departments, as a part of the BRAC process, make recommendations to the Secretary of Defense. They have done so.

The Secretary of Defense and his staff are now considering those recommendations along with the Joint Chiefs of Staff. In some cases there are consultations that are involved with other agencies. In effect, what is going on now within the Office of the Secretary of Defense, we are reviewing the recommendations and the Office of the Joint Chiefs of Staff.

By law, the only person who can make a recommendation to the Base Closure Commission is the Secretary of Defense. So, I can't tell you what list anybody has. I can tell you that until the Secretary of Defense makes a recommendation to the Base Closure Commission, there is no BRAC list from the Department of Defense, sir.

That recommendation, I will be pleased to note, we hope to have made and announced next Tuesday, formally for Wednesday, but by Tuesday. What we are doing now frankly is the process of review consideration, taking into account the economic impacts from each service that might affect those of other services in a particular community and so forth. So, that is where we are.

The second point I would like to make about the BRAC process is that both the military leadership and the civilian leadership of the Department of Defense consider the BRAC process to be a sound one; one that is essential to the Department of Defense.

You noted, Mr. Chairman, and it is a statement with which we strongly agree, that BRAC is the means that has enabled us to do that which before, quite frankly, we could not do.

In the decade before the BRAC law was passed in 1988, the Department of Defense, notwithstanding the enormous changes in our budget and our mission, closed four bases.

In those three rounds of BRAC—since then we have recommended for closure and they have approved the closure of seven. So, we consider the process, both military and civilian in the Department, to be extremely important.

Third, I would note that we have, over time as you would expect with any Federal agency doing its job, learned to do the process more effectively. So, what has happened over time is that we understand how to handle the transfers; how to handle the military construction; how to handle the coordinations more effectively than were true in the first BRAC.

To give you a for instance, in the first round of BRAC in 1988 it took 5 years to pull down the flag on half of the bases in that round; 5 years.

In the 1993 round half of the bases were closed within about 2½ years. So, the fact of the matter is we are learning to do the job more effectively.

My last point quite frankly is there are questions raised as to whether the BRAC process in fact saves the taxpayers and the Department of Defense money. I want to be very clear, Mr. Chairman, that our answer is most emphatically, it does.

Included in the testimony we sent over on page three is the chart. What is on that chart is for each round of BRAC, our estimate of the costs and the savings to the taxpayers and the Department of each round and in total. I do not need to belabor the committee, except to make a couple of points about these numbers. First of all, we all know that up-front closing bases requires money.

For example, the BRAC 1988 round required almost \$2 billion of up-front costs; costs for military construction; costs for moves; costs for certain kinds of other costs. Yet, within the 6 year period that the Department had to implement the BRAC 1988 round, the savings from that process—after the \$2 billion cost offset that entire cost, plus half a billion dollars, which is the .5 in the first chart.

When you look over time and look forward say 20 years and bring it back to present value, even after closure costs, the first round of BRAC we believe will save the taxpayers a little less than \$7 billion by itself. If you sum up the table overall, the first three rounds of BRAC ought to save the taxpayers and the Department of Defense over \$30 billion.

Now, I will tell you, and it is an important point, I would put a footnote in it, but it is already there, that in making the base closing decision we do not consider environmental cleanup costs on the basis that it is our responsibility to comply with the law and to do environmental cleanup whether a base is open or closed. So, in the BRAC accounts as we keep them, cleanup costs are kept separately.

I will tell you that even with a rough accounting for what the environmental costs at the first three rounds of BRAC bases ought to be, that process ought to save taxpayers somewhere north of \$30 billion over time in present value. So, the question is, we believe this process is important. We believe it saves the taxpayers a considerable sum of money. We intend to implement it aggressively, fairly, and as objectively as the laws require.

The last point I want to make is that the Congress, in designing the BRAC process, recognized that it needed unquestionably to be fair. We know that. This is a process which is tremendously difficult. It is difficult for the Department of Defense. It is difficult for communities. It is obviously difficult for their representatives.

Sometimes when we close bases we are affecting communities that have supported, not the Department of Defense, but the predecessor agencies of the Department of Defense for 200 years. We know that and you know that.

The result is a process which we believe to be the most public, the most carefully analyzed, the most audited process in governmental history.

Every recommendation that is made is made according to the force structure. Every recommendation that is made is made according to a set of published criteria. The same criteria has been

used in all previous rounds of BRAC. Every recommendation that is made is reviewed by the General Accounting Office. Every recommendation that is made is reviewed by the independent Base Closure Commission.

We think we have a process that works. We know it is a painful process. There is no denying that. It is one that we believe serves the Department, the taxpayers and the communities that are affected by these actions.

If I may, and I will be perfectly happy to answer questions on the process, I would like to talk about what I understood was the first request for this hearing which is the base reuse process. What happens after a base closure decision? What is the Department of Defense and the Federal Government doing about it?

Here, Mr. Chairman and Members of the committee, again, I am going to summarize what is in my testimony, but I want to be very blunt. We are very proud of the changes we have made in this process. We think that we have made, in the Department of Defense, in the executive branch as a whole, helped by a series of pieces of legislation passed by the Congress, enormous progress in what I want to be equally quick to admit is a difficult process.

Currently, the way the law works, the way the many laws that regulate base closure work, is we have a series of hoops to go through when a base closure decision is made under the Federal Property Act of 1949, the National Environmental Policy Act of 1972, et cetera, et cetera. There are various base closure acts; the McKinney Act, et cetera. There are a set of procedures that we follow.

No one would pretend that, that process is an easy process. It is not. My main message is that we have taken to heart the task that the President of the United States gave to us about a year and a half ago; before I had this job actually.

In looking at the base reuse process then he said that this process doesn't work very well. It takes too long. The laws and regulations that govern the base reuse process were not designed for massive property transfers.

In some cases they were designed for individual building transfers. In some case they were not designed, as far as we can tell, for any process related to land use. So, the laws and regulations were not setup for base closure.

The environmental cleanup processes, never an easy business. We recognize that in some cases we are taking years. The way that the Department had been working until that time was to focus, when it closed a base, on selling the base for cash up-front. In other words, looking for a big dollar cash payment paid up-front.

The fact of the matter is the President of the United States said that this did not work, this does not make sense, resolved to change it, and announced a set of policies to foster faster redevelopment.

I am frankly very pleased. Also reports to this committee, enormously relieved to be able to say that thanks to the Congress and to changes within the executive branch, we have the legal authority and are implementing every part of the President's plan of July of 1993. We now have the legal authority to dispose of property that considers job creation.

We always had the legal authority to dispose of property for parks, for educational institutions, for airports, et cetera. We did not have the authority to say that we will dispose of land now and get paid when there is economic development. We now do so. We are beginning to do so.

We now have the legal authority to begin leasing property and lease property on the bases that we are closing before the base is entirely closed so that we can have faster job reuse. We also now have a process set in place and the ability to say that before personal property comes up from a base, you need to talk with the local community. You need to take into account the prospects for reuse.

As a result, Mr. Chairman and Members of the committee, we think we are getting to the point where we have a process that can make reuse work more effectively. Property disposal is one case. The second is the fast track environmental cleanup.

It used to be that the way we operated was that we had our cleanup team. The Environmental Protection Agency had their cleanup team. State environmental authorities had their cleanup team. They did not necessarily work together.

The President of the United States said that does not make a whole lot of sense. How about getting them in one place, at one time and seeing if they can agree in advance on sites, as to what kind of cleanup is necessary?

While I would be frank to admit that is a process that is still being implemented, I think the important point is that it is being implemented. We are now working—have an established base so that cleanup teams are at each closing base.

Another change was the creation of on-site base transition coordinators. We now have somebody whose job it is on-site at every closing base to be an ombudsman to make sure that the community understands what the process is; to make sure that there is communication between the community and the base commander; to make sure that there is communication between the various Federal agencies and State agencies, et cetera, that are necessary for reuse.

Base transition coordinators exist today. I will tell you I go to a lot of communities that are affected by base closure. In every case I ask the mayor, or the governor, or whatever, I say, "Do you know who your base transition coordinator is?" I think the truest sign of the fact these people are on the job is that the local mayors know who they are.

In addition, I would note, and this is described in more detail, we are trying more effectively to offer economic and adjustment assistance. Within the Department of Defense we have under my Office an Office of Economic Assistance that offers technical advice and small planning grants from the get-go.

What we have learned from bitter experience is that communities that react quickly, that develop consensus and develop action plans, et cetera, are the communities that in fact get the most effective and quickest reuse.

So, the guys from OEA are there early. We respond to grant requests in times that are very short that make the rest of certain departments look very slow.

I would also note that the Economic Development Administration and the Department of Labor too have adjusted their practices to recognize that we need to be faster in base closing situations. The Department of Labor sends a SWAT team to every closing base, saying, here is what programs currently exist. Here is what might be available, et cetera.

Another point which I want to make, another improvement; this is one that the Congress did about which we are very pleased. In the last day of the last session of Congress, by unanimous consent, the Congress said, let us integrate the concerns of the homeless into base reuse.

The previous process said that when you have a closed base, first a Federal agency looks at it. First, the Department of Defense looks at it to see if they want it. Then the Federal agencies look at it to see if they want it. Then it gets offered to the homeless to see if they might want it. Then you can offer it for economic development to a community or otherwise.

The problem with that process, as it was, is that everybody in the chain did not know who else was in the chain. So, if a homeless provider said, yes, this is nice. I would like the land on the base. They might not realize that they were cutting off another potential use in the community.

One change of which we are enormously pleased is that from now on the law requires that communities take into account the needs of the homeless, but that they integrate them into their basic reuse decisionmaking process.

These are the kinds of changes that have been done so far. I will tell you that we think this is a substantial improvement. I will also tell you that there have been, we think, real accomplishments.

As I have already mentioned the fact we are now closing bases more quickly, I also want to point out the fact that communities are beginning to get smarter faster.

We work off of a base reuse plan. We try to get a local community to develop such a plan because what we find is that economic development works best if there is community consensus behind it.

In the first round of BRAC in 1988 those reuse plans took on average 2½ years to prepare. In the 1993 panel we had more than half the plans in within a year. Not only are we seeing faster processing, but we are actually seeing reuse.

We have had really brilliant success stories like Alexandria, LA, like Chase Field in Beeville, TX, where there are now more civilian jobs today than there were when the base was closed. We have had other cases where the results were not as striking as that, but where there was a real job creation. I have listed some of those in my testimony.

In Sacramento, CA, in the Army Depot, today Packard-Bell is producing computers. They are doing it on an interim lease because we have not even finished the transfer arrangements, but they are producing computers.

None of us within the Department of Defense would pretend that this process is easy. It is not quick. We do believe that we are making real progress which does not mean, let me be very clear, that there is not a lot more to be done.

I want to suggest three areas where we think we need to do more and where we hope there will be support from this committee and the Congress in general.

First of all, better communication. Within the next month, long before BRAC 1995 becomes final, we are going to publish a guide to help community leaders understand what the processes are; to help them understand what the programs are or might be; to let them know where there is the possibility of assistance and how to get organized.

We are going to hold conferences throughout the country trying to do the same thing, to let people from the affected communities know who is available to help from DOD, who is available from EDA and who is available from DOL.

I spoke at one of these once. I said, "Hi, I am from the Government. I am here to help you." They laughed, but they got the point. We really are trying to do that.

We have always found that early action, knowledgeable action, produces the best results. We are here really to help do that. So, one is better communication.

Second, is clearer guidance and priorities. In implementing the prior amendment changes to the Defense Act, the first time we frankly put out a proposal for reuse, although done very well, ended up not making a whole lot of sense.

We heard from communities across the country that said you really ought to change your procedures to recognize local development. We have done so. We have changed our regulations and our procedures.

We are now in the process of developing further changes and procedures. After we put out our community guide, we intend to put out a handbook so that each military department and other agencies understand the best and most effective ways to do that.

We are going also at the same time, I hope, to put out a new set of rules as to how this process ought to run after having consulted with, I will tell you, over a hundred different communities and organizations.

My last area where we need to do work, and this is the one where I had hoped the committee would be supportive, is frankly we hope that you will support further legislative reform.

Base reuse is still at the mercy of an incredibly complex maze of laws. I have discussed some of them before. The prior amendments 2 years ago and the changes to the McKinney Act last year were enormously helpful, but I think there is a lot more to be done. We are looking at ways now within the Department and discussing with other Federal agencies, for example, the process issues.

Why, for example, does it make sense when you are trying to figure out how best to use a large parcel of land with many buildings and many possible uses, does it make sense to say, first, go within DOD and then see what is left over? Then go to the Federal agencies and see what is left over. Then go to State and local governments and see what is left over. Then go to the communities.

To us, that does not make a whole lot of sense. What we hope to do this spring is to come to the committee with a set of recommendations, if you will, to improve this process and to speed it up. We hope that when that happens that the committee and the

Congress will give it the same high priority to which we attach this.

In closing, Mr. Chairman, let me reiterate frankly three points. One, we support the BRAC process. We believe it is essential. We believe it will save the Department literally billions of dollars.

Second, we think that we have in fact made enormous improvements in base reuse, in procedures, to enable faster job creation.

Third, frankly there is a lot more to do. We are working it. We hope that we will get the support and encouragement and ultimately legislative sponsorship of this committee and the rest of the Congress for doing so.

With that, Mr. Chairman, I will be happy to answer any questions that the committee might ask.

HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF
JOSHUA GOTBAUM
ASSISTANT SECRETARY OF DEFENSE
(ECONOMIC SECURITY)

BEFORE THE
SUBCOMMITTEE ON MILITARY INSTALLATIONS
AND FACILITIES

OF THE
HOUSE COMMITTEE ON NATIONAL SECURITY

FEBRUARY 23, 1995

Mr. Chairman and distinguished Members of the Subcommittee,

Thank you for the opportunity to appear before you this afternoon. I am Joshua Gotbaum, Assistant Secretary of Defense for Economic Security.

This is my first appearance before your subcommittee. I am especially pleased to be asked to testify on the crucial issues of base closure and reuse. Within the Office of the Secretary of Defense, the organizations and individuals responsible for these important efforts report to me:

- The Deputy Assistant Secretary of Defense for Installations works with the Services in deciding what installations will be recommended for closure or realignment.
- The Base Transition Coordinators are the Department's on-site ombudsmen at closing bases; and
- The Office of Economic Adjustment (OEA) helps communities plan for the reuse of the facilities.

BASE REALIGNMENT AND CLOSURE PROCESS

Obviously, I cannot comment on the recommendations that the Secretary of Defense will make next week. I am happy to summarize the process and its importance to Defense.

As you all know, the size of our military force and our budget both have been shrinking. Unless we downsize our infrastructure as well, we run the risk that funds will be spent on infrastructure that ought to go to readiness and modernization -- in effect, that the "tail" would swallow the "teeth".

Congress recognized that any base closing process must unquestionably be fair. The BRAC process was designed to be as objective, as public, as auditable as any process in government. The law requires that every BRAC recommendation must be made in accordance with the force posture. It must be made in accordance with a specific set of published criteria. Furthermore, all the data used must be signed, certified, and made available to the public and every interested party. The entire process is audited and overseen by the General Accounting Office.

Within the Department, the Services have historically taken the lead responsibility for developing and analyzing possible closures. They have done so not only because they are best acquainted with their real estate and missions, but also because they have the staff to handle the massive data analysis and provide the necessary audits. They then make their recommendations to the Secretary of Defense. Historically, the Secretary has accorded great deference to the Services' recommendations.

Recommended closures are selected on the basis of eight criteria (attached). These criteria relate to military value, savings and return on investment, and the economic and environmental impacts of closure. These same basic criteria were used in all previous BRAC rounds. We believe they serve us well. They provide the basis for recommendations that are consistent.

The final protection of the BRAC process is, of course, the BRAC Commission. This independent body receives information and testimony from every party and reviews each DoD recommendation, to ensure consistency with the force structure and the criteria.

For BRAC 95, the Department made a number of changes based upon the nature of the excess capacity we faced.

One change in this round is that, for the first time, the Department has developed procedures to consider areas in which the different Services perform similar or identical functions. Five "joint cross-service groups" (JCSGs) were established in functional areas with significant cross-service potential. These areas are: depot maintenance, test and evaluation, laboratories, medical treatment facilities, and undergraduate pilot training. Each JCSG has representation from OSD and from each Military Department. Each was tasked to analyze the capacity and requirements for each function across all services, from the perspective of DoD's overall work load. After doing so, the joint groups then suggested possible configurations to the Military Departments, which considered them as part of their overall BRAC deliberations.

Another enhancement we made for BRAC 95 was to develop a more consistent method for applying criterion six, "economic impact on communities." Although economic impact had always been a criterion, there was no consistency in the data gathered to assess it or on the method for doing so. So this year we established an economic impact joint cross-service group. The Economic Impact Joint Cross-Service Group established guidelines for the DoD Components to measure the economic impact of base closure and realignment alternatives, including cumulative economic impact from past BRAC actions.

The Secretary and the Joint Chiefs of Staff are now considering the service recommendations. Next Tuesday, the Secretary will announce his recommendations and forward them to the BRAC Commission.

Most observers consider the BRAC process an unparalleled success. It has already resulted in hundreds of closures and realignments within the United States, 70 of which are identified as "major" closures. By comparison, in the 10 years prior to BRAC 88, the Department was able to close only 4 major facilities.

Does BRAC Really Save Money?

Some have questioned whether -- given that closing a base initially requires rather than saves money -- the taxpayers actually save as a result. The answer to that question is a resounding "Yes". Initially, of course, there are upfront costs, mostly to construct facilities and accommodate moves to receiving bases. But these initial costs are fully offset by savings within the six year closure period that the law allows. The first three rounds of BRAC will, we believe save some \$4 billion *per year* when fully implemented. Even after the programmed environmental costs are taken into account on a present value basis, we expect the first three rounds to save the taxpayers and the Department over \$30 billion. (We do not include the cost of environmental cleanup in making BRAC decisions since the Department must comply with the law whether a base is open or closed. Nonetheless, cleanup costs are substantial.)

BRAC Savings in \$Billions

<i>Round</i>	<i>Net Savings Within Six Years¹</i>	<i>Ongoing Savings / Per Year²</i>	<i>Total Savings³</i>
BRAC 88	\$0.5	\$0.6	\$6.8
91	\$3.0	\$1.5	\$15.8
93	\$1.6	\$2.0	\$15.7
Total	\$5.1	\$4.1	\$38.3

Excludes environmental cleanup costs.

¹ Then-year dollars.

² FY96 constant dollars.

³ 20 year net present value (NPV) in FY96 constant dollars with 4.2% discount rate.

Some have noted, accurately, that the original projections of large proceeds from the sale of base real estate have not been realized in practice. Nonetheless, by far the majority of the benefits of BRAC are the result of *avoiding* infrastructure costs we otherwise would pay.

Others have questioned whether BRAC provides full savings to the taxpayer, because the Department or other agencies sometimes choose to keep and use parts of a closing base. However, this mistakes the real purpose of the BRAC process, which is to permit both closure *and* realignment. Many times it makes sense to keep and use one part of a base (for example, housing or reserve facilities) while closing the rest.

BASE REUSE PROCESS

The Federal Role in Reuse & Redevelopment Today

The Administration, the Department, and I personally have placed great emphasis on improving the process by which base closure properties are disposed and redeveloped into productive civilian uses. Rapid reuse is not only important to the communities and workers impacted by the base closure, it is also essential in our efforts to cut costs.

The Federal Government currently affects reuse in two separate ways:

1. Property disposal policies and procedures; and
2. Assistance in local economic development.

Property Disposal Policies and Procedures

Under the Base Realignment and Closure Act, authority to dispose of military facilities was delegated by the Administrator of the General Services Administration (GSA) to the Secretary of Defense and subsequently redelegated to the Secretaries of the Military Departments. Since DoD is operating under delegated authority, it must adhere to the statutory authorities and regulations promulgated by GSA. Often times, this has not worked well with large-scale property disposals.

Currently, base property disposal is governed by no fewer than five statutes, ranging from the most recent amendments of the Base Closure Act to the Federal Property Act of 1949. After a closing decision is made, DoD must first offer the property to other DoD components, then to other Federal agencies, then to state and local governments, and finally to local communities, developers and providers to the homeless.

Federal law provides for transfer of surplus property for any of several purposes at no costs: education, parks, airports, and to homeless providers. And, as I will discuss, the Congress has given us authority to make transfers for job creation as well. But the standards and procedures for doing so differ, case by case.

Assistance in Local Economic Development

For any large scale real estate development effort, there are three distinct, sequential phases: organization, planning, and implementation. DoD directly assists local communities in the organization and planning phases. We offer technical advice on what type of organizations have worked in the past and provide planning grants to underwrite part of the organization's costs. The amount we provide over a three to four year period has ranged from \$45,000 to more than \$3 million.

We also help indirectly in the implementation phase, by working with the Department of Commerce's Economic Development Administration (EDA) and the Department of Labor (DoL). We involve other Federal Agencies early in the process so that the transition from planning to implementation can occur smoothly.

Reinventing Base Reuse

In 1993, after reviewing the historical base property disposal process, the President himself concluded that it did not work very well. It was clear from the 1988 and 1991 closures that the Federal property disposal process was not designed to promote quick economic redevelopment in base closure communities. Confounding rapid reuse were:

- Federal and State laws and regulations that never contemplated land reuse transactions as massive as those resulting from base closures.
- Environmental cleanup processes that can take years, even decades, to complete.
- Traditional property disposal rules that focus on getting cash up front, with little consideration given to long term development and job creation in the community.

The President resolved to change it. He announced a new Federal policy to support faster redevelopment at base closure communities. And, I am pleased to say, today we have the legal authority and have begun to implement each of the President's proposals:

Property disposal that puts local economic redevelopment first. Thanks to the Congress, we now have legislative authority to convey property for job creation purposes. Interim leases for facilities have been encouraged and approval for leasing has been delegated to lower organizational levels. Federal screening for reuse of facilities and equipment has been expedited. Finally, DoD now consults with local communities before removing personal property from a closing base. These changes allow communities to begin their reuse planning without delay. We have learned from bitter experience that without an active community and community consensus, redevelopment simply cannot occur.

“Fast track” environmental cleanup, to remove needless delays. A Base Cleanup Team (BCT), comprised of experts from DoD, the Environmental Protection Agency (EPA), and State representatives, has been established at all closing or realigning installations where property is available for transfer. Our goal is for the BCT’s to be able to make many decisions on the spot, to speed up clean up. Achieving that goal will require changes in many of the individual agencies, but we have been making some progress.

Transition coordinators. For every major base slated for closure, we now have a base transition coordinator. These on site ombudsmen and women make sure that communities and other interested parties have the information they need, when they need it. BTC’s have access to all parts of DoD, to the base commander, and to other Federal and State Agencies. At every closing base I visit, I ask the mayor and local officials who their BTC is. They always know.

More effective economic development assistance. The Department’s economic adjustment support through our Office of Economic Adjustment (OEA) has long been recognized as highly professional and helpful. As the BRAC process continues, our workload has increased. The average “major” base closure community receives technical assistance and a planning grant of on the order of \$300,000 per year for 3 to 5 years. We have also accelerated the time it takes to award grants. For most communities, the grant approval time is now within a matter of weeks, not months.

Commerce’s Economic Development Administration and the Department of Labor have also been charged to play an active role in economic development and worker retraining. Both departments were given significantly more funding. Labor now sends a team to each base closure community, to describe their job training programs and to help set up local job referral services. These Departments, too, have reduced their grant processing time.

Another major improvement, about which we are very pleased, is the Base Closure Community Redevelopment and Homeless Assistance Act of 1994. It exempts base closure properties from the requirements of McKinney Act Title V, which gives automatic priority use of any surplus Federal property to homeless assistance providers. The new law requires communities to integrate the needs of the homeless into their broader redevelopment procedures. As a result, arguments about priorities have become agreements that lead to economic development. Nearly 50 communities have elected to use the new process.

Accomplishments

I am pleased to say that we are beginning to see the effects of these changes.

First, we’ve learned to act more quickly. As a result, the average base in BRAC 93 will be closed in half the time it took in the first BRAC round only five years earlier.

Second, local communities and local developers are moving faster as well. In BRAC 88, the average community took nearly two and a half years to create a reuse plan; in the last round that time dropped to only a year.

Faster reuse benefits the Department as well as base closure communities, because only when a community begins to take responsibility for base property can DoD cease its security and maintenance expenses. Protection & maintenance costs for a closed base can easily run \$2-3 million per year; for large industrial facilities, such as shipyards, the annual charge can be more than \$10 million. The faster local communities develop reuse plans and the property is transferred, the sooner DoD is released from millions of dollars in annual holding costs. In this context, our technical advice and planning grants -- if they speed up the process by even a few months -- begin to look like a very good investment.

Already, the redevelopment of closed bases has created nearly 8,000 new jobs and over 200 tenant businesses. The types of reuse are as diverse as the communities themselves. England Air Force Base in Alexandria, Louisiana and Chanute Air Force Base in Rantoul, Illinois have become the engines of their communities' economic growth by creating over 1,500 jobs on base in less than two years after closure. Today on those two former bases, there are more civilians working than before the bases were closed.

Not every story is so encouraging, but there are plenty of others: At the former Lowry Air Force Base, tenants include a community college and a museum. At Wurtsmith Air Force Base in rural Michigan, 425 new jobs have been created by aviation, educational, industrial, and office-related activities.

And today, on the site of the former Sacramento Army Depot, Packard Bell is producing computers -- on an interim lease, even before the final transfer is completed. Ultimately the company expects to employ 3,000 people. Follow-on employment by Packard Bell's suppliers could mean thousands more.

Sometimes reuse means other public services: airports, schools, parks, prisons, even other government offices. Such activities can reduce government costs, while at the same time provide stability for development. Their presence at the installation early in the reuse process helps attract other tenants and jobs.

We have also begun to use our new jobs-centered property disposal authority to approve conveyances to local communities. In many of these conveyances we will receive fair-market value back to the taxpayers, but we will do so with flexible payment terms, over time as that value is realized by economic recovery.

This process is not easy. It is not quick, and it is certainly not smooth. Some communities have a tough time attracting new businesses, and sometimes doing so takes considerable time, but it does happen. For example, the Department has tracked nearly 100 pre-BRAC closures, from 1961 through 1993. Almost 90,000 civilian jobs were eliminated from these closures. How many new jobs have been created to replace them? *Over 170,000 jobs -- almost twice as many.*

And we are helping. All these changes -- to the law, to regulations, in policies, programs and communication -- should make new job creation easier and faster.

Next Steps

But there is much more to be done:

Better Communication

First, better communication. Within the next month, long before BRAC 95 becomes final, we will publish a guide to help community leaders understand closure and reuse. This summer and fall, we will hold conferences throughout the country, explaining what tools are available and introducing communities to EDA, DoL and other sources of support. We've always known that the most successful reuse comes when community leaders act early and knowledgeably. And we intend to help them do so.

Clearer Guidance & Priorities

Our next step is to make clear what we can and cannot do. This spring, we will follow-up on the community handbook with a detailed manual geared to the Military Departments and Federal Agencies who will carry out the new laws, regulations, and policies. And we will accompany it with a new set of rules, developed by all parts of the Department after receiving nearly-1,000 comments from 126 communities and organizations.

Further Streamlining

Last, but certainly not least, we hope you will agree to further legislative reform. Base reuse is still at the mercy of an incredibly complex maze of laws. Many of those, we believe, were drafted in a simpler time, for simpler transactions. They were not created to deal with the challenges of property transfer on this grand scale.

For some months now, we have been reviewing ways to streamline the process and make it work better for DoD and the communities. We are looking at ways to work Federal, state, and local issues in parallel, rather than going down to the "slowest common denominator". There are also proposals to permit near-term job creation, by allowing leasing on still-operating bases.

Sometime this spring, I hope we can discuss just these steps with the Congress, and that you will give them the same high priority that we do.

Closing

In closing, let me reiterate three points:

1. First, we strongly support the BRAC process, and believe it will ultimately save the taxpayers and the Department billions of dollars.
2. Second, we are proud of the achievements we have made to reform the reuse/property disposal process. Mayors and Governors from around the country have told us that our efforts to make the process more "user friendly" are on the right track.

3. But, third, there is much more to do. With your help, we will continue looking for ways to streamline our laws and procedures, to permit faster disposal and more effective job creation. Because, after all, that is part of what economic security is about.

I appreciate the opportunity this committee has provided, and would be pleased to answer any questions you may have.

Department of Defense**Final Selection Criteria****1995 Base Realignments and Closures (BRAC 95)**

In selecting military installations for closure or realignment, the Department of Defense, giving priority consideration to military value (the first four criteria below), will consider:

Military Value

1. The current and future mission requirements and the impact on operational readiness of the Department of Defense's total force.
2. The availability and condition of land, facilities and associated airspace at both the existing and potential receiving locations.
3. The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.
4. The cost and manpower implications.

Return on Investment

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.

Impacts

6. The economic impact on communities.
7. The ability of both the existing and potential receiving communities' infrastructure to support forces, missions and personnel.
8. The environmental impact.

Attachment

Mr. HEFLEY. Thank you, Mr. Gotbaum.

I am going to yield to Mr. Ortiz and see if he has questions. By the way, before we start the questions we will put the questions and answers on the 5-minute clock so that we can try to get around to everybody. I will click that on. Mr. Ortiz.

Mr. ORTIZ. I will be very brief.

Is this your first testimony before a subcommittee?

Mr. GOTBAUM. No, actually this is my second testimony before a subcommittee, sir.

Mr. ORTIZ. You have done real well.

Mr. GOTBAUM. Thank you.

Mr. ORTIZ. You hit a triple. Now, you have got a home run.

One of the things that, Mr. Secretary, when I look at the list it says that the Navy is going to take a big hit this year which means that, as you stated, there will be a lot of savings of money when we close down bases.

If the Navy takes this big hit, will the money stay with that service or will it revert to the Pentagon whatever savings we have? Where does that money go to?

Mr. GOTBAUM. A good question, Congressman.

The way the Department budgets, in effect, there is a discussion between the Comptroller of the Department of Defense and the military department. I think you would find, and I believe that Secretary Dalton and Admiral Boorda would tell you up-front, that the Navy would not have made the decisions it made the last time, and it would not have made the recommendations it is making this time, unless they thought that the result was going to provide future savings for the Department and the Navy. That really is the rationale under which any service agrees to do this.

That they have an expectation that there will be savings and that those savings will accrue to the benefit of that service, but also of the Department.

Mr. ORTIZ. I would like to yield to some other Member. I could take all of the time, but thank you, Mr. Chairman.

Mr. HEFLEY. Surely.

If I might follow-up on that question about the savings. Last year the Deputy Assistant Secretary of the Army indicated that we really have not saved a lot. Another OSD official suggested last May that the break-even point for the first three rounds of BRAC would not occur until 1997, he thought.

Could you explain more specifically how the \$38 billion figure you mentioned was built?

Mr. GOTBAUM. Sure. Can I deal with the issue of break-even, and then I will talk about the \$38 billion? Part of the confusion, and I think it is really a confusion, Mr. Chairman, about break-even in BRAC, stems from the fact that we tend to talk about all of the realms of BRAC in a single account.

Let me talk about BRAC 1988 first. Recommendations in 1988, approval by the commission, assent by the President and the Congress. Then for the next 3 years the Department of Defense spent approximately \$2 billion of military construction, of moving, aligning costs, et cetera. That \$2 billion was obviously a cost.

In those bases, from the closing of those bases, and I mentioned it took 5 years to close half of them. Once they were in fact closed we started to get savings.

As a result, next year, this coming year, the first round of BRAC, BRAC 1988, will take in by itself, in fact have repaid in savings, all of its up-front costs. At that point we will go on to save for savings. So, if you just focus on BRAC 1988, when does BRAC 1988 start saving the taxpayers money?

The fact is it started saving the taxpayers money several years ago. Next year it will have saved the taxpayers enough money to pay for all of its up-front costs. In our accounting, in the way we present things, we lump all of the BRACs together. So that when the 3- or 4-year up-front cost of BRAC 1988 was coming to an end, along came BRAC 1991 with an up-front cost of 3 or 4 years.

So, you see the process was that we basically in fact are saving money from BRAC today, but we are also spending money for future BRACs today. The \$38 billion that is in this chart says in effect look over time. Recognize that the money you spend today frankly is dearer than savings in the year 2006.

Take both into account by discounting and bringing it all to present value. The answer is one, that it saves the taxpayer a lot of money.

Mr. HEFLEY. Thank you. Mr. Montgomery.

Mr. MONTGOMERY. Thank you, Mr. Chairman.

Mr. Secretary, you will do well on Capitol Hill if you continue to summarize your statements. That gives Members more time to ask questions.

On your last sheet there you have final selection criteria on realignments and closures.

What are the changes from the 1993 criteria that you have presented to us, or are there any changes?

Mr. GOTBAUM. Congressman, there are no changes in the criteria in this list as you see.

The Department of Defense has chosen in each round to keep the basic criteria. The eight you see here are in fact the same eight that were used to decide BRAC 1993 and BRAC 1991.

Mr. MONTGOMERY. The first four, military value, have not changed in any way as far as selection of a base?

Mr. GOTBAUM. Yes, sir.

What has changed and what is important to note is that the way the services implement these criteria I would say has been improved over time. Let me talk about one particular criterion that has gotten a lot of attention and that is number six, economic impact on communities. Economic impact on communities has always been a criterion; obviously, not the highest priority criterion, but a real one in the base closing decisionmaking process.

It is done by the services and then by the Secretary of Defense. What we found is that they were not doing so on a particularly consistent basis. So, last year we convened a group, all of the services and OSD together, and said let us develop some kind of common template.

In that case, after consulting with some economists and some economic development types, et cetera; in effect, we developed a template which—for each base we collected that information. How

many jobs are we talking about; military, civilian and indirect? What is the employment like in the local community? Is employment rising or falling, et cetera?

What we have done in that particular case, Congressman, is we still have the same criterion. That still has got to be considered, but now we can say that we are considering it on a more consistent basis across the Department on a more objective basis, across the Department, than we had done in the past.

Mr. MONTGOMERY. I think what happened in 1993, didn't you send out and you would have private enterprises come in and survey the communities and they would make the recommendation of each community? A private enterprise would be paid by the Government to do that. It was a big variation.

I know some bases were shown not to have as much economic impact as other bases even though the community as a whole was much poorer than other bases that showed it would have more economic impact, is what I am trying to say.

Mr. GOTBAUM. I cannot speak to the 1993 process, Congressman, because I was not there, but I can speak to the 1995 process because I am here.

Mr. MONTGOMERY. But that will be corrected?

Mr. GOTBAUM. It has been, and it is being corrected.

Mr. MONTGOMERY. You had a Florida concern do one base and then you had a firm from Memphis do another base. They would come up with different economic impacts. It was not completely a good guideline is my point. I noticed that in the 1993 report.

Mr. GOTBAUM. If it will be useful, I would be happy to supply for the record, I am not carrying it around, but a copy of this template. It will give you a sense, Congressman, of the kind of information that we have asked to be collected and considered for every single base.

[The following information was received for the record:]

ECONOMIC IMPACT DATA

Economic Impact Data

Activity: NAS MERIDIAN

Economic Area: Lauderdale County, MS

Impact of Proposed BRAC-95 Action at NAS MERIDIAN:

Total Population of Lauderdale County, MS (1992):	76,300
Total Employment of Lauderdale County, MS, BEA (1992):	41,583
Total Personal Income of Lauderdale County, MS (1992 actual):	\$1,218,932,000
BRAC 95 Total Direct and Indirect Job Change:	(3,324)
BRAC 95 Potential Total Job Change Over Closure Period (% of 1992 Total Employment)	(8.0%)

		1994	1995	1996	1997	1998	1999	2000	2001	Total
Relocated Jobs:	MIL	0	0	(135)	(60)	(213)	(894)	0	0	(1,302)
	CTV	0	0	(4)	(2)	(41)	(17)	0	0	(64)
Other Jobs:	MIL	0	0	0	(45)	(204)	(83)	0	0	(332)
	CTV	0	0	(1)	(5)	(70)	(807)	0	0	(883)

BRAC 95 Direct Job Change Summary at NAS MERIDIAN:

MIL	0	0	(135)	(105)	(417)	(977)	0	0	(1,634)	
CTV	0	0	(5)	(7)	(111)	(824)	0	0	(947)	
TOT	0	0	(140)	(112)	(528)	(1,801)	0	0	(2,581)	
									Indirect Job Change:	(743)
									Total Direct and Indirect Job Change:	(3,324)

Other Pending BRAC Actions at NAS MERIDIAN (Previous Rounds):

MIL	0	0	0	0	0	0	0	0	0
CTV	0	0	0	0	0	0	0	0	0

Lauderdale County, MS Profile:

Civilian Employment, BLS (1993) 32,698

Average Per Capita Income (1992): \$15,980



Annualized Change in Civilian Employment (1984-1993)

Employment	273
Percentage	0.9%
U.S. Average Change	1.5%

Annualized Change in Per Capita Personal Income (1984-1992)

Dollars	\$692
Percentage	5.5%
U.S. Average Change	5.3%

Unemployment Rates for Lauderdale County, MS and the US (1984 - 1993):

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Local	8.4%	8.3%	9.5%	8.9%	7.4%	6.4%	6.4%	7.5%	6.9%	5.5%
U.S.	7.5%	7.2%	7.0%	6.2%	5.5%	5.3%	5.5%	6.7%	7.4%	6.8%

¹ Note: Bureau of Labor Statistics employment data for 1993 which has been adjusted to incorporate revised methodologies and 1993 Bureau of the Census metropolitan area delineations are not fully compatible with 1984 - 1992 data.

Economic Impact Data

Activity: NAS MERIDIAN

Economic Area: Lauderdale County, MS

Cumulative BRAC Impacts Affecting Lauderdale County, MS:

Cumulative Total Direct and Indirect Job Change:	(3,324)
Potential Cumulative Total Job Change Over Closure Period (% of 1992 Total Employ	(8.0%)

		1994	1995	1996	1997	1998	1999	2000	2001	Total
Other Proposed BRAC 95 Direct Job Changes in Economic Area (Excluding NAS MERIDIAN)										
Army:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Navy:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Air Force:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Other:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Other Pending Prior BRAC Direct Job Changes in Economic Area (Excluding NAS MERIDIAN)										
Army:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Navy:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Air Force:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Other:	MIL	0	0	0	0	0	0	0	0	0
	CTV	0	0	0	0	0	0	0	0	0
Cumulative Direct Job Change in Lauderdale County, MS Statistical Area (Including NAS MERIDIAN)										
	MIL	0	0	(135)	(105)	(417)	(977)	0	0	(1,634)
	CTV	0	0	(5)	(7)	(111)	(824)	0	0	(947)
	TOT	0	0	(140)	(112)	(528)	(1,801)	0	0	(2,581)
Cumulative Indirect Job Change:										(743)
Cumulative Total Direct and Indirect Job Change:										(3,324)

Mr. MONTGOMERY. Now, are you going to have to—in the 1996 budget are you asking for defense money to implement further base closures?

Mr. GOTBAUM. Yes, Congressman, we are. We are asking for a little bit less than \$800 million, sir.

Mr. MONTGOMERY. What did you ask for in 1993?

Mr. GOTBAUM. That is a good question. I cannot say.

Mr. MONTGOMERY. I was just wondering. Could we get the 1991 and the 1988 figures too?

Mr. GOTBAUM. Yes. Let me, if I may, Congressman, supply that to you for the record.

Mr. MONTGOMERY. Thank you very much.

[The following information was received for the record:]

BRAC BUDGET REQUESTS

In the fiscal year 1996 budget request we requested \$784 million to implement the estimated first year's implementation costs for BRAC 95. Initial requests for first year implementation costs for BRACs 88, 91 and 93 were \$500 million, \$100 million, and \$1.2 billion respectively. An additional \$69 million was transferred to the BRAC 91 first year's budget request from the Defense Environmental Restoration Account, and another \$162 million was obtained from an environmental supplemental appropriation.

Mr. HEFLEY. Thank you. Mr. Hostettler.

Mr. HOSTETTLER. Thank you, Mr. Chairman.

I have not been convinced that the forces that have been proposed by the Bottom-Up Review are adequate to meet the threats that were seen by the Bottom-Up Review.

I also question whether the Bottom-Up Review threats are adequate as we go into the next century.

If our worst fears are realized and the U.S. forces that are proposed by the Bottom-Up Review are found to be incapable of meeting our threats, I am wondering what the affect of the BRAC process would be on our ability to restore our forces.

With that, I have a couple of questions.

To what extent was the 1995 BRAC process influenced by the Bottom-Up Review?

Mr. GOTBAUM. OK. By law, Congressman, we must specify the force structure on which all BRAC recommendations are made. The 1993 round was made on the base force structure that was in effect the year before that; in other words, in the last year of the Bush administration.

The 1995 round will be based on the Bottom-Up Review, sir. I guess I should go beyond that, however, and make the point that everyone in the Department of Defense, and I will tell you that personally I have been asked by the Secretary of Defense to make sure that it is based—everyone in the Department of Defense is mindful of the fact that certain kinds of facilities when you close them they are gone.

Every service, in making their decision, keeps in mind the fact that it is the business of the Department of Defense and the Army, the Navy and the Air Force to fight wars. We need to be able to do so, whatever the threat that comes.

I expect frankly General Shalikashvili, who will testify before the Base Closure Commission next week, to answer this question. I can tell you that I know from personal knowledge that each service in

making their recommendations is very, very much mindful of the fact that they need to be ready for contingencies in the future.

They have made their recommendations about pairing their infrastructure with the contingencies of the future, sir.

Mr. HOSTETTLER. One more question; if the Bottom-Up Review is found to be flawed, how much of a buildup could our reduced infrastructure handle?

Meaning, after the BRAC 1995 process, are we going to be at 100 percent capacity to maximize efficiency, given the fact that the folks behind you have said that we are at this point under-funding the Bottom-Up Review by about \$150 billion over a period of time?

Are we going to be able to meet any increase in infrastructure needs as a result of 1995 BRAC?

Mr. GOTBAUM. Congressman, I will assert that this is a little bit of a leak, but I will guarantee you that there will be excess capacity in many facilities, even after BRAC 1995.

Let me give you a for instance just so you have a sense of it. We had a Joint Cross Service Group considering the question of depots; sensitive issue, difficult issue, no question about it. The Joint Cross Service Group said, let us find some way to measure depot capacity to figure out how much excess capacity we have.

This was a group chaired by Jim Klugh, my colleague in OSD, but which had participation from all three services. So, the Depot Joint Cross Service Group said, OK, we collect information on man-hours. Let us do a rough assessment based on man-hours across all three services and then let us define a measure of capacity.

The measure of capacity they defined is one shift; 40 hours, one shift. As I am sure you know, when we get into serious times, people do not work just one shift. So, while I cannot tell you what the results of the BRAC 1995 round yet are going to be for depots, I can assert that sizing the Department to just one shift provides for some additional give to fulfill the military mission. When you look at the criterion, that is frankly the reason I asked that they be appended to my testimony; military value really is number one. Cost comes later. Then savings come. I think it would not be the case that we will lack the capacity to fulfill the mission after this round.

I should make one other point. I apologize for taking my time on it. You should know that one of the things that has affected decisionmaking and recommendations in this round is that we too are budget-constrained in our up-front abilities.

The services have told us quite explicitly that in some cases they have chosen not to recommend closures because they did not think within their budgets they had the up-front cash. Sir?

Mr. HOSTETTLER. Thank you.

Mr. HEFLEY. Mr. Tejada.

Mr. TEJEDA. Thank you very much, Mr. Chairman.

Secretary Gotbaum, thank you very much for your testimony.

Let me just ask if there is a base that perhaps is scheduled to be closed, and I know you mentioned that in 1988 I believe it was taking about 5 years and maybe in 1993, two and a half. So, you are getting more efficient and more effective.

What if there is ongoing construction on that base; does it immediately stop upon that decision or when you actually close or put the lock on the gate?

Mr. GOTBAUM. Actually, Congressman, it is not quite either of those in practice. Obviously, when a base is recommended for closure, first of all, you do not know for certain that it is going to be closed. There is a Base Closure Commission, and there is a process beyond there.

What we have done, and I frankly reemphasized it by memo recently, was to say to each service, it is your job to make a judgment. After the Secretary makes his decision, it is your job to make a judgment about construction in this period of time.

Obviously, you ought to recognize the fact that you should not be wasting the taxpayers' money. The decision is going to be made on a case-by-case basis; generally by the service with some consultation with the Office of the Secretary.

Mr. TEJEDA. What do you think will be the time it takes to close bases that may be scheduled for closure by the 1995 BRAC? You have gone from five to two and a half.

What are you anticipating now?

Mr. GOTBAUM. The true answer, Congressman, is that nobody has yet put enough pencil to paper to give you a reliable answer to that question. I think what is safe to say is that some facilities can be closed relatively quickly, i.e., within a year or two.

Some facilities, frankly because they involve relocation, or because they involve other issues, can take a very long time. I do not have an answer as to the 1995 round. Honestly, I am not sure I will have one next week either.

What will happen, Congressman, is that in the course of developing the next budget—in other words, the budget we submit a year from now—each service will review the specific case and will make a more detailed budget justification, including a set of timing estimates. So, that is really the first time that we will have a good handle on how long this thing will take.

Mr. TEJEDA. Let me just ask, and I know it has been mentioned in journals and in periodicals that this BRAC round, the 1995 BRAC round, will be smaller than anticipated because of fiscal realities.

Now, if we say that the first four items on that set of eight criterion is of military value, military worth, is there some contradiction or do you at some point come to some contradiction or a dilemma by saying that this base has military value and worth or we wish to close this base, even though it does not score well on those first four, but the fiscal reality is that it is too expensive to close?

How do you resolve that perceived or real contradiction there? It does not have that much military value or worth; however, the fiscal reality is that it is too expensive to close.

Mr. GOTBAUM. Let me say two things about that if I may, Congressman.

First of all, I said that the BRAC process is painful. A part of the reason it is painful is because as a result of our excess capacity, a lot of the bases which we are proposing to close and which we have proposed to close in the past are very good bases, sir. They are not in any respect the dregs. In order, in these days, given our budget, we feel something must be both very good and necessary.

What has clearly been the case, Congressman, is that the services have said and they have said it indirectly, without naming names, for the last 4 or 5 months is that if there were no budget constraints, if they had unlimited funds for the next couple of years, they clearly would have closed some facilities that they are now recommending for closure.

As a result, their lists are in some respects smaller than they would be if they were not so constrained. They still make the list, however, primarily on the basis of military value first.

Mr. TEJEDA. Thank you, Mr. Chairman.

Mr. HEFLEY. Committee, let us take a break at that point.

Can you stay with us for a few more minutes? I think there are other Members who have questions, if you can stay.

Let us try to get over there and get back as quickly as we can. We stand in recess.

[Recess.]

Mr. HEFLEY. (Presiding) The committee will come back to order.

Since we do not have the committee, let me just hit on a couple of quick issues. We will get that out of the way. I know you do have some time constraints. It would appear that the DOD did overestimate the amount of revenue that it thought could be gained from the selling of surplus lands.

Can you visit with us a little bit about how the surplus lands are handled? Are they given to certain entities, or given for a dollar? Do you sell them for market value? What is the process there?

Mr. GOTBAUM. The answer to your question, Mr. Chairman, is yes. We do all of those things.

Mr. HEFLEY. All of the above.

Mr. GOTBAUM. Since we have the luxury of waiting for a few Members, let me just talk a little bit about the constraints and the laws under which we operate.

Under the Federal Property Act of 1949, there are certain uses, and various laws that amend it, there are certain uses where we are permitted to and certain uses where we are required to transfer property at no cost.

For example, when we have property where the Federal Aviation Administration says this would make a good airport. There is clearly a law that says, DOD, transfer the property for airport use and do not expect any cash for it. There are other laws that affect that. I think that is the first point.

The second point which I think is really very important is that when the BRAC process began in 1988, quite frankly, because it was early days, because the Department was still learning how to do this process, people made some estimates about land sales, with the benefit of hindsight, which were clearly optimistic for two reasons.

One is, in some cases, they missed places where they were going to be required to transfer the land at no cost. Therefore, they could never sell it. One example which has gotten quite visible is the Presidio in San Francisco.

If the Department of Defense had actually been legally permitted to put the Presidio up for bid, I have no doubt there would have been an extremely high price tag on it. As a matter of law, it had to go back to the Department of Interior.

It is absolutely the truth, Mr. Chairman, that some of the early estimates were optimistic. That we have had in fact to revise our estimates of proceeds from sales of real estate.

The second point which I think is at least as important is that the majority of the savings that we expect, however, sir, come from the fact that we are no longer operating the base.

Even though we are not going to get as sales proceeds the kinds of numbers that were estimated in 1988, 1989, et cetera, nonetheless, we are still quite confident, sir, that the net result of the base closing process will still be to save billions of dollars.

Mr. HEFLEY. This is changing the subject considerably. I was going to save this for last, but again, recognizing your time, we will work it in now.

We got word from Secretary Perry on February 6 that he would like to have authority for another round of base closures.

Is the Department going to request authority for another round of closures under the present commission structure?

Mr. GOTBAUM. The answer to that question, Mr. Chairman, is that actually we are considering the issue right now, to the point where I will tell you that my deputy for base closing and I have discussed both the merits and what are the options.

So, I am frankly not in a position to give you a judgment now. I am very well aware of the fact that the Secretary of Defense has promised that he will give that judgment by next week. So, with your permission, I would like to defer it until we can give you a considered judgment. We are clearly going to come back to the Congress on this issue.

Mr. HEFLEY. I might share with you for your use in making that decision, there is a considerable number of us in Congress who think we ought to take a deep breath and look at what we have done. That is a part of the reason for this hearing and some that we will have in the future which is to see if that really is the case.

Have you given any thought to how to handle redirects when the current law expires?

Mr. GOTBAUM. The answer is we have given it some thought, but we have not, Mr. Chairman, figured out what is the best approach because it is obviously tied to the question of what succeeds the current BRAC law.

Mr. HEFLEY. Sure.

Mr. GOTBAUM. It is clear that you are going to need some understanding of how the Department handles its infrastructure on an ongoing basis. As to how, it depends on whether or not it is handled in a BRAC-like process or through some other process.

Mr. HEFLEY. Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman.

Secretary Gotbaum, welcome. I appreciate your comments.

I wanted to follow-up on a question that you responded to for Mr. Hostettler and that was with respect to capacity, should there be a need to surge the forces and a reevaluation of the assessment threat.

As I recall, you said you guarantee that there will be excess capacity after 1995. Certainly, your example of the depots would be right on target, I would assume.

I think what I am concerned about or what I am more interested in beyond depot capacity is our ability to respond to a war threat. As you know, we have drawn down dramatically in the Army, 18 to 10 divisions. Fighter wings in the Air Force are down steeply.

Are you as confident, and I am not going to ask you to give a guarantee because there are no guarantees in this life. Are you as confident about our excess capacity if for whatever reason that sometime in the near future we find ourselves in a need to add three mechanized divisions and four more wings to the Air Force? What about maneuver bases; those kinds of facilities?

Mr. GOTBAUM. I think it is worth getting back to my response to Mr. Hostettler. I think that really gets to the point, Congressman.

In the process we follow on base closures we rely on the services and rely on military judgment. We put military value as high as we do because frankly that is really what the Department of Defense is about.

We must go through the BRAC process because we need to reconcile our budget with our infrastructure and with the commission. There is no human being associated with this process who does not every day weigh the issue that is discussed.

I am not going to pretend that I can give you assurances on this, but I can tell you that we spend a very considerable amount of time with the military and the Department essentially satisfying ourselves that any BRAC recommendation is consistent with their judgment.

For example, every BRAC recommendation is reviewed by the Joint Chiefs of Staff. They send in the Staff to review every recommendation for the service in effect to say, does any of this compromise any of the war-fighting scenarios that I might have?

That is a review process that has been going on now for some weeks. Similarly, it is also the case that a CNO, a commandant, a Chief of Staff of the Air Force, I mean, in other words, each of the senior military officers of the services, is an absolute player in any recommendation.

They are recommendations for the service Secretary to be sure, but I know of no service in which that process is not made jointly with that of the military. I believe the process in fact protects what is in fact our mission, to be ready to fight wars.

Mr. MCHUGH. I do not question the process insofar as the integrity and the good intentions of its participants. What I concern myself about, and I do not presume to speak for anyone else on this subcommittee. I suspect there are others.

If we, for a variety of reasons that I do not think are any of—one of which are too exaggerated or too beyond the realm of possibility we have to surge our war-fighting capacity, I do not know if we have access facilities to accommodate those in a timely and in a cost-efficient manner. I hope I am wrong. I hope most of all we never have to test my concern.

Let me jump back to something that I think Mr. Tejada said. I am still a little confused. I have read your chart. I understand the mathematics and your explanation as to how—may I finish, Mr. Chairman?

Mr. HEFLEY. Yes.

Mr. MCHUGH. As to how the BRACs cumulatively give perhaps less than an accurate picture as to savings versus cost and you have got to divide them out. What I fail to understand though is that your testimony states without equivocation that indeed BRAC is a moneymaker. Yet, as Mr. Tejeda said, the Secretary has indicated fairly clearly, unless I misunderstood him dramatically, the Secretary of Defense, that he is going to, or his thought was to, pair down what was scheduled to be the mother of all base closing rounds because the money is not being saved. In fact it is a cost maker.

I am just having trouble reconciling the two views. Could you help me understand that?

Mr. GOTBAUM. I apologize. You made it clear how unclear I was. BRAC costs money up-front. BRAC 1988 cost \$2 billion up-front. What we find is, what we believe with actually very high confidence is, that over time it saves more than it costs.

In effect, BRAC is an investment. The \$2 billion paid for BRAC 1988 will, starting next year on an ongoing basis, save about \$600 million per year of costs that we otherwise would bear.

If you ask the question, Department of Defense, are you pleased to have gone through BRAC 1988? The answer would be yes because the savings outweigh the costs.

If you say at a time when the budget is going down to the Department of Defense, since you know it cost money up-front, do you have the money it takes to do the closing? Then we would have to say our budget constraint has affected that.

In effect, it takes money to save money. You can save more than a dollar for the dollar you spend, but you have got to have the dollar to spend first. We have frankly, by courtesy of the Congress, a considerable number of dollars to spend on BRAC. I do not want to minimize it.

What the services have said to us, and they have all said it is, if our up-front dollars were unlimited, we could save more in the future. Does that answer it?

Mr. MCHUGH. It answers it, but I think it begs the observation that if indeed the services are operating on that thin a margin, we may have problems in the overall funding. I understand your viewpoint.

The red light is on. That means stop in any language. I will do that. Thank you.

Mr. HEFLEY. Mrs. Fowler.

Mrs. FOWLER. Thank you, Mr. Chairman.

I just would like to say that I share the concerns that Mr. McHugh and Mr. Tejeda have previously expressed on these costs.

I still have a little difficulty because the way that I look at some of it, I am not sure we are saving that much. Some of the figures I know that were presented in 1993, they are now determining were not right. That it was going to cost more than was projected. How that gets figured in or not, I do not know. I use a base that got closed in my district.

Now, they are looking at coming back to 1995 for realignment because it is going to cost what we told them it was going to cost, about \$300 million, and they said it was not.

How those get figured into your costs, I do not know. It does concern me that some of these costs get low-balled during the process. Then after the process has been determined they are going to be closed, then we find it is going to cost more, but it is proceeding on.

Then I know by law you can include environmental remediation in there, but yet those costs are astronomical sometimes. They still have to be paid from something. Those have got to come out of some account and be paid. I do have some concerns there.

What I really want to ask you about is I am a little concerned on this question with depots. I appreciate your comments on it earlier. Some of the ones that have been designated to stay open during previous BRAC rounds are getting, as a result, new workloads because of others that were closed.

There have been delays in some of the military construction for these that have remained opened that was needed in order for them to receive the new workloads from the closing depots.

That has resulted in disruptions in their work. Now, I understand that just recently there have been some decisions on the construction programs to maybe get them back on track. I just want to express my concern about these delays.

If you can tell me anything about them; if the fiscal year 1996 funds that have been requested, when you couple those with funds from the previous appropriations, will they provide for the necessary military construction to ensure that readiness is not disrupted?

When these depots cannot do the work, then it is a readiness issue. The planes are not flying. The engines are not being worked on, whatever. So, these programs cannot transition very smoothly.

Mr. GOTBAUM. Let me first talk about the issue of estimating costs and then talk about appropriations.

The way the BRAC process works, obviously, is that by law we are required each to consider each base. In order to do that they make an estimate of what the cost of closure would be and transfers.

We try to make those estimates as consistent as possible. We use computer models that people go—like COBRA, that people say I do not understand what it does. Basically, it is a tool to try to be consistent.

In effect, they are estimates, but they are not because they have to estimates for every single base, the same quality of estimate that you get—the Department makes a budget estimate. That necessarily cannot be because we consider many more closures than fortunately we actually do.

It is therefore not surprising that when you go from an estimate done for consistency purposes to one that is the budget, Murphy's Law, you end up discovering that things cost more. So, that is not a surprise.

It has happened in each round of BRAC. I would not be at all surprised if it happened again. I think it is important to note that notwithstanding that in the previous rounds of BRAC, now that we know what they cost, we still think that the taxpayers save money.

As regards appropriations and depots, it is a fact that in December of 1993 the Congress rescinded \$508 million of BRAC funds for

the fiscal 1994 year, in other words, for that fiscal year, from the BRAC account.

Without getting hyperbolic about it, I will tell you that it threw monkey wrenches into a lot of plans because this happened as the services were gearing up to implement the 1993 round.

As a result, in many different places the Department of Defense simply could not, until we got permission to add back some of the money, go forward on plans to move, or to do relocation, to do military construction, et cetera. So, it is absolutely true, Congressman, that the rescission had an effect.

It is partly for that reason that our budget request in the BRAC account this year is as large as it is because, in fact, we are coming back and asking could we please have the money back so that we can, in fact, implement the plan?

The reason for doing so quite frankly is because we have also put savings into our budget. In other words, in addition to the up-front costs that are reflected in the BRAC account, we have in the out years of our defense plan, put the savings from these same actions, which if we cannot implement them, we will get. So, yes, that is why the money is there. We hope you endorse it strongly.

Mrs. FOWLER. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

I do not want to belabor this because everyone has really focused on it, but I think it is safe to say that the costs have exceeded expectations and the cash flow savings have flowed way beyond expectations. Is that true?

Mr. GOTBAUM. Actually, Congressman, I would say that has not really been our experience.

Mr. PETERSON. Which one?

Mr. GOTBAUM. What has happened is that—

Mr. PETERSON. I reiterate as has been said here three times already that the Secretary has clearly stated that the savings flow has not come about that has allowed for them to go forward in a larger BRAC this year as opposed to—because obviously we are going to use some of that money to plow back in.

Mr. GOTBAUM. Let me separate out two things if I may.

One, that cost estimates, when turned into budget estimates, have risen and that is true. The other thing that has happened as we have moved from BRAC estimates, budget estimates, is that we have in fact learned ways not to spend all of that money in all of those cases.

There are in fact two processes going on at once. One is that some costs which were not taken fully into account turn out you have got to pay them. The other is that certain costs that you thought that you were going to have to pay that were estimated turned out to be less.

Overall, for the rounds of BRAC, it has turned out that—and I will be happy to provide some comparison for the record—that rounds look like they will over time save about as much, not exactly as much, but about as much as people thought on net.

I would not assert, and I want to be clear, Congressman. I am not telling you that cost estimates have not risen and that savings estimates have not slid to right in time. They have, sir.

Our point and our considered judgment is, however, that notwithstanding that fact, it is still a necessary process and a good deal for the taxpayers.

Mr. PETERSON. I guess that the point I am making is that in the little chart you have here I think we have some concern about accuracy, perhaps. Maybe it would be better if you could give us something for the record that would time-line that out a bit better for us. I have got a couple of other quick questions.

One is in the case of a shortage with the base closures that are occurring, are we fencing or are we retaining rights to special use properties on those facilities that would be used for a shortage capacity if we were going in and having to locate units there under a wartime condition?

Mr. GOTBAUM. The answer, Congressman, is absolutely yes, we are.

[The following information was received for the record:]

CHANGES IN BRAC COST AND SAVINGS ESTIMATES

BRAC COSTS LOWER THAN EXPECTED ¹

[Fiscal year 1996 in billions of dollars]

	Original cost estimates	Current cost estimates
BRAC 88	\$3.7	\$2.2
BRAC 91	4.3	4.0
BRAC 93	6.7	6.9
Total	14.7	13.1

¹ Excluding environmental cost and sales from land revenues

BRAC SAVINGS GREATER THAN EXPECTED ¹

	Six year net savings estimates		Annual savings estimates	
	Original	Current	Original	Current
BRAC 88	\$(1.0)	\$2	\$7	\$7
BRAC 91	2.1	2.4	1.4	1.5
BRAC 934	.3	1.8	1.8
Total	1.5	2.9	3.9	4.0

¹ Excluding environmental cost and sales from land revenues

Mr. PETERSON. OK. The next question is when you do your cost savings estimates, is it based—if you can, give me a percentage of savings based on just real estate and then where are the other savings?

Are they in fixed equipment that you are salvaging or what? You have got a big power generator sitting outside of the command post, and it is no longer needed. Is that a part of the savings that you are figuring into the BRAC, or is that then in some other account? Is that a by-product savings?

Mr. GOTBAUM. Mostly, Congressman, the savings that we look at are what we call base op, base operating cost savings; the cost of turning on the light; the cost of security; the cost of energy; build-

ing maintenance, et cetera. Those are the majority of the numbers that we include in savings estimates, sir.

Mr. PETERSON. Well, the next point then, I had some experience in military. In fact, I have had to prosecute individuals for having built houses by driving off of the base every night with various building materials.

In fact, I found two houses that were constructed basically with Government materials. With this closing process I see opportunity for gross pilferage. That may not be your business, but is there any experience or who is responsible for the policing of the materials and, if you will, install the equipment, et cetera, that is associated with a base closure?

Mr. GOTBAUM. The service whose base it is remains responsible for the property. The base commander continues to worry about base security as he or she did before the base closure decision. The fences are still there. The security is still there, et cetera, on an ongoing basis.

It is true that later in the process for some services authority is transferred to another part of the military department. In the early days, the base CO is the person responsible for the job.

Mr. PETERSON. Thank you.

Mr. Chairman, I think the way I am going here is that in these base closures, there are huge amounts of surplus materials that are coming off of these bases that I think are getting away from them.

I think that we ought to have the committee take a look at that at some juncture. Obviously, we are talking to the wrong folks on that right now, but I think there is a major problem with the salvage and distribution system.

Thank you for the time.

Mr. HEFLEY. Mr. Browder.

Mr. BROWDER. Thank you, Mr. Chairman.

Mr. Gotbaum, we appreciate your coming here to testify before our committee. I have two points that I would like to make with you. One is the process.

I understand that the Secretary is going to submit his list to BRAC next Tuesday.

Mr. GOTBAUM. Yes, sir.

Mr. BROWDER. Well, as soon as he gets that together, Monday, if he gets his list together, send it over to Mr. Montgomery and me. We will make our changes and send it back to him.

Actually, Mr. Montgomery and I have as much experience in this process as the last three Secretaries of Defense. So, we think we can make some very good adjustments in that list.

The second thing I would like to mention to you is something that I have mentioned to you before. On the second page of your testimony at the end of the page you say, "The services have historically taken lead responsibility for developing and analyzing possible closures and there is a good reason for that."

They then make recommendations to the Secretary of Defense. "Historically, the Secretary has accorded great deference to the services' recommendations." I was hoping that paragraph would not end with that period.

I have been reviewing the law. I see a lot of references in here about the Secretary shall, the Secretary will, the Secretary pre-

pare. I do not see the services mentioned. As a matter of fact, one section in here says, "The Secretary shall include with the list of recommendations published and transmitted, pursuant to paragraph one, a summary of the selection process that resulted in the recommendation for each installation, including a justification for each recommendation."

The Secretary has real substantive responsibilities assigned by this Congress. I say that because of my own particular experience. In 1991, the service recommended an action on an installation that the BRAC flat turned down and said that it deviated from the criteria. We had testimony after testimony from people saying that it did deviate. I am not going to go into details.

That recommendation went to the President. The President approved it. The Secretary agreed with it. It came back to Congress and it was approved. Two years later it came back; that recommendation from the service. The Commission did the same thing; sent it back with some rather strong wording with it. The President agreed. The Secretary agreed, and Congress agreed.

What I am suggesting is that if a service has proceeded along a process mandated by this Congress, and twice it has come up with a result which has been rejected as deviating from the criteria established by the public law, and Congress, the President, and Secretaries have then agreed with that, I would hope that if the Army was coming with the same recommendation again, that somebody would begin to ask, where did they mess up? Is something wrong with the process if twice that has happened? They have messed up somewhere in the process. I would hope that if they come with a similar recommendation that the Secretary of Defense would do something other than "historically . . . accord great deference to the services' recommendations."

We have spoken on that. I hope that you will take that back. That the public law lays out some serious responsibilities for the Secretary of Defense. I would hope that the Secretary would consider those responsibilities.

Would you like to add anything to your paragraph?

Mr. GOTBAUM. I believe I have already discussed it, but let me restate it.

Mr. BROWDER. I apologize if I was not here.

Mr. GOTBAUM. Actually, that is right. You might not have been here. I apologize.

When the services make their recommendations to the Secretary of Defense, the staffs of the Secretary of Defense and the Joint Chiefs review those recommendations to in effect advise him. That is the process that has gone on, I can assert from personal knowledge, 24 hours a day right now.

The reason I put in this testimony that they are accorded great deference is precisely because I discovered in my discussions with people about the process, there were some people who did not understand that the services did a lot of the work.

It is absolutely the case that every service recommendation is reviewed. Every service recommendation is reviewed for consistency with policies that services might not take into account; treaty obligations; the interest of other services that might be tenants on the base; economic impact.

If service-A, for good and proper reasons, closes a base in a particular city and service-B, for good and proper reasons, closes a base in the same city, those services have not consulted with each other about economic impact.

So, obviously, the Secretary of Defense has to consider it and, if necessary, go back. That is a process which, Congressman, is absolutely going on. It is going on even as we speak in which I assure you I will resume as soon as I finish my testimony here, sir.

Mr. BROWDER. Thank you very much.

Thank you, Mr. Chairman.

Mr. HEFLEY. Surely. Mr. Hunter.

Mr. HUNTER. Thank you, Mr. Chairman.

Mr. Secretary, thank you for being with us.

Let me ask you a couple of questions about the BRAC environmental costs, if you will turn to your page that has the BRAC savings in billions.

You have there the statement "(We do not include the cost of environmental cleanup in making BRAC decisions since the Department must comply with the law whether a base is open or closed.)"

That being so, isn't it the closure of the base that triggers a lot of these environmental cleanup costs?

Mr. GOTBAUM. In some cases, Congressman, it is true that the level of scrutiny changes when property is transferred. Our position, in fact, is we are responsible to comply with the law however applied.

For example, let us take a concrete case. Actually, before I say this I ought to—

Mr. HUNTER. I will tell you what. Let me get through your case first and tell me if this does not apply.

Let us say you have got an Army base and you have got a range, an artillery range. It is open, and you put artillery rounds into this range. When you close that base, obviously, you clean up the range to some degree. Is that right?

Mr. GOTBAUM. [No response.]

Mr. HUNTER. Now, you would not if you kept the base open. You would not necessarily have to clean up the range because you are using it for artillery, and you keep throwing these rounds into it. When you close it, you have the duty to clean it up.

Now, that is just a simple example of, it would seem to me, a case where the environmental cleanup is triggered by the closure. If you kept the base open, it would not have been triggered. Is that accurate? Is that type of environmental cleanup not counted in the closure? I just want to see if you are fudging on us a little bit here.

Mr. GOTBAUM. No. I am actually worse than fudging on you, Congressman. I am about to say that I do not know the answer to the question you have asked because the person in the Department of Defense who is actually responsible for environmental cleanup is in fact the Deputy Under-Secretary for Environment.

Mr. HUNTER. Well, here is—

Mr. GOTBAUM. If I may because I want to answer.

Mr. HUNTER. Sure.

Mr. GOTBAUM. I think the best thing that I can do is in fact either offer to respond to this for the record or frankly to suggest that she be asked to testify before the committee on this issue.

Let me say one thing; the things that I can say about that, Congressman, because it is important. There are certain environmental processes that apply to us whether we are open or closed.

[The following information was received for the record:]

SCOPE OF "ENVIRONMENTAL" COSTS UNDER BRAC

In the Justification data for our budget estimates we identify funding for "environmental" efforts at closing bases. This figure includes environmental compliance costs. Examples of requirements that are budgeted for as environmental costs other than environmental restoration include: abatement of potential asbestos, polychlorinated biphenols (PCBs), and other facility hazards; regulatory closure of permitted hazardous waste treatment and storage facilities; removal or upgrading of underground storage tanks, as needed; performance of National Environmental Policy Act (NEPA) and similar planning requirements; documentation of environmental condition for land and facilities; and clearance of buried and unexploded ordnance.

Mr. HUNTER. Sure. I agree.

Mr. GOTBAUM. It is because that is the case, that as a matter of policy, and this has been very public and has been true for all three rounds of BRAC, cleanup costs per se have been essentially kept on the side. That policy has been around for a long time and has been public.

Mr. HUNTER. Yes, but some of the costs are obviously costs that are triggered by the closure, such as the closure of an artillery range where you are not going to force them to go out and cleanup this range until you close it down. I guess what I am saying is this. If you are saying, well, maybe costs go up a little bit because all of a sudden you have got DOD, plus you have got prospective candidates for environmental contracts making suggestions as to what has to be done to clean it up.

From our perspective, it is folks that are trying to keep a little money for the poor old troops. We see that being squeezed heavily by BRAC costs. In real terms, that \$38 billion, no matter how you lay out your definition, your definition to some degree may be kind of a fiction.

If you do invite environmental costs that are far above the historic trend because of base closure, then in real dollars that have been handed out that would not have been handed out if we had not had BRAC, that \$38 billion in savings may be a negative factor.

In fact, my instincts kind of tell me that it is probably entirely wiped out if you include environmental costs above and beyond what I would call a historic trend.

Mr. GOTBAUM. If I may, Congressman.

One of the things I did when I saw that number, knowing that environmental cleanup costs were not included in it, was to turn to the folks who are responsible for environmental cleanup for the Department of Defense. Guys, I know that you are out of the BRAC process, but I need a number. I have got to know that this in fact saves money for the taxpayers.

They said, gosh, you should understand the following things. First of all, over the next 6 years all environmental costs for the Department of Defense are programmed at \$4 billion. Some of that \$4 billion is already included in our BRAC numbers. Some fraction of \$4 billion ought to be subtracted from your \$38 billion.

Then I said, fine. So, what you are telling me is that it is not 38, it is 35, or 33, et cetera, for the next 6 years. Then what about

beyond 6 years for cleanup costs? What they said is we think the bulk of costs for the first three rounds of BRAC are the cleanup expenses and will be borne in that period or in the period that follows.

Are you telling me then that if I doubled your \$4 billion that I would probably be making a fair estimate? They said, yes, you are probably making a fair estimate. I do not want to assert, Congressman, because I think it is very important not to pretend to say what I do not know.

I believe that even when you subtract all of the environmental cleanup costs, that in fact overall the BRAC process has in fact saved the taxpayers very considerable sums.

Mr. HUNTER. OK.

Mr. Chairman, could I just ask if I could, if you could just give us, at some point for the record, a little schematic that shows this amount mitigated by environmental costs that are above and beyond what I would call the historic average.

Mr. GOTBAUM. OK.

[The following information was received for the record:]

IMPACT OF ENVIRONMENTAL COSTS ON BRAC SAVINGS

The 20 year net present value (NPV) of the BRAC 95 costs and savings is a savings of \$18.4 billion. When environmental costs are considered, the resulting savings are still significant. If, for example, the BRAC 95 environmental bill was \$4 billion, the combined environmental cost of the three previous BRAC rounds, the NPV savings of BRAC 95 would still be approximately \$14 billion. The fact remains that the BRAC 95 recommendations will save the taxpayers very considerable sums.

Mr. HUNTER. Thank you.

Thank you, Mr. Chairman.

Mr. HEFLEY. Mr. Jones.

Mr. JONES. Thank you, Mr. Chairman.

Mr. Secretary, I am sorry I missed most of your presentation. I apologize for that. I am a Freshman Member, and I have three bases in my district. You might have touched on this. Let me give you a situation to get your response please.

If the 1993 BRAC recommendation said that we have got three bases involved in three different states, that they recommended that planes from one State be sent to the second State. This was a recommendation of the BRAC. This was the 1993 BRAC recommendation, and possibly now—

Mr. HEFLEY. Mr. Jones.

Mr. JONES. Sir.

Mr. HEFLEY. Would you make sure your microphone is up there. We are having a little trouble hearing you. Thank you.

Mr. JONES. Now, it seems that—I do not want to say a political decision. I do not know. This is in my State, so I guess I can make reference to that.

Now the planes that were supposed to go to a base in my State might end up going to a base in another State after the recommendation of 1993 and millions of dollars being spent at the base in North Carolina to make preparation for these planes to come in.

I guess my question is, if I am not making it clear, then I apologize, the integrity of the BRAC recommendation.

Mr. GOTBAUM. Congressman, first let me say what I cannot say. I cannot comment. I apologize.

Mr. JONES. That is OK.

Mr. GOTBAUM. No, on the merits, or the fact, or anything about the 1995 round. So, if I may let me talk about the issue of redirect in general based on what has happened in the past.

When a recommendation is made by the BRAC, if that is not overturned by the President and the Congress, in effect, in our view is that it has the force of law. The only way those sorts of things get changed is if another round of base closures, another Base Closure Commission changes it or lets us change it.

There have been cases where in one base closing round a service recommended something and the Secretary recommended it. The Base Closure Commission said, you can move folks from here to here. As a result of the closure in that round another base became available.

Two years later in the 1993 round the service went back and said, well, now that we realize we have got excess capacity in another base, we, service-x, would like your permission, Base Closing Commission, to do it a different way and that happens.

That has to be something that goes through the Base Closure Commission. It is not something that a service would do on their own motion.

Mr. JONES. I appreciate that. I just wondered when we finish today if you have a few minutes that I could talk to you personally for one second? I appreciate it.

Mr. HEFLEY. Thank you very much, Mr. Secretary. I appreciate your being here. We will have some questions for you for the record and if you could get those back to us at your convenience. I would appreciate it.

Mr. GOTBAUM. Thank you very much.

[The following questions were submitted for the record:]

Funding for BRACs 88, 91 and 93

Mr. Hefley: In reports earlier this year, both the Congressional Budget Office and the General Accounting Office issued reports which indicated that the Administration may have significantly underfunded the 1995 base closure round in the FYDP. Since those reports were issued, the Secretary of Defense has announced the recommendations of the Department of Defense for base closure and realignment. The 1995 BRAC recommendations of the Department are not as extensive as previously anticipated. Is the Administration's FY1996 program fully funded against the requirement to execute base closure actions for the first three rounds of base closures and realignments?

Mr. Gotbaum: The FY1996/97 budget submitted by the Department reflects the Military Department's best estimates of the costs necessary to implement the BRAC 91 and 93 recommendations. The account which currently funds BRAC 88 implementation expires at the end of this fiscal year and is not included in the FY1996/97 budget request.

Funding for BRAC 95

Mr. Hefley: Is the FY1996 request for BRAC IV and the funding contemplated in the FYDP for BRAC IV sufficient to execute this last round of base closures and realignments?

Mr. Gotbaum: The FY1996 budget request includes \$784 million for the anticipated FY1996 BRAC 95 implementation costs. This is a preliminary estimate which was, out of necessity, derived before the BRAC 95 recommendations were completed. Once the Secretary's recommendations are approved by the President and Congress the budgets will be adjusted to reflect the more current cost and savings projections.

Unobligated BRAC Balances

Mr. Hefley: Are there large unobligated balances of BRAC funds that are being shifted forward from one year to the next?

Mr. Gotbaum: Unobligated balances of BRAC funds remaining at the end of fiscal year 1994 have been reduced substantially based on a concentrated effort by the Services to expedite closings which are critical to the realization of budgeted savings. However, since the BRAC appropriations do not expire at the end of the year of appropriation, the Military Departments and Agencies have been able to use them in the following years to continue the necessary BRAC implementation actions.

Unobligated BRAC Balances by BRAC Round

Mr. Hefley: If there are unobligated balances, how much was shifted between accounts last year affecting each of the prior BRAC rounds?

Mr. Gotbaum: As of February 28, 1995 there were unobligated balances of \$434 million in BRAC 88 funds, \$697 million in BRAC 91 funds, and \$1.1 billion in BRAC 93 funds. The overall obligation rates for these rounds are 84%, 80% and 67% respectively. Based on increased management by the Services, unobligated balances at the end of FY 1995 will be virtually eliminated.

Reasons for Unobligated BRAC Balances

Mr. Hefley: What accounts for those funds not being obligated?

Mr. Gotbaum: Over-scoped BRAC construction projects are a good example of why unobligated balances occur. This is primarily because of the inability of the planners to visit potential BRAC sites during the BRAC evaluation process. Once the recommendations are announced site visits are made and scope and cost estimates refined based on better information. These adjustments are reflected in subsequent budget requests. Environmental restoration costs also contribute to the unobligated balances in the BRAC accounts. The Department requested more near-term funds in the first year of each BRAC round due to optimistic assessments of the ability to accelerate the environmental cleanup program, and the Department's assumption that existing technology was sufficient to support an accelerated program.

As of February 28, 1995 there were unobligated balances of \$434 million in BRAC 88 funds, \$697 million in BRAC 91 funds, and \$1.1 billion in BRAC 93 funds. The overall obligation rates for these rounds are 84%, 80% and 67% respectively. Based on increased management by the Services, unobligated balances at the end of FY 1995 will be virtually eliminated.

Completion of BRAC 93

Mr. Hefley: Does cost-shifting within the accounts create a long-term problem for actions which need to be taken to complete the 1993 round?

Mr. Gotbaum: No. As priorities within a particular BRAC implementation plan change, the flexibility afforded to the Military Departments and Defense Agencies to move money between the BRAC 91, 93, and 95 rounds (all of which are funded through appropriations to the Defense Base Closure Account 1990) serves to enhance their ability to place the necessary fiscal resources where needed.

Ongoing Environmental Costs

Mr. Hefley: It is a possibility that the authority to draw on funds appropriated to the base closure accounts may expire prior to all contemplated BRAC actions, particularly those involving environmental remediation and restoration since the BRAC accounts are the sole source of funding for those projects. Has the Department given any thought, if the Base Closure Accounts either run out of funds or expire, to how lingering requirements will be funded?

Mr. Gotbaum: By law, all environmental restoration costs must be funded from the BRAC accounts, as long as the accounts exist. If there are no funds remaining in the BRAC accounts, the Department will be unable to fund further environmental restoration at BRAC bases. After the expiration of the BRAC account, the Military Departments will be responsible for funding the environmental restoration costs at those BRAC installations where necessary remedial actions have not been completed.

Environmental Costs in Base Closure Cost Estimates

Mr. Hefley: In the Department's annual budget estimate submission for base closure funding, cost estimates for each of the BRAC accounts are provided for military construction, family housing, environmental cleanup, O&M, and military personnel PCS. Yet, environmental costs are not calculated in the Department's initial estimate of the costs to complete a round. Why not?

Mr. Gotbaum. Environmental restoration costs at closing bases are not considered in the cost of closure calculations because the Department has a legal obligation for environmental restoration regardless of whether a base is closed or realigned. Where closing or realigning installations have known, unique contamination problems requiring environmental restoration, these were considered as a potential limitation on near-term community reuse of the installation. Environmental compliance costs, however, can be a factor in a base closure or realignment decision. Costs associated with bringing existing practices into compliance with environmental rules and regulations can potentially be avoided when a base closes. Environmental compliance costs may also be incurred at receiving locations, and these were estimated and included in the Military Department's initial estimates of the cost to close an installation.

Environmental Costs vs Community Reuse Plan

Mr. Hefley: You asserted in your testimony that the cost of cleanup is not included because a base must be cleaned up whether an installation is open or closed. Is that, strictly speaking, true? Is it not true that varying levels of remediation are required depending on the reuse plan for the facility. If so, why not assume a certain degree of exposure in the estimate of the up-front costs to close a facility?

Mr. Gotbaum: It is true that the reuse plans ultimately adopted by the affected communities can influence the environmental cleanup costs at closing installations. However, the reuse plans are typically not decided on until well after the Secretary's recommendations have been approved by the President and the Congress. Given this, it is impossible to predict the eventual environmental cleanup costs during the BRAC selection process.

BRAC MILCON Costs

Mr. Hefley: What has been the effect of each BRAC round on military construction? Are the costs of military construction for BRAC purposes in excess of original estimates.

Mr. Gotbaum: Each BRAC round has reduced the Military Construction (MILCON) requirement of the previous round. The original BRAC 88 budget request included \$2.3 billion in military construction costs for the six year implementation period. By the time the FY1995 budget request was submitted the amount was down to \$1.3 billion. The BRAC 91 military construction costs fell from \$2.2 billion in FY1993 to \$1.5 billion in the FY1996 budget request. Similarly, the BRAC 93 construction bill has fallen from \$2.9 billion to \$2.6 billion since the FY1995 budget request.

The short time frame imposed by the BRAC process makes it difficult to prepare project scope and cost justification documentation for military construction projects. Under normal circumstances, planning and programming for MILCON projects can take up to 6 years. During the base closure process, the Military Departments have to develop initial project scope and cost justification documentation within 2 to 3 months of the Commission's reports to the President. As a result, many of the MILCON requirements at gaining bases are not clearly defined when the budget is submitted. However, as the BRAC MILCON project designs reach 100 percent, each project's scope, documentation and cost estimates improve, and the subsequent budget requests are adjusted.

GROWTH IN CLEANUP COSTS

Mr. Hefley: The cost of cleanup for closing bases has grown considerably above the Department's original estimates. How much higher are cleanup costs now than originally estimated for BRAC I, BRAC II, and BRAC III?

Mr. Gotbaum: DoD's initial projections of environmental costs for BRAC I (for the FY92 President's Budget) and BRAC II (for the FY94 President's Budget) underestimated the extent of the requirements. As installations completed their Environmental Baseline Surveys, additional sites and environmental issues were identified and, correspondingly, funding requirements increased. This increase was reflected in the projected environmental requirements over the life of the account. However, for BRAC I and BRAC II the total BRAC environmental requirement over the life of the account has remained stable or decreased for the last three or four years. Similarly, our projected environmental requirements for BRAC III changed little between our FY 1995 and FY 1996 budget estimate justification data.

It is important to note that environmental cleanup costs are still very small in comparison to the total savings. For the first three BRAC rounds, net savings before cleanup are estimated at \$38 billion. Total cleanup costs for those three rounds within the next 6 years are approximately \$3.8 billion. Although there will be cleanup beyond the six-year period, the net benefit to the Department and the taxpayers should exceed \$30 billion.

Provided below are the data we have submitted to Congress each year identifying our combined allocated funding and projected environmental requirements for each closure round over the life of the account (in millions of current \$):

As of FY Budget:	Total \$ Req'd	BRAC 93 (BRAC III)
	BRAC 1988 (BRAC I)	FY95 1748
	FY92 591	FY96 1705
	FY93 926	
	FY94 784	
	FY95 846	
	FY96 858	
	BRAC 1991 (BRAC II)	
	FY94 1315	
	FY95 1452	
	FY96 1342	

CLEANUP COSTS AT CLOSING BASES

Mr. Hefley: Are cleanup costs for closing bases rising faster than costs for cleanup at operational bases?

Mr. Gotbaum: Environmental cleanup costs for closing versus operational bases are very difficult to compare due to the nature of the way the programs are executed, especially in two respects. First, environmental efforts under the BRAC program include closure-related compliance and environmental planning requirements in addition to environmental restoration. Second, cleanup efforts under BRAC are driven by the need to make the property available for reuse by the community as well as protecting human health and the environment and meeting our legal agreements and requirements; this link between reuse and cleanup often accelerates our planned restoration efforts. We do not believe that the actual cost of environmental restoration at closing bases is higher than at operational bases.

STATUS OF SITE CLEANUP

Mr. Hefley: How many contaminated sites are located on closing bases? How many have been cleaned up? How far along in the cleanup process are the effort at the remaining bases?

Mr. Gotbaum: As shown in the table below, the Department has identified a total of 3,367 sites at closing and realigning installations. We have completed response actions at 661 sites, or 20% of the total number of sites. For BRAC 1988 installations, we have made the most progress by completing work at close to 30% of the total BRAC 1988 sites

Base Closure Round	Total Number of Sites	Number of Sites with Response Complete
1988	1,053	303
1991	1,313	227
1993	1,001	131
Total	3,367	661

Data as of September 30, 1994

The remaining 2,706 sites where response has not been completed are either in the analysis/investigation, design or cleanup phase. As shown in the table below, 235 sites are in the design or cleanup phase. At 2,347 sites, we are in the analysis/investigation phase. It is important to note that we do not anticipate the need to proceed with a cleanup action at all of the sites that are currently under investigation. In fact, we expect that we will have to clean up about 60% of the number, some 1,477 sites.

Phase	Sites Completed	Sites Underway	Future Sites
Analysis/Investigation	919	2,437	11
Design	146	131	1,228
Cleanup	90	104	1,477

Data as of September 30, 1994

CLEANUP COSTS BEYOND END OF BRAC ACCOUNT

Mr. Hefley: According to DoD estimates, it could cost about \$4 billion to clean up closing bases during the period when bases are being shut down. What will cleanup costs for the period extending beyond the closure implementation period be for all the BRAC rounds? Does DoD have an estimate of total cost needed to clean up closing bases to agreed upon cleanup standards? If so, roughly how long will that take and how much will that be?

Mr. Gotbaum: For the first three rounds, we currently estimate additional environmental costs of approximately \$1.5 billion, to be expended after the end of the life of the each account until every site is cleaned up. For BRAC I, this period begins in FY96; for BRAC II, it begins in FY98; and for BRAC III, it begins in FY 2000. With the exception of BRAC I requirements that have been included in the BRAC II account, the Department has not yet budgeted for environmental requirements at closing bases beyond the end of life of the various accounts. The figure given above is an estimate.

CLEAN PARCELS/TRANSFER STATUS

Mr. Hefley: For closing and realigning facilities, how many clean parcels has DoD identified? How many of them have been sold or transferred?

Mr. Gotbaum: As required by the Community Environmental Response Facilitation Act (CERFA) of 1992, DoD has completed identification of uncontaminated or "clean," property for BRAC 1988 and 1991 installations. The U.S. Environmental Protection Agency and state environmental agencies completed their review of these proposals in April, 1994. EPA reviews proposals for installations on the Superfund National Priorities List (NPL), and state agencies complete these reviews for non-NPL installations. The Department's proposals and regulatory concurrence data for closing and realigning installations are provided in the table below. DoD will complete the clean parcel identification process for BRAC 1993 installations in April, 1995.

Base Closure Round	Acres Proposed As CERFA Uncontaminated	Acres Concurred As CERFA Uncontaminated
1988	67,905	18,876
1991	50,804	28,013

Data as of September 30, 1994

The amount of acres identified as CERFA uncontaminated appears small because CERFA sets a higher standard for what is "clean" than CERCLA requires for what can be transferred. The percentage for regulatory concurrence is small because some regulators believe that DoD should perform some site characterization before a CERFA determination can be made, due to the uncertainty of past operations on specific property.

During the standard CERCLA evaluation of the installation, however, *significant acreage* is deemed acceptable for transfer because no contamination was found or the levels are within acceptable ranges. As shown below *approximately 60% of the property at closing bases is available for transfer from a cleanup standpoint.*

Base Closure Round	Total Acres At Closing Bases	Acres Cleaned Up (or "Clean") & Available For Transfer
1988	148,684	88,343
1991	98,477	58,333
TOTAL	247,161	146,676

Data as of September 30, 1994

The Department does not specifically track CERFA acres (or parcels) transferred. CERFA property lines are defined by the lack of contamination and storage of hazardous substances and petroleum. Property is not usually transferred by utilizing those same boundaries. For example, a parcel that is transferred may contain property:

- 1) that is CERFA uncontaminated
- 2) where hazardous materials were stored for more than a year (without a release)
- 3) where releases occurred, but contamination was below action levels
- 4) where cleanup is complete.

BRAC Savings and Force Structure Reductions

Mr. Hefley: Much of the savings claimed for base closures may, in fact, be attributable to the overall drawdown in force structure. How much in military and civilian personnel savings are directly attributable to closing bases.

Mr. Gotbaum: Although force structure reductions are often the underlying reason for recommending base closures or realignments, the savings associated with closing bases are founded on the elimination of base operating support, infrastructure and related costs. Hence, the savings associated with force structure drawdowns are not included in the original COBRA cost and savings estimates, or in the subsequent BRAC budget requests.

Plant Replacement Value

Mr. Hefley: DoD states that so far the previous BRAC rounds have reduced the base infrastructure by only 15 percent of plant replacement value while the force structure and personnel cutbacks have occurred at a much higher rate. Please explain the 15 percent figure and why that is a good measure in quantifying cutbacks to the structure.

Mr. Gotbaum: Since installations differ in their respective missions and facility requirements, there is no one over-arching direct correlation between the number of people and the number of bases necessary to support them. Plant replacement value, admittedly a less than perfect indicator, is useful in displaying the trend in infrastructure reductions as compared to the reductions in personnel.

Implementation of the recommendations approved from the first three BRAC rounds will eliminate approximately 15 percent of our infrastructure in terms of plant replacement value. The BRAC 95 recommendations offer an additional seven percent reduction.

Mr. Hefley: The savings estimated for civilian personnel were based on the number of jobs disestablished at a closing base. How many affected civilians at closing bases were able to find attractive employment in DoD through the DoD Priority Placement Program? How much projected savings were lost as a result of replacement of such employees?

Mr. Gotbaum: Projected savings were not lost. The Priority Placement Program (PPP) is an automated system which matches employees facing separation with vacant positions throughout the Department. Employees at closing bases are most always placed at other installations. The positions they vacate at the closing installation are generally abolished and not re-filled. However, where the permanent employee leaves well in advance of the closure and the duties must continue to be performed at that installation until closure, the position must be refilled. In these cases, the positions are refilled with temporary employees who can be terminated when the base actually closes. During Fiscal Year 1994, the PPP placed almost 9,000 employees who were facing separation.

BRAC MILCON Savings

Mr. Hefley: DoD's savings estimates show recurring savings for military construction. Shouldn't those savings be considered one-time savings. How does DoD arrive at multi-year savings figures for military construction?

Mr. Gotbaum: With the possible exception of the Military Construction savings figures provided by the Army for their BRAC 88 recommendations (\$19.4 million), the BRAC Military Construction savings are one-time savings. The Army Audit Agency is currently reviewing the Army's BRAC 88 budget figures to determine if the Military Construction savings were, in fact, erroneously displayed as recurring savings. If the Army Audit Agency concludes that this is true, the Army will adjust its BRAC 88 savings figures.

CURRENT ESTIMATE FOR LAND REVENUES

Mr. Hefley: DoD badly overestimated the amount of revenue it thought could be gained from the sale of surplus land. Are DoD's current estimates more reliable than the initial estimates for BRAC I and BRAC II?

Mr. Gotbaum: Yes, they are certainly more realistic. DoD originally estimated land sale revenues to exceed \$4 billion for BRACs I and II. We have revised that early estimate to \$265 million based on the realities of the real estate market and our experience to date.

Mr. Hefley: How much does DoD currently expect from revenues from land sales?

Mr. Gotbaum: As reported in the FY 1996 Budget Estimates, we anticipate land revenues to be \$56.8 million for BRAC 88, \$207.9 million for BRAC 91, and \$550.6 million for BRAC 93 for a total of \$815.3 million.

Mr. Hefley: What have been the principal factors in the inability to realize early estimates of revenues from land sales?

Mr. Gotbaum: They vary. In many cases, military bases are not ideally located, need significant renovation to facilities and infrastructure, and require lengthy and costly environmental studies and mitigation efforts before the property can be sold. In other cases, property from closed bases was transferred to other agencies (pursuant to the Federal Property Act or other legislation) instead of being sold.

Mr. Hefley: As a result of implementing the Five-Point Program of July 1993, how much property (at what fair market value) has DoD transferred to local authorities and organizations for economic development purposes?

Mr. Gotbaum: With the passage of the Base Closure Community Assistance Act as part of the National Defense Authorization Act for 1994, the Department acquired a new authority to convey land to local communities for job creating purposes. In April 1994 DoD issued an interim final rule implementing the new authorities provided by the Congress. Based on public comments, the Department amended the interim final rule in October 1994 to provide clarifying guidance on the application process and the criteria that will be used to evaluate an application for an economic development conveyance (EDC). We already have processed two EDCs using this new authority.

At the former Norton AFB, the majority of the base will be transferred to the local redevelopment authority for \$52 million payable within 15 years. The airport will be conveyed to the community as an FAA approved public benefit.

At the former Sacramento Army Depot, CA, which closed last month, the Department's EDC authority has made the President's goal of jobs-centered property disposal a reality. Packard Bell and its subcontractors have begun operations at the former depot. By year's end, the firm will create up to 3,000 jobs, the same number that worked at the depot before closure. Additional reuses occurring at the former base include the California Emergency Foodlink (a homeless wholesale food provider), the California State University of Sacramento, and possible additional tenants generating approximately 6,000 light industrial jobs over the next 15-20 years. DoD will receive \$7.2 million payable in 10 years.

A number of other communities are well on their way in developing and proposing EDCs and we expect most communities will submit EDC applications. The EDC authority allows the Department and the taxpayer to get value over time while permitting communities the time it needs to create an infrastructure that will sustain economic growth and job creation. Payment over time ensures that communities can commit their scarce resources for job creation activities that will result in an income stream in the outyears.

Mr. Hefley: In October 1994, the DoD Inspector General issued a report on the disposal of personal property at BRAC facilities. The report identified a number of problems. The IG highlighted, for example, that the criteria for determining categories of property are adequately defined and that community conveyance policy is not interpreted consistently throughout the Services. What corrective actions has the department taken in response to the DoD IG report?

Mr. Gotbaum: Even before the IG had issued its report, we were working to develop both more streamlined and more consistent approaches to base reuse throughout the Department. We agreed with their recommendation that our regulations should eliminate inconsistencies and inefficiencies in the redistribution of personal property. Since we published the Interim Final Rule on April 6, 1994, in the Federal Register, we have evaluated hundreds of public comments recommending further improvements in the personal property redistribution process. Working together with the Military Departments we have refined our policy and procedures and will shortly publish a Final Rule clarifying that policy. At the same time we will be issuing a DoD Manual that will spell out detailed procedures in simple English that should result in uniform application of our policy and prevent lengthy, unproductive delays in the reuse of personal property.

We do not, however, agree with the conclusion that the personal property policy does not meet the equipment needs of the Military Departments. While it is true that we have set a higher standard for the Military Departments to meet as a condition for the redistribution of the equipment, this standard allows for flexibility. For example, the relocating military unit can take with it the equipment it needs to operate at its new location if it is needed and makes good sense economically. Furthermore, a major command can move equipment needed immediately to carry out important missions. Placing more stringent restrictions for immediate redistribution of non-military personal property demonstrates a good-faith effort to support the redevelopment efforts of the community, while still providing sound stewardship of government property. We believe this balanced approach protects the interests of both the Department and the communities, and is consistent with the intent of Congress and the direction of the President.

BRAC Closure Schedule

Mr. Hefley: What is the current schedule for closing bases required under the first three BRACs? Has that schedule slipped for many bases? How many and which ones? Why?

Mr. Gotbaum: I've provided a current closure schedule for BRACs 88, 91, and 93 as an attachment to this response. All of the bases will close within the six year implementation period mandated by law.

**Base Closures and Realignments
1993 Commission
(As of January 1995)**

<u>INSTALLATION</u>	<u>DATE</u>
<i>Major Base Closures</i>	
Army	
Vint Hill Farms, Virginia	SEP 97
Navy	
Naval Station Mobile, Alabama	Closed JUN 94
Mare Island Naval Shipyard, Vallejo, California	APR 96
Marine Corps Air Station El Toro, California	JUL 99
Naval Air Station Alameda, California	SEP 97
Naval Aviation Depot Alameda, California	MAR 97
Naval Hospital Oakland, California	SEP 96
Naval Station Treasure Island, San Francisco, California	SEP 97
Naval Training Center San Diego, California	SEP 97
Naval Air Station Cecil Field, Florida	SEP 98
Naval Aviation Depot Pensacola, Florida	SEP 95
Naval Training Center Orlando, Florida	SEP 97
Naval Air Station Agana, Guam	APR 95
Naval Air Station Barbers Point, Hawaii	SEP 97
Naval Air Station Glenview, Illinois	SEP 95
Naval Electronic Systems Engineering Center, St. Inigoes, Maryland	SEP 97
Naval Station Staten Island, New York	Closed SEP 94
Charleston Naval Shipyard, South Carolina	APR 96
Naval Station Charleston, South Carolina	APR 96
Naval Air Station Dallas, Texas	APR 98
Naval Aviation Depot Norfolk, Virginia	MAR 97
Air Force	
Homestead Air Force Base, Florida	Closed MAR 94
O'Hare International Airport Air Force Reserve Station, Illinois	JUN 98
K.I. Sawyer Air Force Base, Michigan	SEP 95
Plattsburgh Air Force Base, New York	SEP 95
Gentile Air Force Station, Ohio (DESC)	SEP 97
Newark Air Force Base, Ohio	SEP 96
Defense Logistics Agency	
Defense Personnel Support Center, Philadelphia, Pennsylvania	SEP 97

Major Base Realignments**Army**

Anniston Army Depot, Alabama	SEP 97
Fort Monmouth, New Jersey	SEP 97
Letterkenny Army Depot, Pennsylvania	SEP 97
Tooele Army Depot, Utah	SEP 97
Fort Belvoir, Virginia	SEP 96

Navy

Marine Corps Logistics Base Barstow, California	TBD
Naval Weapons Station Seal Beach, California	SEP 96
Naval Surface Warfare Center (Dahlgren) White Oak Detachment, White Oak, Maryland	JUN 97
Naval Education and Training Center, Newport, Rhode Island	Completed JUL 94
Naval Air Station Memphis, Tennessee	SEP 96

Air Force

March Air Force Base, California	MAR 96
Griffiss Air Force Base, New York	SEP 95
Hill Air Force Base ALC, Utah	SEP 96

Minor (Base/Activity) Closures**Army**

None

Navy

Naval Civil Engineering Laboratory, Port Hueneme, California	DEC 96
Naval Facilities Engineering Command, Western Engineering Field Division, San Bruno, California	Completed SEP 94
Planning, Estimating, Repair and Alterations (Surface) Pacific, San Francisco, California	SEP 97
Public Works Center San Francisco, California	SEP 98
Naval Electronic Security Sys. Engineering Ctr., Washington, D.C.	SEP 96
Naval Hospital Orlando, Florida (Main Hosp) (Branch Clinics Sep 97)	JUN 95
Naval Supply Center Pensacola, Florida	SEP 95
Navy Radio Transmission Facility, Annapolis, Maryland	Closed SEP 94
Sea Automated Data Systems Activity, Indian Head, Maryland	SEP 96
Naval Air Facility Detroit, Michigan	Closed APR 94
Naval Air Facility, Midway Island	Closed OCT 93

Submarine Maintenance, Engineering, Planning and Procurement, Portsmouth, New Hampshire	SEP 96
Naval Air Warfare Center - Aircraft Division, Trenton, New Jersey	JUL 98
DoD Family Housing Office, Niagara Falls, New York	SEP 95
Planning, Estimating, Repair and Alterations (Surface) Atlantic (HQ), Philadelphia, Pennsylvania	SEP 97
Naval Supply Center Charleston, South Carolina (FISC) (Partial Closure)	APR 96
Naval Electronics Systems Engineering Center, Portsmouth, Virginia	SEP 98
Navy Radio Transmission Facility, Driver, Virginia	Closed MAR 94
Planning, Estimating, Repair and Alterations (Surface) Atlantic, Norfolk, Virginia	SEP 97
Planning, Estimating, Repair and Alterations (CV), Bremerton, Washington	SEP 97
Naval Air Facility Martinsburg, West Virginia	Never Opened

Navy National Capital Region (NCR) Activities

Security Group Command, Security Group Station, and Security Group Detachment, Potomac, Washington, DC	NOV 95
Bureau of Navy Personnel, Arlington, Virginia (including the Office of Military Manpower Management, Arlington, Virginia)	SEP 98
Naval Air Systems Command, Arlington, Virginia	SEP 97
Naval Facilities Engineering Command, Alexandria, Virginia	JUL 98
Naval Sea Systems Command, Arlington, Virginia	JUL 99
Naval Supply Systems Command, Arlington, Virginia (including Defense Printing Office, Alexandria, Virginia and Food Systems Office, Arlington, Virginia)	SEP 96
Naval Recruiting Command, Arlington, Virginia	SEP 96
Tactical Support Office, Arlington, Virginia	SEP 98

Navy/Marine Reserve Activities

Naval Reserve Centers at:

Gadsden, Alabama	Closed JUN 94
Montgomery, Alabama	Closed MAR 94
Fayetteville, Arkansas	Closed APR 94
Fort Smith, Arkansas	Closed JUL 94
Pacific Grove, California	Closed JUL 94
Macon, Georgia	Closed JUL 94
Terre Haute, Indiana	Closed MAR 94
Hutchinson, Kansas	Closed JUL 94
Monroe, Louisiana	Closed APR 94
Chicopee, Massachusetts	Closed OCT 94
New Bedford, Massachusetts	Closed APR 94
Pittsfield, Massachusetts	Closed JUL 94
Quincy, Massachusetts	Closed AUG 94
Joplin, Missouri	Closed JUL 94
St. Joseph, Missouri	Closed JUL 94
Great Falls, Montana	SEP 96

Missoula, Montana	SEP 96
Atlantic City, New Jersey	Closed DEC 93
Perth Amboy, New Jersey	Closed JUL 94
Jamestown, New York	Closed JUL 94
Poughkeepsie, New York	Closed JUL 94
Altoona, Pennsylvania	Closed JUL 94
Kingsport, Tennessee	Closed JUN 94
Memphis, Tennessee	SEP 95
Ogden, Utah	SEP 96
Staunton, Virginia	Closed JUL 94
Parkersburg, West Virginia	Closed JUL 94
 Naval Reserve Facilities at:	
Alexandria, Louisiana	Closed APR 94
Midland, Texas	Closed FEB 94
 Navy/Marine Corps Reserve Centers at:	
Fort Wayne, Indiana	Closed APR 94
Lawrence, Massachusetts	Closed OCT 94
Abilene, Texas	Closed APR 94
 Readiness Command Regions at:	
Olathe, Kansas (Region 18)	Closed SEP 94
Scotia, New York (Region 2)	Closed SEP 94
Ravenna, Ohio (Region 5)	Closed SEP 94

Defense Logistics Agency

Defense Distribution Depot Oakland, California	SEP 95
Defense Distribution Depot Pensacola, Florida	SEP 97
Defense Contract Management District Northcentral, Chicago, Illinois	Closed JUN 94
Defense Contract Management District Midatlantic, Philadelphia, Pennsylvania	Closed JUN 94
Defense Logistics Agency Clothing Factory, Philadelphia, Pennsylvania	Closed SEP 94
Defense Distribution Depot Charleston, South Carolina	SEP 95
Defense Distribution Depot Tooele, Utah	SEP 97
Defense Contract Management District West, El Segundo, California	SEP 97

Defense Information Systems Agency Data Center Consolidation

Army Data Processing Centers

None

Navy Data Processing Centers

Facilities Systems Office, Port Hueneme, California	MAY 96
Fleet Industrial Support Center, San Diego, California	Completed NOV 94
Naval Air Warfare Center, Weapons Division, China Lake, California	SEP 95
Naval Air Warfare Center, Weapons Division, Point Mugu, California	AUG 95
Naval Command Control & Ocean Surveillance Center, San Diego, California	JAN 96
Navy Regional Data Automation Center, San Francisco, California	MAY 95
Bureau of Naval Personnel, Washington, DC	MAR 95
Naval Computer & Telecommunications Station, Washington, DC	JUN 95
Naval Air Station, Key West, Florida	DEC 95
Naval Air Station, Mayport, Florida	APR 96
Naval Computer and Telecommunication Station Pensacola, Florida	JUN 95
Trident Refit Facility, Kings Bay, Georgia	MAR 96
Naval Computer & Telecommunications Area Master Station, EASTPAC, Pearl Harbor, Hawaii	AUG 95
Naval Supply Center, Pearl Harbor, Hawaii	MAR 96
Enlisted Personnel Management Center, New Orleans, Louisiana	APR 95
Naval Computer & Telecommunications Station, New Orleans, Louisiana	JUN 95
Naval Air Station, Brunswick, Maine	JAN 96
Naval Air Warfare Center, Aircraft Division, Patuxent River, Maryland	Closed SEP 94
Aviation Supply Office, Philadelphia, Pennsylvania	Closed SEP 94
Naval Supply Center, Charleston, South Carolina	Closed SEP 94
Navy Data Automation Facility, Corpus Christi, Texas	Closed JAN 94
Naval Air Station, Oceana, Virginia	SEP 95
Naval Computer & Telecommunications Area Master Station, Atlantic, Norfolk, Virginia	Closed DEC 94
Navy Recruiting Command, Arlington, Virginia	Closed AUG 94
Naval Supply Center, Norfolk, Virginia	SEP 96
Naval Air Station, Whidbey Island, Washington	SEP 95
Naval Supply Center, Puget Sound, Washington	APR 95
Trident Refit Facility, Bangor, Washington	MAR 96

Marine Corps Data Processing Centers

Marine Corps Air Station, El Toro, California	Closed JUN 94
Regional Automated Services Center, Camp Pendleton, California	AUG 95
Marine Corps Air Station, Cherry Point, North Carolina	JUN 95
Regional Automated Services Center, Camp Lejeune, North Carolina	MAY 95

Air Force Data Processing Centers

Air Force Military Personnel Center, Randolph AFB, Texas	JUL 95
Computer Service Center, San Antonio, Texas	AUG 95
7th Communications Group, Pentagon, Arlington, Virginia	Closed OCT 94

Defense Logistics Agency Data Processing Centers

Information Processing Center, Battle Creek, Michigan	MAR 96
RMBA, Cleveland, Ohio	AUG 95
Information Processing Center, Philadelphia, Pennsylvania	JUL 95
Information Processing Center, Ogden, Utah	JAN 95
Information Processing Center, Richmond, Virginia	NOV 95

Defense Information Systems Agency Data Processing Centers

Defense Information Technology Service Organization, Indianapolis Information Processing Center, Indiana	JAN 95
Defense Information Technology Service Organization, Kansas City Information Processing Center, Missouri	FEB 95
Defense Information Technology Service Organization, Columbus Annex (Dayton), Ohio	Closed JUL 94

Minor (Base/Activity) Realignments**Army**

None

Navy

Joint Armed Services Aviation Facility, Johnstown, Pennsylvania	Never Opened
Naval Surface Warfare Center - Port Hueneme, Virginia Beach Detachment, Virginia Beach, Virginia	SEP 95
Naval Undersea Warfare Center, Norfolk Detachment, Norfolk, Virginia	SEP 95

Air Force

None

Defense Logistics Agency

None

Defense Information Systems Agency

None

**Base Closures and Realignment
1991 Commission
(As of January 1995)**

INSTALLATIONDATE**Closures****Army**

Fort Ord, California	Closed SEP 94
Sacramento Army Depot, California	Closed APR 94
Fort Benjamin Harrison, Indiana	OCT 96
Fort Devens, Massachusetts	JUN 96
Harry Diamond Army Research Laboratory, Woodbridge, Virginia	Closed SEP 94

Realignments

Fort Chaffee, Arkansas	Completed SEP 93
Rock Island Arsenal (IOC), Illinois	AUG 95
Fort Polk, Louisiana	Completed FEB 94
AVSCOM/TROSCOM, Missouri	Completed SEP 93
Fort Dix, New Jersey	Completed SEP 93

Realignments - RDT&E

Redstone Arsenal (ICP), Alabama	Completed AUG 94
ATML Structures Element, Massachusetts	Completed 93
Army Materials Technology Laboratory, Massachusetts	SEP 95
Harry Diamond Laboratories, Adelphi, Maryland	Completed SEP 94
Ground Vehicle Propulsion Research, Michigan	Completed 93
Electronic Technology Device Laboratory, New Jersey	SEP 97
Picatinny Arsenal, New Jersey	Completed AUG 94
Atmospheric Science Laboratory, New Mexico	SEP 97
Belvoir Research and Development Center, Virginia	SEP 95
Center for Night Vision and Electro-Optics, Virginia	SEP 97

Realignments - Medical Laboratories

Aeromedical Research Laboratory, Alabama	Completed SEP 94
Letterman LAIR (Tri-Service Reliance Study), California	Completed SEP 93
Army Institute of Dental Research, Washington DC	SEP 95
Walter Reed Army Institute of Research, Washington DC	Completed Sep 93
Biomedical Research Development Lab, Maryland	SEP 96
Army Research Institute, Virginia	JUL 97

Navy

INSTALLATIONDATE**Closures**

MCAS Tustin, California	JUL 97
NAS Moffett Field, California	Closed JUL 94
NAV Hospital Long Beach, California	Closed MAR 94
NAVSTA Long Beach, California	Closed SEP 94
NAVSTA Treasure Island (Hunters Point Annex), California	Closed APR 94
NAVSTA Philadelphia, Pennsylvania	JAN 96
NSY Philadelphia, Pennsylvania	SEP 96
CBC Davisville, Rhode Island	Closed APR 94
NAS Chase Field, Texas	Closed FEB 93
NAVSTA Puget Sound (Sand Point), Washington	SEP 95

Closures - RDT&E

ICSTF San Diego, California	SEP 96
NESEC San Diego, California	Closed JUN 94
NESEC Vallejo, California	APR 95
NSSA Los Angeles, California	Closed JUL 93
NOSC Detachment Kanehoe, Hawaii	Closed OCT 93
NWEF Albuquerque, New Mexico	Closed SEP 93
NADC Warminster, Pennsylvania	SEP 96
NMWEA Yorktown, Virginia	Closed MAR 94

Realignments

NAF Midway Island (BRAC 93 Closure)	Completed OCT 93
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Realignments - RDT&E

FCDSSA San Diego, California	Completed JUN 94
NWC China Lake, California	SEP 95
PMTC Point Mugu, California	Completed SEP 93
NUSC Detachment New London, Connecticut	MAY 96
NCSC Panama City, Florida	OCT 95
NAC Indianapolis, Indiana	Completed OCT 94
NWSC Crane, Indiana	Completed OCT 94
NOS Louisville, Kentucky	Completed MAY 94
DTRC Detachment Annapolis, Maryland	SEP 96
NOS Indian Head, Maryland	Completed OCT 93
NSWC Detachment White Oak, Maryland	JUN 97
NAEC Lakehurst, New Jersey	Completed OCT 93
NAPC Trenton, New Jersey	JUN 97
TRCCSMA Newport, Rhode Island	Completed OCT 93
NSCSES Norfolk, Virginia	OCT 96
NUWES Keyport, Washington	Completed OCT 93

<u>INSTALLATION</u>	<u>Air Force</u>	<u>DATE</u>
<i>Closures</i>		
Eaker Air Force Base, Arkansas		Closed 15 DEC 92
Williams Air Force Base, Arizona		Closed 30 SEP 93
Castle Air Force Base, California		SEP 95
Lowry Air Force Base, Colorado		Closed SEP 94
Grissom Air Force Base, Indiana		Closed SEP 94
England Air Force Base, Louisiana		Closed 15 DEC 92
Loring Air Force Base, Maine		Closed SEP 94
Wurtsmith Air Force Base, Michigan		Closed 30 JUN 93
Richards-Gebaur Air Force Base, Missouri		Closed SEP 94
Rickenbacker Air Guard Base, Ohio		Completed SEP 94
Myrtle Beach Air Force Base, South Carolina		Closed 31 MAR 93
Bergstrom Air Force Base, Texas		Closed 30 SEP 93
Carswell Air Force Base, Texas		Closed 30 SEP 93
<i>Realignments</i>		
MacDill Air Force Base, Florida		OCT 95

**Base Closures and Realignments
1988 Commission
(As of January 1995)**

INSTALLATIONDATE**Army*****Closures***

Stand Alone Family Housing Areas (53)	53 closed
Alabama Ammunition Plant, Alabama	Closed JAN 92
Coosa River Annex, Alabama	Closed JAN 92
Navajo Depot Activity, Arizona	Closed SEP 93
Hamilton Army Airfield, California	Closed SEP 94
Presidio of San Francisco, California	Completed SEP 94*
Bennett ANG, Colorado	Closed 86
Cape St. George, Florida	Closed FEB 88
Kapalama Military Reservation Phase III, Hawaii	Closed SEP 93
Fort Sheridan, Illinois	Closed JUN 93
Indiana Ammunition Plant, Indiana (Partial)	Completed MAY 93
Jefferson Proving Ground, Indiana	Closed SEP 94
Lexington Army Depot, Kentucky	Closed JUN 93
New Orleans Military Ocean Terminal, Louisiana	Closed MAY 94
Army Material Technology Laboratory, Massachusetts	SEP 95
Former Nike Site, Aberdeen Proving Ground, Maryland	Closed 91
USARC Gaithersburg, Maryland	Closed 86
Pontiac Storage Facility, Michigan	Completed SEP 94
Nike Kansas City 30, Missouri	Closed FEB 88
Fort Wingate Ammunition Storage Depot, New Mexico	Closed JAN 93
Tacony Warehouse, Pennsylvania	Closed SEP 92
Fort Douglas, Utah	Closed NOV 91
Cameron Station, Virginia	SEP 95
Defense Mapping Agency, Herndon, Virginia	Closed OCT 93

Realignments

Pueblo Army Depot, Colorado	SEP 95
Fort Des Moines, Iowa	Completed SEP 94
Fort Devens, Massachusetts (includes Forts Huachuca, Holabird, and Meade)	SEP 95
Fort Dix, New Jersey (Semi-active)	Completed SEP 93
Umatilla Army Depot, Oregon	SEP 95

* As a result of a BRAC 93 redirect action, the Presidio of SF no longer closed, it realigned.

<u>INSTALLATION</u>	Navy	<u>DATE</u>
<i>Closures</i>		
Naval Station Lake Charles, Louisiana		Never Opened
Naval Station New York, New York (Brooklyn)		Closed MAY 93
Naval Hospital Philadelphia, Pennsylvania		Closed OCT 93
Naval Station Galveston, Texas		Never Opened
Salton Sea Test Bed, California		Closed OCT 93
Naval Station San Francisco (Hunters Point Annex), California		Never Opened
<i>Realignments</i>		
Naval Station Puget Sound, Washington (Sand Point)		SEP 95
Naval Reserve Center, Miami, Florida		Completed
<i>Air Force</i>		
<i>Closures</i>		
George Air Force Base, California		Closed 15 DEC 92
Mather Air Force Base, California		Closed 30 SEP 93
Norton Air Force Base, California		Closed 31 MAR 94
Chanute Air Force Base, Illinois		Closed 30 SEP 93
Pease Air Force Base, New Hampshire		Closed 31 MAR 91

DoD Actions to Reopen Bases

Mr. Hefley: Have actions taken by DoD subsequent to BRAC decisions kept open bases that otherwise would have been closed? If so, which ones have been affected? Do such bases pay as much in O&M costs of keeping the base running as they did when the active military was the tenant of the base. If not, what proportion of former O&M costs are now being paid to support the new tenants?

Mr. Gotbaum: The Department has taken no action subsequent to a BRAC decision that would keep open a base that otherwise would have been closed.

Mr. HEFLEY. I would now like to call Mr. Frank Conahan, Senior Adviser to the Comptroller General for Defense and International Affairs.

I apologize for your having to wait so long, but I appreciate your being here. I would encourage you to summarize your statement, and we will put your entire statement in the record.

STATEMENT OF FRANK C. CONAHAN, SENIOR ADVISER FOR DEFENSE AND INTERNATIONAL AFFAIRS, OFFICE OF THE COMPTROLLER GENERAL; BARRY W. HOLMAN, ASSISTANT DIRECTOR FOR DEFENSE MANAGEMENT AND NASA ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION; AND JOHN J. KLOTZ, ASSISTANT DIRECTOR FOR DEFENSE MANAGEMENT AND NASA ISSUES, NATIONAL SECURITY AND INTERNATIONAL AFFAIRS DIVISION

Mr. CONAHAN. Thank you, Mr. Chairman and Members of the subcommittee.

We do appreciate the opportunity to be here with you this afternoon. With me is Barry Holman on my left and John Klotz on my right who have worked rather directly on these matters for some time on the case that we wish to get into in some detail.

I would like to say at the outset, Mr. Chairman, that generically we support the need for a mechanism to take a look at the need for installations and facilities within the Department of Defense. I am not speaking to the issue as to whether the 1995 round should go or whether that should be put off to 1997.

I do think, based on our experience, that we believe generically that there needs to be such a mechanism in place to carry on that work. I would like to have us think of this base closure business perhaps in four slices.

First, pre-1988; during that period of time it was extraordinarily difficult to close a military installation. There were concerns expressed about the partiality of decision makers. There were concerns expressed about the impact on communities. There were laws that were enacted during the 1970s which essentially precluded closure.

As we were drawing down forces during the 1980s and early 1990s, there seemed that there needed to be a mechanism in place. That brings us then to the second slice as I see it, and that is the BRAC process as we have known it since 1988.

BRAC-I is the process that was based on the process that was based on the 1988 legislation.

BRAC-II is the process that was based on the 1990 legislation; the third round of which we are in right now.

The Secretary mentioned the numbers of bases that have been affected by those rounds. We can talk a little bit more in specificity about that later. Overall, I think those numbers are reasonably good.

I think the third slice we need to take a look at has to do with actual implementation of the closure and realignment recommendations. That took up most of the discussion that was here today. I will say more about that.

I also think we need to take a look into the future, and that is slice four. I think there are two things we need to consider. Number one, and we can talk about this a bit.

Based on our judgment there will remain excess infrastructure after the 1995 BRAC. I say that without having seen the recommendations, but nonetheless based on everything that we can garner. In terms of information, I believe that there will likely be such excess infrastructure.

Second, the point that you discussed right before the Secretary left that had to do with needed modifications of the BRAC 1995 recommendations. There have been modifications made to the recommendations of the previous BRACs. There likely will be need for modifications to the one that is made this year, if indeed it goes forward.

Let me say a word briefly about GAO's role. We did not have a statutory role in the 1988 BRAC process. Upon conclusion of the Commission's work we were asked to go in and take a look at the Commission's methodology, its findings and recommendations.

We did. We made a rather extensive assessment of that. We found considerable problems in the methodology. It was my personal concern that perhaps those concerns of ours might have been used to overturn the process at that time, coming as our work did after the fact, rather than as a part of it.

For the 1990 legislation we were included in a more direct way. We were called upon to do two things. Number one, we were called upon to assist the Commission in its work. That got translated into an agreement between us and the Commission to actually assign GAO evaluators to the Commission's staff.

We have had people there in the 1991, in the 1993, and again in the 1995 go-around. We have got ten people with the requisite qualifications to help the Commission out in that regard.

Second, we are required to submit a report to the Commission and the Congress by April 15 of this year on the Secretary's recommendations and selection process. We plan to do that.

Let me just say a word about the adequacy of the decision making process. The Secretary talked a bit about that, and I tend to agree at bottom with his comments. We have pointed out problems with the methodology. We have had some comments on individual recommendations. Overall, we think the process is generally sound. We think that the recommendations have been adequately supported.

A discussion came up here a little earlier about the issue of maintenance depots. I would like to say a word about that. In our 1993 report we were concerned, Mr. Browder, about the point that you brought up and that was that the Secretary's guidance or the Secretary's leadership in this whole process.

We thought that he could have had a greater leadership role during that process. Because he did not, we saw some lost opportunities in looking at cross-service functions. In response to that the Department, for this go-around, setup cross-service functions in five areas with respect to maintenance depots, laboratories, testing and evaluation facilities, undergraduate pilot training, and medical treatment facilities. As you go around, you will see that each of the

services have got a tremendous capacity in all five of these areas right here.

Traditionally, they have not been willing to take a look at these things collectively. Now, we looked with interest to the recommendations that will come out next week. I think that this is an area where we all need to look at very, very closely. We read a lot of capacity out there in those areas.

Now, let me talk just about two aspects of implementation of the decision. The first has to do with land reuse and second with the environmental cleanup areas that came up. BRAC 1993 is still really in its early stages in terms of bringing that to closure, either in terms of land reuse or coming to grips with cleaning up the environment.

DOD and the local communities have had a fair amount of experience or time, I should say, to deal with the 1988 and 1991 rounds. We issued a report in November of this year taking a look at land reuse plans for 37 base closures from the 1988 and 1991 rounds.

Those 37 base closures accounted for a fairly large percentage of the total actions involved in the 1988 and 1991 rounds; as much as 75 percent or perhaps more. Now, overall DOD estimated that \$4.1 billion would be received from the sale of property from BRAC 1988 and 1991. That was their original estimate.

In 1994 that was reduced by DOD to \$1.2 billion. We do not think it is going to be anywhere near that. Let me tell you where we stand as of the end of December.

Property sales currently total about \$70 million. That is the totality of sales. The reason for this is that about 88 percent of the property associated with these 37 actions is being retained by DOD or transferred at no cost to other Federal agencies.

Of the remaining 12 percent, 3 percent is planned for sale, and the other 9 percent is undecided. So, you can see that the potential for actual sale with respect to those 37 actions is fairly small.

My statement that I submitted for the record shows that the communities are also receiving a fair amount of other assistance, not only from the Department of Defense, but other Government agencies in their efforts to make use of this land. I will not go into that beyond my prepared statement.

Let me get into the environmental cleanup issue for a moment. Actually, today we are issuing a report that was requested by the Committee on Government Reform and Oversight. That report is being issued today.

I would have to say and agree to some extent with Secretary Gotbaum that in this area generally the Department and the services are doing a better job, expectedly, than they did at the outset. However, problems still remain.

Since we were dealing with costs, I would like to deal with costs just about here. DOD cost for cleaning up the 123 closing and realigning activities increased to about \$4 billion in its fiscal year 1995 budget request.

However, in connection with plans that were developed early last year, that amount increased to \$5.4 billion. That is just for those 84 installations. I have to say a word about that. In a number of these cases there are ranges of costs to clean up based on assump-

tions as to what is going to be done. Various scenarios are put forward.

One extreme case involves the Jefferson Proving Grounds. This \$5.4 billion estimate that we have here includes \$216 million for the environmental cleanup costs associated with Jefferson Proving Grounds. That is the lower scenario. If you go to the higher scenario, the amount is up to \$8 billion.

A judgment has to be made as to which scenario is going to play out here. It is kind of difficult to pin down a lot of these things. I think it is necessary to understand what we are dealing with when we are dealing with these particular numbers right here.

The question that came earlier by Mr. Hunter and that is, are we bringing some of these costs forward that would not otherwise be put forward? Well, all of the installations are giving high priority for cleanup funding. All of those that are on the closing and realignment list are given priority funding.

Now, if they were not on the closing and realignment list some, 63 percent, would not receive that funding or at least would not receive priority consideration for funding. That is just a data point that is put on the table for the subcommittee.

As I said, an awful lot of this land will remain in Federal hands. Therefore, some decisions could be made to put off the cleanup. Moreover, as Secretary Gotbaum mentioned, the Department has received authority for leasing this property to expedite reuse. So, here again we can put off decisions on that particular issue.

I need to say that not much has really occurred. The Department of Defense and the services are in the very early stages of actual cleanup. It will take years and years in some of these cases to really accomplish that.

Let me just reiterate what I said about the future. I think there are two questions. One, whether excess infrastructure will continue to exist after completion of this current BRAC process. Two, the likely need for a mechanism to make some modifications to the recommendations that will be made by this next go-around.

Based on experience, I think we can all agree that legislation would be required to address the first issue. That is for future decisions concerning base closures. Perhaps something less than that could be agreed to for changing the decisions. That is not for my organization to call, but I just put those two questions before you.

We will take questions, Mr. Chairman.

United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Military Installations and
Facilities, Committee on National Security, House of
Representatives

For Release on Delivery
Expected at
2:30 p.m. EST,
Thursday,
February 23, 1995

MILITARY BASES

Challenges in Identifying and
Implementing Closure
Recommendations

Frank C. Conahan, Senior Advisor to the Comptroller General
for Defense and International Affairs Programs



Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to provide you with an overview of our work involving the Department of Defense's (DOD) base realignment and closure (BRAC) process. This includes our legislatively mandated role in assessing DOD's recommendations and process of selecting closure candidates and our subsequent work examining the implementation of BRAC decisions.

Today, I will (1) provide a brief historical account of the BRAC process, including our role in that process; (2) summarize some of the conclusions we have drawn in assessing DOD's decision-making process in prior BRAC rounds and identify improvements that DOD and its components have made to the process; (3) share with you the results of our work on previous base closures--including planned reuse and environmental cleanup of these facilities; and (4) make some preliminary observations about BRAC issues that may extend beyond the life of the current BRAC legislation.

HISTORICAL CONTEXT OF BRAC

As DOD budgets, force structure, and personnel began to be reduced in the mid-to-late 1980s, it became increasingly important to ensure that scarce DOD resources be devoted to the most pressing

operational and investment needs rather than maintaining unneeded property, facilities, and overhead. Historically, however, closing unneeded military facilities had not been an easy task, in part, due to public concerns about the effects on communities and their economies and concerns about the impartiality of the decision-making process. Additionally, legislative provisions enacted in the 1970s requiring congressional notification of proposed closures and preparation of economic, environmental, and strategic consequence reports severely hampered base closure efforts.

Legislation enacted in 1988 (P.L. 100-526)--which was used only for that year--facilitated a successful round of base closure decision-making. It outlined a special process for considering closing actions, authorized a special commission to propose closures and realignments, and provided relief from certain statutory provisions that were seen as hindering the base closing process.

Efforts by the Secretary of Defense in January 1990 to initiate additional base closure actions--without special enabling legislation--encountered difficulty and were not completed. Concerned about the Secretary's January 1990 proposals, the Congress passed the Defense Base Closure and Realignment Act of 1990 (title XXIX, P.L. 101-510) halting any major closures except those following the new act's requirements. The act created the independent BRAC commission and outlined procedures, roles, and

time lines for the President, the Congress, DOD, GAO, and the Commission to follow.

The 1990 legislation required that all bases be compared equally against selection criteria and DOD's current force structure plan, provided by the Office of the Secretary of Defense (OSD). The legislation mandated rounds of BRAC reviews in 1991, 1993, and 1995. For each BRAC round under the 1990 legislation, the services and DOD agencies submitted their candidates for closure and realignment to the Secretary of Defense for his review. After reviewing their candidates, the Secretary submitted his recommendations to the BRAC Commission for its review. The BRAC Commission, which could add, delete, or modify the Secretary's recommendations, then submitted its recommendations to the President for his consideration. The President could either accept or reject the Commission's recommendations in their entirety; if he rejected them, the Commission could give the President a revised list of recommendations. If the President accepted the Commission's recommendations, he forwarded the list to the Congress, which became final unless the Congress enacted a joint resolution disapproving it in its entirety.¹

Base closure rounds in 1988, 1991, and 1993 produced decisions to fully or partially close 70 major domestic bases and to close,

¹See enclosure 1 for an overview of BRAC 1995 outlining DOD's selection criteria, key steps taken by DOD components in identifying BRAC candidates, and key milestone dates.

realign, or otherwise downsize scores of other bases, installations, and activities.² I need to emphasize that the number of bases recommended for closure in a given BRAC round is often difficult to tabulate precisely because closure actions are not necessarily complete closures, and closures may involve activities and functions rather than bases.

The term "base closure" often conjures up the image of a larger facility being closed than may actually be the case. Military installations are diversified and can include a base, camp, post, station, yard, center, homeport facility, or leased facility. Further, more than one mission or function may be housed on a given installation. Individual base closure and realignment recommendations may actually affect a variety of activities and functions without fully closing an installation. For example, in 1993, the Navy recommended closure of its Naval Aviation Depot (NADEP) in Norfolk, Virginia, which is an aircraft maintenance facility. The Norfolk NADEP is located on the Norfolk Naval Base, which includes among other activities the Norfolk Naval Station and Naval Air Station, which were not closed by BRAC 1993.

Complete closures, to the extent they occur, may involve relatively small facilities, rather than the stereotypical large military base. Thus, the term "base closing" used in conjunction with BRAC

²See enclosure 2 for definitions pertaining to DOD base realignment and closure actions.

should be viewed generically as referring to facilities, installations, and activities of varying sizes. Closings and realignments, whatever their size, however, are designed to reduce unneeded infrastructure and achieve operational savings--that is the bottom line in terms of what the base closure process is all about.

DOD is still completing base closures and realignments approved in prior years. DOD must currently initiate closure and realignment actions no later than 2 years after the President submits his list to the Congress and must complete implementing actions within 6 years. DOD data indicates that as of January 1995, 51 percent of the 70 major closing actions of the prior three rounds had been completed. Implementing actions on BRAC 1995 recommendations must be completed by 2001.

The 1990 legislation mandated that GAO analyze the Secretary's selection process and recommendations for each BRAC round and submit a report to the Congress and the BRAC Commission.³ For BRAC 1995, this report must be submitted within 45 days after the Secretary makes public his list of proposed realignments and closures. Our next report must be submitted by April 15, 1995.

³See Military Bases: Observations on the Analyses Supporting Proposed Closures and Realignments (GAO/NSIAD-91-224, May 15, 1991) and Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments (GAO/NSIAD-93-173, Apr. 15, 1993).

ADEQUACY OF DOD'S DECISION-MAKING PROCESS

Several statutory or policy requirements of the BRAC process are designed to enhance its fairness and integrity and have been strengthened over time. They include the following:

- All DOD components must use specific models for assessing (1) the costs and savings associated with BRAC actions and (2) the potential economic impact on communities affected by those actions. We have identified shortcomings in these models and their use in prior BRAC rounds and have seen model improvements made each round to improve their effectiveness.
- Information used in DOD BRAC decision-making must be certified. That is, certification that the information is accurate and complete to the best of the submitting person's knowledge and belief. This requirement resulted from a 1991 amendment to the Base Closure and Realignment Act, and it was designed to overcome concerns about the consistency and reliability of data used in the process.
- DOD components must develop and implement internal control plans to foster accurate data collection and analyses and documentation of decisions. A component of the internal control plans is extensive involvement by service audit agencies and DOD Inspector General personnel to better ensure the accuracy of data used in decision-making and to enhance the integrity of the process. These audit groups have performed admirably, under tight time constraints, to conduct real-time assessments of data used in the decisions. They have pointed out errors and tracked corrections to help ensure the most accurate data possible was being used.

Our reports on prior BRAC rounds have pointed out problems with documentation of decisions and some recommendations by DOD components, but overall we found their decision-making processes were generally sound, and most decisions adequately supported. In the most recently completed BRAC round, 1993, we found that (1) the

Navy generally completed return-on-investment analyses primarily to test the feasibility of an alternative, not to determine which, of competing alternatives, produced the greatest savings; (2) the Army chose not to recommend a base for closure, in part, because of environmental cleanup costs--a factor that is not supposed to be considered in calculating closure costs; (3) the Air Force's documentation of some of its final recommendations made it difficult to understand its justification, although subsequent oral explanations seemed to justify the recommendations; and (4) the Defense Logistics Agency overstated estimated savings of some realignments.

Our 1993 report also stated that OSD did not exercise strong leadership in overseeing the military services and DOD agencies during the process. Consequently, some technical problems occurred, and the opportunity to consider consolidation of maintenance facilities on a DOD-wide basis was lost. DOD responded to these problems by attempting to strengthen the process for BRAC 1995 and sought to encourage its components to explore opportunities for cross-service use of common support assets. It did this by organizing cross-service review groups to propose alternatives for the components to consider in five functional areas: (1) maintenance depots, (2) laboratories, (3) test and evaluation facilities, (4) undergraduate pilot training, and (5) medical treatment facilities.

Our assessment of the 1995 BRAC process is underway and will not be completed until we issue our report in April. Our staff will be undertaking a short, but intensive, scrutiny of the Secretary's recommendations once they are final and made public on March 1, 1995. Operating under tight time constraints, we will track selected recommendations back through the components' decision-making processes to test their logic, consistency, and reasonableness. We will report any concerns to the BRAC Commission and the Congress.

IMPLEMENTATION OF PREVIOUS BASE CLOSURES

Let me now discuss the status of previous closure decisions. While the implementation of BRAC 1993 is still in its early stages, DOD and local communities have had more time to develop and implement reuse plans for the two earlier rounds. We reported earlier on the results of our review on 37 base closures from the 1988 and 1991 rounds.⁴ While the findings remain unchanged, we have updated the figures for you today (see enclosure 3).

Federal property that is no longer needed is not automatically sold. Rather, DOD is required to first screen excess property for possible use by other DOD organizations and then by other federal agencies. If no federal agency has a need for the excess property,

⁴Military Bases: Reuse Plans for Selected Bases Closed in 1988 and 1991 (GAO/NSIAD-95-3, Nov. 1, 1994).

it is declared surplus to the federal government and generally is made available to qualifying nonprofit organizations and state and local governments. Any property that remains is available for sale to the general public. DOD is required to comply with environmental laws for disposing of real property. These laws call for all relevant parties to agree on the extent of cleanup required before property can be transferred within the federal government and that property be cleaned up before it can be transferred to nonfederal users.

Originally, DOD estimated that \$4.1 billion would be received from the sale of property from BRAC 1988 and 1991 rounds to help pay for the costs of realignments and closures. DOD property sales currently total about \$63 million. The primary reason for the low property sales is that about 88 percent of the property we reviewed at these 37 installations was being retained by DOD or transferred at no cost to other federal agencies or state and local jurisdictions. Of the remaining 12 percent, 3 percent is planned for sale and 9 percent is undecided. Closure costs not paid from property sales revenue will have to be paid from congressional appropriations.

In addition to requesting property at no cost, communities are also asking the federal government to provide cash grants, income producing properties, and building and infrastructure improvements to assist with the conversion of military properties to civilian

uses. Communities have received nearly \$300 million in cash grants from various federal agencies to assist with the planning and implementation of base reuse plans. DOD's Office of Economic Adjustment has provided \$33 million; the Department of Commerce's Economic Development Administration has provided \$83 million; the Department of Labor has provided \$46 million; and the Federal Aviation Administration has provided \$130 million.

Communities are also seeking the public benefit conveyances of readily marketable properties, such as military golf courses and family housing, to support reuse activities. Communities are asking for these revenue generating properties to help fund the operating expenses while they implement their reuse plans for activities such as airports or educational institutions.

Finally, communities are asking DOD to renovate buildings, upgrade utility systems, construct roads, and improve other infrastructure. Some requests have been for converting buildings from their former military use to classroom facilities and to bring buildings up to current state and federal standards. Other requests have been for infrastructure system upgrades to gas, water, and sewage systems and the construction of access roads. Communities are asking DOD to perform this work, provide the funds to do the work, or deduct the funds from property sales revenue.

Our work also shows that reuse planning and disposal of property are being delayed for several reasons. These include (1) disagreements over reuse alternatives, (2) changing laws and regulations, and (3) environmental cleanup of contaminated properties.

Disagreements over reuse arise when competing federal agencies, local jurisdictions, or other members of the community cannot agree on reuse alternatives. We have seen disagreements between cities, counties and cities, federal agencies and cities, Indian groups and local communities, and homeless assistance organizations and local communities. When conflicts arise, DOD base closure officials have urged all parties to reach an accommodation; however, DOD has the discretion to determine the final use of the property.

Changing laws and regulations delay reuse planning. When new legislation is passed, communities that are in the midst of reuse planning often choose to delay decisions until implementing regulations are finalized. For example, the Congress passed legislation in 1993 to expedite the base conversion process and support economic development in communities facing base closure. DOD issued interim rules in April 1994 and amended them in October 1994. Final rules are expected to be published in mid-March of this year.

With respect to environmental cleanup of contaminated properties, we have just released our report on the environmental impact at closing military installations.⁵ This report addresses the significant environmental cleanup challenges that face the Congress, DOD, the state, and local communities before the property can be reused.

The Congress, DOD, and the Environmental Protection Agency have taken a number of actions over the past several years to resolve environmental cleanup issues at bases that are being closed and realigned. However, problems still remain. For example, our report shows that DOD's cost estimate for cleaning up 123 closing and realigning activities/installations increased to \$4 billion in its fiscal year 1995 budget request.⁶ However, later, more comprehensive estimates developed by 84 installations for their April 1994 cleanup plans totaled about \$5.4 billion. We found that even these estimates were understated.

Our report also shows DOD has made all closing and realigning installations eligible for high priority cleanup funding. This high priority accelerates DOD's cleanup funding needs. However,

⁵Military Bases: Environmental Impact at Closing Installations (GAO/NSIAD-95-70, Feb. 23, 1995).

⁶The 123 activities/installations are those that are identified in DOD's fiscal year 1995 base realignment and closure budget justification documents. This number differs from other summary figures for base closures because of the way DOD aggregated these numbers for budget purposes.

63 percent of the \$5.4 billion estimate is for installations that would not have been given a high priority for cleanup funding if they were not closing or realigning. Also, most of the property will remain as federal lands and may not have to be cleaned up before reuse. In addition, in 1994 DOD received authority to use long-term leases so property can be placed into nonfederal reuse before cleanup is completed. To date, only a few leases have been signed.

Finally, our report shows that DOD's cleanup progress has been limited. Most sites at closing and realigning installations are in the earliest stages of investigation and study and may be 10 years or more away from cleanup. DOD has made limited cleanup progress for several reasons. First, the study and evaluation process is lengthy. Second, some of the contaminated sites are just too large or prohibitively expensive to clean up and some of the cleanup methods are unsure. Decontaminating groundwater is costly, difficult, and sometimes impossible. Third, new technology is frequently not a ready option because it may involve unacceptable risks or contractors may prefer other technology based on their past experiences.

To accelerate the environmental cleanup at closing installations, DOD established the Fast Track Cleanup program in July 1993. While certain elements in the program have achieved desired results, others have not, and opportunities for improvement remain.

For example, one initiative focused on quickly identifying and transferring uncontaminated property. However, although the services identified about 121,000 of about 250,000 acres at 1988 and 1991 closing installations as uncontaminated, the regulators only concurred on about 34,000 acres. Moreover, most of the uncontaminated property that has been identified is usually undeveloped, remotely located, and often not desirable for reuse.

CONSIDERATIONS FOR THE FUTURE

BRAC 1995 represents the last round of base closing reviews authorized under the 1990 legislation. Questions exist about whether sufficient infrastructure reductions will be made in the current round or whether additional rounds will be needed. Further, the BRAC round in 1993 was used to obtain BRAC Commission approval for changes to BRAC decisions made in 1991; the same is expected to occur in BRAC 1995 relating to prior BRAC decisions. Since DOD cannot unilaterally change a BRAC Commission decision, questions exist as to how any adjustments to 1995 BRAC decisions will be made in the future once the 1995 BRAC Commission has completed its work.

The question of whether the 1995 and earlier BRAC rounds will have eliminated sufficient excess infrastructure cannot be fully answered yet. However, recent statements by the Secretary suggest that excess infrastructure may remain after the 1995 BRAC round.

DOD's goal for the 1995 round was to reduce the overall DOD domestic base structure by at least 15 percent of DOD-wide plant replacement value--an amount at least equal to the three prior BRAC rounds. Recently, the Secretary said that he expects that the 1995 round reduction will be smaller than the 1993 round. This suggests that the current round may not meet DOD's stated goal. Our review of the 1995 round will address DOD's reasoning for the degree to which excess infrastructure was retained.

If further BRAC rounds are needed, the recent history of base closures suggests that some form of authorizing legislation may be needed to overcome problems which inhibited base closures in the past. However, I am not suggesting such legislation at this point, because we have not completed our review of the current BRAC round. In addition, we plan to complete a more detailed assessment of lessons learned from these rounds to determine what worked, what did not work as well, and what might be done differently to facilitate any additional reductions.

Regarding changes to prior BRAC decisions, the history of recent BRAC rounds suggests that some mechanism will be needed to authorize changes to 1995 BRAC decisions. I am not recommending a specific approach at this time. However, we would be glad to provide some alternatives for your consideration at a later date.

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Mr. Chairman, this concludes my prepared remarks. I would be happy to respond to any questions from you or Members of the Subcommittee.

Enclosure 1

Enclosure 1

OVERVIEW OF BRAC 1995

The following is an overview of BRAC 1995 outlining DOD's selection criteria, key steps in DOD components' decision-making, and key dates pertaining to the BRAC process.

DOD SELECTION CRITERIA**Military Value** (receives priority consideration)

1. The current and future mission requirements and the impact on operational readiness of DOD's Total Force.
2. The availability and condition of land, facilities, and associated air space at both the existing and potential receiving locations.
3. The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations.
4. The cost and manpower implications.

Return On Investment

5. The extent and timing of potential cost 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.

Community Impacts

6. The economic impact on communities.
7. The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel.
8. The environmental impact.

KEY STEPS TAKEN BY DOD COMPONENTS IN IDENTIFYING BRAC CANDIDATES

- Categorizing activities.
- Collecting data needed to identify excess capacity and establish military values at individual locations.

Enclosure 1

Enclosure 1

- Identifying realignment and closure candidates and analyzing alternatives/scenarios.
- Performing analyses to gauge potential costs and savings from realignment and closure alternatives/scenarios.
- Determining economic, community, and environmental impacts.
- Recommending candidates for realignment and closure.

KEY DATES

The 1995 BRAC process is governed by certain key dates. No later than:

-- **March 1, 1995:** The Secretary of Defense reports his recommendations for realignments and closures to the Defense Base Realignment and Closure Commission. This point marks the first public release of proposed realignments and closures and public availability of DOD BRAC documents.

-- **April 15, 1995:** GAO provides Congress and the Base Closure Commission with "a report containing a detailed analysis of the Secretary's recommendations and selection process."

-- **July 1, 1995:** The Base Closure Commission reports to the President on its recommendations for realignments and closures.

-- **July 15, 1995:** The President transmits to the Commission and Congress a report containing his approval or disapproval of the Commission's recommendations.

-- **August 15, 1995:** Should the President disapprove any of the Commission's recommendations, the Commission must transmit a revised list to the President.

-- **September, 1995:** Congress has 45 days in which to enact a joint resolution should it desire to disapprove the entire package of realignment and closure recommendations.

Enclosure 2

Enclosure 2

OFFICE OF THE SECRETARY OF DEFENSEBASE REALIGNMENT AND CLOSURE DEFINITIONS

The following definitions were provided by the Office of the Secretary of Defense (OSD) to the Department of Defense (DOD) components for use in the 1995 base closure and realignment process. The definitions remain unchanged from the 1993 process.

CLOSE

All missions of the base will cease or be relocated. All personnel (military, civilian, and contractor) will either be eliminated or relocated. The entire base will be excessed and the property disposed. Note: A caretaker workforce is possible to bridge between closure (missions ceasing or relocating) and property disposal which are separate actions under Public Law 101-510.

CLOSE, EXCEPT

The vast majority of the missions will cease or be relocated. Over 95 percent of the military, civilian, and contractor personnel will either be eliminated or relocated. All but a small portion of the base will be excessed and the property disposed. The small portion retained will often be facilities in an enclave for use by the reserve component. Generally, active component management of the base will cease. Outlying, unmanned ranges or training areas retained for reserve component use do not count against the "small portion retained."

REALIGN

Some missions of the base will cease or be relocated, but others will remain. The active component will still be host of the remaining portion of the base. Only a portion of the base will be excessed and the property disposed, with realignment (missions ceasing or relocating) and property disposal being separate actions under Public Law 101-510. In cases where the base is both gaining and losing missions, the base is being realigned if it will experience a net reduction of DOD civilian personnel. In such situations, it is possible that no property will be excessed.

RELOCATE

The term used to describe the movement of missions, units, or activities from a closing or realigning base to another base. Units do not realign from a closing or a realigning base to another base, they relocate.

Enclosure 2

Enclosure 2

RECEIVING BASE

A base that receives missions, units or activities relocating from a closing or realigning base. In cases where the base is both gaining and losing missions, the base is a receiving base if it will experience a net increase of DOD civilian personnel.

MOTHBALL, LAYAWAY

Terms used when retention of facilities and real estate at a closing or realigning base are necessary to meet the mobilization or contingency needs of DOD. Bases or portions of bases "mothballed" will not be excessed and disposed. It is possible they could be leased for interim economic uses.

INACTIVATE, DISESTABLISH

Terms used to describe planned actions that directly affect missions, units, or activities. Fighter wings are inactivated, bases are closed.

December, 1994
 PLANNED PROPERTY DISPOSALS AT SELECTED BASES CLOSED IN THE 1988 AND 1991 ROUNDS

Base	Federal		Public benefit transfers			Econ dev transfer	Market sales	Undetermined	Total acres
	DDO	FWS/BLM Other habitat	Habitats	Agri-culture	Education				
Army MTL, MA								30	37
Bergstrom AFB, TX	356		8	2,860	64		93		3,216
Carson Station, VA			8	1,581	18	132	365		165
Castle AFB, CA	13	660	660	1,181	147	62	729		2,777
Chambers AFB, IL									2,132
Chase NAS, TX							96		3,757
Davisville NCBC, RI								159	1,280
Ekair AFB, AR	380	10		1,690	484	300	3	809	3,286
England AFB, LA				2,282					2,282
Ft Benjamin Harrison, IN	244		4	1,550			150	5	2,501
Ft Devens, MA	5,598	800	20	133	846	2,605	338	4,923	9,311
Ft Ord, CA	1,190	15,009	133	846	2,605	338	2,681	4,923	27,725
Ft Sheridan, IL	310		46		103	4		249	712
Ft Wingate, ND	13,000	8,812	900	34	2,300	63	328		21,812
Georgia AFB, CA									5,068
Grissom AFB, IN	1,398	47,500					1,443		2,722
Jefferson Proving Ground, IN	4						1,324		55,264
Lexington AD, KY							566		780
Long Beach NS/AF, CA	592	17	26		210	62	178	57	932
Lowry AFB, CO	1,223	6,600	35	47	175	220	22	1,611	9,487
Mather AFB, CA	115						711		1,866
Nellis AFB, NV	57							22	5,716
Norfolk NAS, VA	130	1,440	28	2,883	1,462	95	1,169	926	1,577
Myrtle Beach AFB, SC							1,559		3,784
Norton AFB, CA	112		33	1,244	15		641		2,130
Pease AFB, NH	230	1,095	4	1,267	24	10	39		4,257
Philadelphia NS/AF, PA	550		1	2,305	30	6	13	902	1,502
Presidio of San Francisco, CA									1,480
Ridget Sound NS, WA	214	4	10	202	82	21	16	151	428
Richards-Gabour AFB, MO	300			1,635				80	2,015
Rickover AFB, OH	79		29				373		485
Sacramento AD, CA	10		54		103	219	875	359	1,620
Tustin MCAS, CA	100						740		840
Wurtsmith AFB, MI							138		4,042
Woodbridge AFB, VA		580							580
Wurtsmith AFB, MI			2	1,600	15	10	5	1,413	3,541
Total acreage	26,205	80,400	466	27,138	7,298	2,215	390	18,373	191,220
Percent of total	13.70	42.05	2.54	14.19	3.82	1.16	0.20	9.61	100.00

Legend

FWS/BLM Fish and Wildlife Service/Bureau of Land Management
 Econ dev transfer Economic development transfer

Mr. HEFLEY. Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman.

You indicated that it is your opinion that after 1995 we will still have excess infrastructure?

Mr. CONAHAN. I think it is likely that we will for two reasons. If you travel around you will see that each of the services has a large number of laboratories, test and evaluation facilities. There have been efforts over a long period of time for some consolidations there on the basis that there was overlap and duplication. That has not occurred.

The Secretary attempted to get it at during this 1995 go-around. The signs are that may not happen as much as is indicated. Then we heard the Secretary himself saying that he thought that he would not be able to make recommendations which would get rid of all of the excess infrastructure this time around because of the budget issue. That is a real issue. That budget issue is a real issue.

Mr. MCHUGH. So, you suspect that the issue of the laboratories will not be adequately addressed in this round?

Mr. CONAHAN. Well, I cannot prejudge that. It is a great issue across the board.

Mr. MCHUGH. Would you feel it would be a reasonable statement to say that excess capacity may be relegated to certain defined areas and may not be true for every category of military installation?

My concern expressed to Mr. Gotbaum is we are using that term rather generically. I think in your testimony you very wisely point out that when we talk about base closure, we are not just talking about bases. We are talking about a whole range of things.

The phrase "base closure" may be somewhat misleading. I think the same can be adjudged about "excess capacity" in that I would argue that excess capacity in the need of a surge would not go to maneuver facilities or go to major air bases where you have got a fighter wing or a refueling wing. Would that be a fair statement?

Mr. CONAHAN. Yes, sir, I quite agree with that. I think that we do need to consider that more than we have in the past. The criterion that has been used is pretty good for the kinds of activities that you are talking about. I think they have done a fairly good job on that. They have not gone to these more support kinds of activities in the past. That is where I see potential.

Mr. MCHUGH. One more quick question. We do have a vote. Mr. Chairman, I appreciate your forbearance.

Has the GAO ever looked at the situation that currently occurs on the question of in-term leases where they are attempting to turn those scheduled closed properties over to reuse; usually, local communities?

There are different leases authorized among the various branches of the military. The Air Force has one reuse lease, interim lease. The Army has another. Frankly, that creates a lot of confusion. The Air Force, for example, is far more stringent and therefore much more difficult to deal with than say the Navy or the Army. Is that anything that you have ever looked at?

Mr. CONAHAN. We are aware of it. We looked at it when we looked at the reuse plans, but we have not analyzed it. We have not done that.

Mr. MCHUGH. Obviously, I am not in a position to task you. I think that is a critical question, Mr. Chairman. I am really confused as to why there could not be a standard reuse interim lease that could be developed. I appreciate that.

Mr. CONAHAN. I would be happy to take a look at that.

Mr. HEFLEY. That makes a lot of sense.

Mr. Browder, you have some quick questions you said?

Mr. BROWDER. Yes, Mr. Chairman.

I think these questions will not take a lot of time. One is to pursue a question that you raised in your statement, Mr. Chairman.

Mr. Conahan, the question has been raised about whether we should have further BRAC processes. If we have no further BRAC legislation, am I correct in that the primary authority for base closure then reverts to the Secretary of Defense?

Mr. CONAHAN. That is correct, yes, sir.

Mr. BROWDER. Three quick questions. Just for the purposes of the record, Mr. Chairman, some of our members may be wondering about the April 15 report that is required of GAO in which the GAO will be required, I think, to provide an analysis of the Secretary's recommendations in the process.

Am I right that that analysis will not evaluate the decisions made on an individual basis, but only the process?

Mr. CONAHAN. If we determine that the criteria was deviated from and lead to a recommendation that was not supported by proper application of the criteria, then we would be bound to point that out.

Mr. BROWDER. I guess I want to make this clear because I would not like any of our Members, especially some of the newer Members—to expect that adverse recommendations on their installations that will surely come out as soon as the GAO report.

Mr. CONAHAN. I think it is fair to say that in two instances in the past we have put information on the record which seriously questioned the decisions and recommendations.

Mr. BROWDER. But those are very rare.

Mr. CONAHAN. They are rare, yes, sir.

Mr. BROWDER. A second question, and final question.

After the BRAC process begins, I am sure there will be a lot of Members who will want GAO to initiate analysis of their individual bases, audits, and investigations.

Could you tell us your position on those kinds of requests?

Mr. CONAHAN. We have made a policy judgment that inasmuch as the Congress included us as an integral part of the process that we should not entertain requests from individual Members. We, I think, were quite successful in complying with that policy over these past years.

For example, in the 1991 go-around we wrote back directly to 168 Senators and House Members saying, sorry, but we are not able to do this. Now, what has happened in the meantime is that folks have become somewhat innovative and have asked us to do bodies of work which we get underway, and it takes a little while to realize that we are doing base closure-related work.

Mr. BROWDER. Mr. Conahan, thank you for your response. GAO has been a very valuable part of this base closure process.

Mr. Chairman, thank you for the opportunity to ask those questions.

Mr. HEFLEY. Mrs. Fowler and Mr. Hostettler, do you have questions for Mr. Conahan?

Mrs. FOWLER. Mr. Chairman, I know we need to go vote. I just wanted to ask him that if he would let Mr. Gotbaum know about this report and what is in it because he seemed not to have some of this information. I think it would be helpful. It is a good report. Thank you.

Mr. HEFLEY. Thank you.

Do you have any?

Mr. HOSTETTLER. I have just one.

There has been quite a disparity between the Bottom-Up Review and what the GAO says that the current administration is doing to fund the Bottom-Up Review.

Has any of that been attributed to infrastructure; any of that disparity; any of the differences there?

Mr. HEFLEY. Very quickly, Mr. Conahan, because the second bell has gone off.

Mr. CONAHAN. In so far as support and support units were concerned. In so far as laboratories and test facilities and those things, no, sir.

Mr. HOSTETTLER. OK.

Thank you, Mr. Chairman.

Mr. HEFLEY. The committee stands adjourned.

[Whereupon, at 4:50 p.m., the subcommittee was adjourned.]

[The following questions were submitted for the record:]

Question 1: What is your view of the under-funding problem concerning BRAC?

Answer: Requirements for BRAC budget estimate submissions are established in the Defense Authorization Amendments and Base Closure and Realignment Acts of 1988 and 1990 which state:

"As a part of each annual budget request for the Department of Defense, the Secretary shall transmit to the appropriate committees of Congress * * * a schedule of the closure and realignment actions to be carried out under this title in the fiscal year for which the request is made and an estimate of the total expenditures required and cost savings to be achieved by each such closure and realignment and of the period in which these savings are to be achieved in each case, * * *."

Based on reviews of DOD's Future Years Defense Program (FYDP) both GAO and CBO reported that BRAC IV (1995) could be over-programmed if DOD closed a number of bases equal to the total closures in the prior three rounds and that the costs of closure were comparable. Since issuance of the CBO and GAO reports, the number of BRAC IV closure recommendations has been scaled back. However, we have yet to receive this year's FYDP.

Costs estimates in DOD budget submissions for BRAC I (1988), BRAC II (1991), and BRAC III (1993) do not indicate closure costs are under-funded. For example, DOD has not significantly increased cost estimates from its initial BRAC budget submission. BRAC I implementation costs have actually declined 14.9 percent from \$3.3 billion to \$2.8 billion as reported in DOD's Fiscal Year 1996 budget justification documents. Costs for implementing BRAC II decreased 2.3 percent, to \$5,142.7 million, and for BRAC III increased 1.9 percent, to \$8,575.4 million. BRAC II closures can be funded through 1997 and BRAC III closures can be funded through 1999. Therefore, costs for BRACs II and III could change in future budget estimates. See tables 1.1, 1.2, and 1.3.

Table 1.1: Change In DOD Budget Estimates for BRAC I Implementation Costs Between FY 1990 and FY 1996 (Dollars in Millions)

	1990	1996	Difference	% Change
MilCon	\$2,217.7	\$1,269.6	(\$948.1)	-42.7
Fam. Housing Construction	41.1	.3	(40.8)	-99.3
Fam. Housing Operations	1.3	1.0	(0.3)	-23.1
Environment	0.0	819.5	819.5	-
O & M	752.7	517.7	(235.0)	-31.2
Mil Pers-PCS	58.9	14.2	(44.7)	-75.9
Other	172.6	63.3	(109.3)	-63.3
Home owners Asst.	54.0	0.0	(54.0)	-100.0
Commission Expenses	0.0	13.0	13.0	-
BRAC Total	3,298.3	2,698.6	(599.7)	-18.2
Funded outside acct	0.0	108.5	108.5	-
Total	\$3,298.3	\$2,807.1	(\$491.2)	-14.9

Source: BRAC environmental costs have increased. BRAC funds were not initially provided for environmental costs as DOD had to pay

cleanup costs regardless of whether a base was closing or not. Additional environmental costs may be incurred beyond the FYDP. For example, long-term monitoring and maintenance for landfills and groundwater treatment and may go on for many years, and these costs have not been included in the FYDP. Landfills that close where waste has not been removed are subject to EPA monitoring and maintenance requirements for 30 years after closure.

Table 1.2: Change In DOD Budget Estimates for BRAC II Implementation Costs Between FY 1993 and FY 1996 (Dollars in Millions)

	1993	1996	Difference	% Change
MilCon	\$2,242.5	\$1,576.3	(\$666.2)	29.7
Fam. Hous. Construction	128.0	18.7	(109.3)	-85.4
Fam. Hous. Operations	20.2	2.9	(17.3)	-85.6
Environment	975.8	1,342.3	366.5	37.6
O & M	1,378.9	1,659.2	280.3	20.3
MilPers - PCS	105.0	39.3	(65.7)	-62.6
Other	169.5	207.2	37.7	22.2
Homeowners asst.	0.0	0.0	0.0	-
Commission Expenses	0.0	0.0	0.0	-
BRAC Total	5,019.9	4,845.9	(174.0)	-3.5
Funded outside acct	246.1	296.8	50.7	20.6
Total	\$5,266.0	\$5,142.7	(\$123.3)	-2.3

Table 1.3: Change In DOD Budget Estimates for BRAC III Implementation Costs Between FY 1995 and FY 1996 (Dollars in Millions)

	1995	1996	Difference	% Change
MilCon	\$2,918.8	\$2,638.1	(\$280.7)	-9.6
Fam. Housing Construction	435.4	244.8	(190.6)	-43.8
Fam. Housing Operations	1.2	1.2	0.0	0.0
Environment	1,755.9	1,704.8	(51.1)	-2.9
O & M	2,984.1	3,264.3	280.2	9.4
MilPers - PCS	90.4	113.1	22.7	25.1
Other	436.1	271.8	(164.3)	-37.7
Home owners Asst.	0.0	0.0	0.0	-
Commission Expenses	0.0	0.0	0.0	-
Financed from Prior Year	(367.2)	-	-	-
BRAC Total	8,254.7	8,238.1	(16.0)	-0.2
Funded outside acct.	163.5	337.3	173.8	106.3
Total	\$8,418.2	\$8,575.4	\$157.2	1.9

Question 2: In 1991, Congress required certification of the consistency and reliability of data used by the Department as it assembles its base closure and realignment recommendations. What is your view of the present reliability of the data used by DOD? Please address specifically the reliability of the COBRA model. Is COBRA any more reliable than it was at its inception.

Answer: We are still completing our review of BRAC 1995 and are not yet in a position to render a final judgment on this round. However, in general we can say that the combination of certified data as well as the involvement of service audit agencies and DOD IG personnel in verifying the data and checking source documents has helped to better ensure the integrity of the process and accuracy of data used in BRAC 1993 and BRAC 1995. The audit efforts have helped to identify and resolve discrepancies in data. Errors that remain generally have been found to have no material impact on the decisions made.

Improvements have been made to the COBRA each BRAC round to correct for deficiencies noted and to increase its reliability. However, it is important to note that COBRA estimates are not budget quality estimates. As such, changes in the closure and realignment cost estimates should be expected as the quality of the data improves. Two of the more significant actions affecting COBRA in BRAC 1995 involved the validation of selected COBRA algorithms by the Army Audit Agency, and a greater emphasis on using standardized cost factors.

Question 3: Are you concerned about the absence of budget quality data produced by COBRA?

Answer: We recognize that concerns have been raised by various persons about whether COBRAs provide budget quality data and whether base closures are costing more to implement than initially projected in COBRA. We are concerned that DOD doesn't have a more complete accounting of all costs associated with base closures; but COBRA isn't necessarily the problem. COBRA was never intended to provide budget quality data--however, it was intended to aggregate relevant costs that can be used to make consistent comparisons between realignment and closure actions. Improvements have been made to the COBRA model each BRAC round that we believe enhance its reliability in meeting its intended objective.

Let me point out several differences between how costs are aggregated in COBRA and subsequent budget estimates. I think this will help explain why COBRA doesn't produce budget quality data; and more importantly, the answer to more complete cost accounting for BRAC closures probably resides in a data base outside COBRA.

Differences between COBRA and BRAC implementing budgets exist for a myriad of reasons including:

- COBRA estimates, particularly those based on standard cost factors are averages. Not surprisingly, those averages must be made more firm and base-specific for budgetary purposes.
- COBRA costs are expressed in constant year dollars; budgets are expressed in then-year (inflated) dollars.
- COBRA costs can be understated where a closing base has a number of tenant organizations that must be relocated. Understatement has occurred in the past where relocation decisions were not firmed up at the time the COBRA estimates were made; more so if, as has happened in some instances, estimated moving costs were not included in COBRA.

- Per DOD policy guidance, environmental restoration costs are not included in COBRA because these costs are expected to occur regardless of whether a base closes. However, these costs are included in the BRAC budget.
- Homeowner's Assistance Program costs are tracked in COBRA, but excluded from some BRAC implementation budgets.
- Defense Conversion funds are excluded from COBRA as well as from BRAC implementation budgets.

Question 4. What are the principal cost drivers, outside of environmental cleanup costs within BRAC?

Answer: Military construction is projected to be the main cost driver for the combined BRAC I, II and III. See table 4.1. In BRACs II and III, however, operations and maintenance costs, which include real property maintenance costs, transportation costs, and civilian severance pay, are projected to exceed military construction and environmental costs.

Table 4.1: Cost Drivers BRACs I, II, and III (Dollars in Million)

	BRAC I	%	BRAC II	%	BRAC III	%	Total	%
Milcon	\$1,269.6	47.1	\$1,576.3	32.5	\$2,638.1	32.0	\$5,484.0	34.8
FH: Con	.3	0.0	18.7	0.4	244.8	3.0	263.8	1.7
FH: Ops	1.0	0.0	2.9	0.1	1.2	0.0	5.1	0.0
Environ	819.5	30.4	1,342.3	27.7	1,704.8	20.7	3,866.6	24.5
O&M	517.7	19.2	1,659.2	34.2	3,264.3	39.6	5,441.2	34.5
Milper	14.2	0.5	39.3	0.8	113.1	1.4	166.6	1.1
Other	63.3	2.5	207.2	4.2	271.8	3.3	542.3	3.4
Com exo.	13.0	0.5		0.0		0.0	13.0	0.1
Total	2,698.6	100.0	4,845.9	100.0	8,238.1	100.0	15,782.6	100.0
Outside BRAC acct	108.5		296.8		337.3		742.6	
Total	\$2,807.1		\$5,142.7		\$8,575.4		\$16,525.2	

Question 5. What is the likely extent of cost growth for current BRAC actions over the FYDP period?

Answer: Although there has been cost growth within the individual elements of the BRAC accounts, these have been offset by decreases in other elements. For example, environmental cleanup increased by about \$1.2 billion in BRAC's I and II--however, military construction decreased by about \$1.6 billion. Overall, as previously stated, we don't see a major cost increase in the BRAC accounts.

Question 6. Given current and requested funding levels, is it your judgement that all BRAC actions can be completed within the statutory 6-year framework?

Answer: Cost estimates in DOD's initial BRAC I budget submission were very conservative--about 15 percent higher than estimates in its last submission. In addition, cost estimates in current budget submissions for BRACs II and III have changed less than 3 percent from estimates in initial submissions. Assuming that BRAC budget variances continue to be relatively small, with exception of certain environmental clean-up actions DOD should be able to implement commission recommendations within requested funding levels and within the 6-year period allotted by law. Environmental work, however, at certain bases will likely continue after the 6-year period. Most sites at closing installations are still being

investigated, and the full extent of cleanup actions required may not be known for years. Major sites may be 10 years or more away from cleanup, and these installations will not be cleaned up by the time they close, and major groundwater, landfill, and unexploded ordnance sites will remain contaminated unless new technology is developed.

Question 7. What effects have the 1993 Fast Track Cleanup Program had on BRAC actions?

Answer: The program is not fully implemented, and it is too early to comprehensively judge its effectiveness. DOD has made some progress in implementing certain elements of the program, but further development is necessary. DOD has not been able to evaluate the effectiveness of the Fast Track Cleanup program because it lacks a baseline and performance measures. There is a need to establish standards that will allow DOD to assess the various measures taken to speed up the cleanup process.

Although the program has addressed impediments to quick cleanup and transfer of property, certain actions have not achieved the desired or initially planned results. Thus, some significant impediments remain and effects on BRAC actions has been limited. Progress in the program's five key elements has been as follows:

(1) Environmental impact statements depend on communities submitting reuse plans, and most of these plans have not been developed. Service officials anticipate being able to complete the statements within the 12 months allowed once reuse plans are received. (2) Restrictive indemnification language has been clarified, and DOD has proceeded with efforts to lease and transfer property. (3) Uncontaminated parcels from the 1988 and 1991 closing installations have been identified for transfer, but not as much uncontaminated property has been identified as hoped. (4) Teams have been established at closing bases to make decisions and develop cleanup plans, but decisions are still made above the base level, and base cleanup plans can be improved. (5) Community cleanup advisory boards that involve the public in the cleanup program have not been established at all installations.

Question 8. Has GAO examined the question of the extent of savings attributed to BRAC that may be, in fact, savings resulting from other policy or force structure decisions? Are savings being "double-counted"?

Answer: No, we have not specifically reviewed this issue. However, we do know that DOD prepares two savings estimates for each base: an initial estimate and a budget estimate. The initial estimate is based on the COBRA model, and we routinely review this estimate as part of the base closure process. We have not reviewed the savings estimates included in DOD BRAC budgets; however, we have initiated a review of the actual savings achieved from implementation of BRAC actions, and will include an examination of the basis for budget savings estimates as a part of that review.

To illustrate, savings in the budget estimate for the Tooele Army Depot are about 50 percent less than the savings in the COBRA estimate for Tooele. Army officials stated that they reduced the savings estimate for Tooele to reflect force structure changes that occurred after COBRA estimates were prepared.

With respect to the COBRA estimates, one of the issues we watch for in conducting our legislatively mandated reviews of the BRAC process is the potential for double-counting in the force structure area. Where we have identified the potential for such double-counting while monitoring the unfolding BRAC process, we have raised the issue with agency officials and generally have had it resolved to eliminate double counting.



Question 9. What has been the effect of the Five-Point Program, as well as the Pryor Amendments, on original cost and savings estimates of the previous three BRAC rounds?

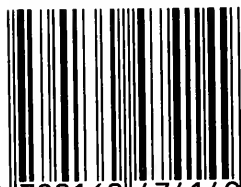
Answer: The President's Five Point Program and Pryor Amendments contain the following provisions that reduce savings from, or increase the costs of closure including: authority for economic development transfer of real property, authority to provide personal property to local reuse groups, authority for larger economic development planning grants, and authority for the fast track cleanup of environmental problems. The costs associated with environmental cleanup are accelerated under the Fast Track Cleanup program addressed in question 7.

The Act authorizes the transfer of real property to local reuse groups at less than fair market value, and permits the groups to share in revenue received from the sale or lease of property after it has been transferred to them. This provision reduces or delays the revenue that DOD might have realized from a sale of real property, thereby reducing net savings from closure.

The Act authorizes DOD to hold personal property for up to 2 years, for transfer to local reuse groups even though the property could be used by other DOD organizations or federal agencies. In its reports, DOD's Inspector General highlighted disposal problems that increase closure costs: (1) property held for a community's reuse causes other federal requirements to be satisfied through procurement and (2) property awaiting disposition deteriorates from improper storage and from the lack of maintenance.

The Act authorizes larger economic development planning grants by DOD's Office of Economic Adjustment. In November, 1994, we reported Military Bases: Reuse Plans for Selected Bases Closed in 1988 and 1991 (GAO/NSIAD-95-3) on the community assistance grants at 37 closures in the 1988 and 1991 rounds as of May 1, 1994. The average economic development planning grant \$208,000 at that time doubled to \$419,000 during the last 8 months of 1994.

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