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# MILITARY BASE CLOSURES

## Analysis of DOD's Process and Recommendations for 1995

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Mr. Chairman and Members of the Commission:

We are pleased to be here today to discuss our report entitled Military Bases: Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment (GAO/NSIAD-95-133, Apr. 14, 1995). The Defense Base Closure and Realignment Act of 1990 (P.L. 101-510, as amended) established the current process for DOD base closure and realignment actions within the United States. Our report responds to the act's requirement that GAO provide to the Congress and the Defense Base Closure and Realignment Commission an analysis of the Secretary of Defense's recommendations for bases for closure and realignment and the selection process used.

On February 28, 1995, the Secretary of Defense recommended closures, realignments, and other actions affecting 146 domestic military installations. Of that number, 33 were described as closures of major installations, and 26 as major realignments; an additional 27 were changes to prior base closing round decisions. The Secretary projects that the recommendations, when fully implemented, will yield \$1.8 billion in annual recurring savings.

#### RESULTS IN BRIEF

Although the Department of Defense (DOD) has in recent years undergone substantial downsizing in funding, personnel, and force structure, commensurate infrastructure reductions have not been achieved. Despite some progress in reducing excess infrastructure, it is generally recognized that much excess capacity likely will remain after the 1995 BRAC round. This view is supported by the military components' and cross-service groups' analyses, which showed far greater excess capacity than will be eliminated by the Secretary's recommendations. Currently, DOD projects that its fiscal year 1996 budget represents, in real terms, a 39-percent reduction below its fiscal year 1985 peak of recent times. By way of comparison, its 1995 BRAC recommendations combined with previous major domestic base closures since 1988 would total a reduction of 21-percent.

DOD's 1995 BRAC process was generally sound and well documented and should result in substantial savings. However, the recommendations and selection process were not without problems, and in some cases, there are questions about the reasonableness of specific recommendations. At the same time, we also noted that improvements were made to the process from prior rounds, including more precise categorization of bases and activities; this resulted in more accurate comparisons between like facilities and functions and better analytical capabilities.

We raise a number of issues that we believe warrant the Commission's attention in considering DOD's recommendations. Key among those issues are the following:

- DOD's attempt at reducing excess capacity in common support functions facilitated some important results. However, agreements for consolidating similar work done by two or more of the services were limited, and opportunities to achieve additional reductions in excess capacity and infrastructure were missed. In particular, this was the case at depot maintenance activities, test and evaluation, and laboratory facilities.
  
- Although the services have improved their processes with each succeeding BRAC round, some process problems continued to be identified. In particular, the Air Force's process remained largely subjective and not well documented; also, it was influenced by preliminary estimates of base closure costs that changed when more focused analyses were made. For these and other reasons, GAO questions a number of the Air Force's recommendations. To less extent, some of the services' decisions affecting specific closures and realignments also raise questions. For example, the Secretary of the Navy's decision to exclude certain facilities from closure for economic impact reasons suggests that the economic impact criterion was not consistently applied.

Now, permit me to briefly expand my comments in a few of these areas.

BRAC Savings Are Expected to Be Substantial,  
but Estimates Are Preliminary

We estimate that the 20-year net present value of savings from DOD's recommendations will be \$17.3 billion, with annual recurring savings of almost \$1.8 billion. These estimates are not based on budget quality data, however, and are subject to some fluctuations and uncertainties inherent in the process. Nevertheless, we believe the savings will still be substantial. At the same time, it should be noted that environmental restoration was not a factor in the DOD base closure decision-making process; and such restoration can represent a significant cost following a base closure.

DOD and its components improved their cost and savings estimates for BRAC 1995 recommendations. In developing cost estimates, they took steps to develop more current and reliable sources of information and placed greater reliance, where practicable, on standardized data. Some components sought to minimize the costs of base closures by avoiding unnecessary military construction. For example, the Navy proposed a number of changes to prior BRAC decisions that will further reduce infrastructure and avoid some previously planned closure costs.

We identified a number of instances where projected savings from base closures and realignments may fluctuate or be uncertain for

a variety of reasons. They include uncertainties over future locations of activities that must move from installations being closed or realigned and errors in standard cost factors used in the services' analyses. We completed a number of sensitivity tests to assess the potential impact of these factors on projected costs and savings and found that they had a rather limited impact.

It should be noted that shortly after the Secretary of Defense announced his list of proposed closures and realignments, most DOD components began undertaking more rigorous assessments of the expected costs of implementing the recommendations and developing budget quality data for doing so. Such efforts are currently underway primarily in the Army and Air Force, and to less extent in the Navy. We suggest that the Commission obtain updated cost and savings data, to the extent it is available, and include it in summary form in its report for the recommendations it forwards to the President for his consideration.

#### Service Recommendations Will Reduce Infrastructure, but With Little Gain in Cross-Servicing

The BRAC 1995 process reduced some infrastructure in common support areas such as hospitals and pilot training facilities. However, the lack of progress in consolidating similar work done by two or more of the services limited the extent of infrastructure reductions that could have been achieved.

DOD tried to strengthen the 1995 BRAC process by establishing cross-service groups to provide the services with proposals for consolidating similar work in the areas of depot maintenance, laboratories, test and evaluation facilities, undergraduate pilot training, and medical treatment facilities. However, in the laboratories and test and evaluation areas, the cross-service groups were narrowly focused, and their initial proposals represented minor work load shifts that offered little or no opportunity for a complete base closure or cost-effective realignment. While the depot maintenance group identified excess capacity of 40.1 million direct labor hours, the services' recommendations would eliminate only half that amount. DOD received the services' recommendations too late in the process for meaningful give-and-take discussions to achieve greater consolidations. More time for such interactions and stronger DOD leadership will be required should there be future BRAC rounds.

#### DOD Components' Processes Were Sound, With Some Exceptions

While we found the components' processes for making their recommendations were generally sound and well supported, we do have some concerns, particularly related to the Air Force.

Specifically, key aspects of the Air Force's process remained largely subjective and not well documented. Documentation of the Air Force's process was too limited for us to fully substantiate the extent of Air Force deliberations and analyses. However, we determined that initial analytical phases of the Air Force's process were significantly influenced by preliminary estimates of base closure costs. And some bases were removed from initial consideration based on these estimates. Also, in some instances, closure costs appeared to materially affect how the bases were valued. For example, Rome Laboratory, in Rome, New York, was ranked high for retention purposes largely because of projected high closure costs. When the Air Force later looked at the laboratory at the suggestion of a cross-service group, it found that the closing costs were much lower. Consequently, the Air Force recommended closure of the laboratory. Without the cross-service group's suggestion, the Air Force might have missed this opportunity to reduce excess capacity and produce savings. The more numerous recommendations on Guard and Reserve activities were developed outside its process for grouping or tiering bases for retention purposes and were based largely on cost-effectiveness.

Regarding the Navy, the Secretary of the Navy's actions excluded four activities in California from consideration for closure because of concerns over the loss of civilian positions. For the activities in California, he based his decision on the cumulative statewide economic impact. The cumulative job losses in California, in absolute terms, are greater than total job losses in other states. However, the individual impact of each of the four California activities is less than the impacts estimated for other activities in other states recommended for closure. For example, the closure of the Naval Weapons Assessment Division (NWAD) Corona, California, would have meant a total loss of 3,055 jobs, but the closure of Naval Air Station (NAS) Meridian, Mississippi, will result in an estimated loss of 3,324 jobs. However, OSD did not take exception to this apparent inconsistency.

Regarding the Army, it did not fully adhere to its regular process in assessing military value when recommending minor and leased facilities for closure. In selecting 15 minor sites for closure, the Army based its decision on the judgment of its major commands that the sites were excess and of low military value. In considering leased facilities, the Army relied on its stationing strategy and its guidance to reduce leases but did not assess the facilities separately as it did for other installations. The decisions were arrived at through some departure from the process used for installations.

Some Service Recommendations Raise Issues  
That Should Be Considered by the BRAC Commission

We generally agree with the Secretary's recommendations. However, we have unresolved questions about a number of Air Force recommendations and to much less extent the other components' recommendations. The following are some examples.

Even though the Air Force recognized that it had excess capacity at its five maintenance depots and was considering closing two, it opted late in the process to realign the work load rather than close any depots. However, the Air Force based its decision on preliminary data from incomplete internal studies on the potential for consolidating and realigning work load and reducing personnel levels at the depots. Some of these studies were completed after DOD's BRAC report was published and do not fully support the BRAC-recommended consolidations. These recommended consolidations appear to expand the work load at some depots that are in the process of downsizing. Thus, the Air Force's recommendation may not be cost-effective and does not solve the problem of excess depot capacity.

The Air Force also proposed the realignment of Kirtland Air Force Base, New Mexico, because it rated low relative to the other five bases in the same category. Again, closure costs appeared to heavily influence this base's rating. However, for the military value criterion pertaining to mission requirements, the most important to the lab subcategory of bases, Kirtland rated among the highest of the six bases. Kirtland's realignment would reduce the Air Force's operational overhead, including support previously provided to the Department of Energy (DOE) and its Sandia National Laboratory located on Kirtland. However, the Air Force's savings could mean an increase in base operational support costs borne by DOE. We believe, and have recommended in the past, that DOD should consider the impact of significant government-wide costs in making its recommendations.

The Army's proposed realignment of the Letterkenny Army Depot has generated some concerns not only about the completeness of closure cost data but also regarding the extent to which the current BRAC recommendation represents a change from a 1993 BRAC decision. BRAC 1993 produced a decision to consolidate all tactical missile maintenance at one location--Letterkenny. The Army's 1995 BRAC recommendation would split up some of the work by transferring the missile guidance system work load to Tobyhanna Army Depot while preserving the tactical missile disassembly and storage at Letterkenny. Maintenance on the associated ground support equipment, such as trucks and trailers, would be done at Anniston Army Depot. There are differences of opinion concerning the impact that separating these functions would have on the concept of consolidated maintenance.

## Future BRAC Legislation May Be Needed to Reduce Remaining Excess Activities

According to DOD, its major domestic bases will be reduced by 21 percent after implementation of all BRAC recommendations from the current and prior rounds; however, DOD fell short of meeting the goal it established for BRAC 1995. To bring DOD's base infrastructure in line with the reductions in force structure, DOD's goal for the 1995 round was to reduce the overall DOD plant replacement value by at least 15 percent--an amount at least equal to the three previous base closure rounds. However, DOD's 1995 recommended list of base closures and realignments is projected to reduce the infrastructure by only 7 percent.

The Secretary of Defense recently stated that excess infrastructure will remain after BRAC 1995, and he suggested the need for additional BRAC rounds in 3 to 4 years, after DOD has absorbed the effects of recommended closures and realignments. However, the current authority for the BRAC Commission expires with the 1995 round. Should the Congress seek further reductions, some process will be needed. The current BRAC process, while not without certain weaknesses, has proven to be effective in reducing defense infrastructure. Also, without new BRAC legislation, there is no process to approve modifications of BRAC decisions if implementation problems arise. BRAC Commissions in 1991 and 1993 ruled on changes to prior BRAC round decisions, and we see nothing to indicate that changes may not occur in the future.

Now let me conclude by discussing our report's specific recommendations.

### RECOMMENDATIONS

#### Recommendations to the Secretary of Defense

Should there be future BRAC rounds, we recommend that the Secretary of Defense

- begin the cross-service process 1 year before the services' BRAC process and, for each common support function studied, incorporate specific capacity reduction goals in OSD's initial BRAC guidance, and
- prior to any BRAC round, identify and make the policy decisions necessary in each area to merge service functions that would result in further reductions in infrastructure.

### Recommendation to the Secretary of the Air Force

Should Congress mandate future BRAC rounds, we recommend that the Secretary of the Air Force fully document all analyses and decisions, including cost data.

### Recommendations to the Commission

We recommend that the Base Closure and Realignment Commission take the following actions:

- Consider obtaining updated cost and savings data, to the extent it is available from the services, and include this data in summary form in its report for the recommendations it forwards to the President for his consideration.
- Require more complete plans for eliminating excess capacity and infrastructure before approving the Air Force's recommendations to realign its depot facilities.
- Because the services did not completely analyze the set of alternatives developed by the chairpersons of the cross-service group for test and evaluation, the BRAC Commission may wish to have the services complete detailed analyses, including cost analyses, for its consideration.
- Closely examine expected cost savings and operational impacts associated with the Kirtland AFB realignment. Additionally, we recommend that the Commission have DOD identify those closures and realignments that have costs and savings implications affecting other federal agencies.
- Assess the Army's approach to selecting lease facilities for termination and minor sites for closure regarding whether variances we have identified represent a substantial deviation from the selection criteria.
- Ensure that the Army's ammunition depot recommendations are based upon accurate and consistent information and that corrected data would not materially affect military value assessments and final recommendations.
- Assess the proposed realignment of Letterkenny Army Depot in view of the Army's recommendation to change a prior BRAC decision to consolidate tactical missile maintenance at a single location.
- Ensure that the Army has met all permit requirements related to the closure of Fort McClellan, Alabama.

- Explore the need for a DOD component or some other government agency to obtain the wind tunnel facility at the Naval Surface Warfare Center, White Oak, Maryland, from the Navy.
- Thoroughly examine the basis for exclusions to the cost and savings data associated with closure and realignment scenarios such as the Naval Surface Warfare Centers in Louisville, Kentucky; Indianapolis, Indiana; and Lakehurst, New Jersey.
- Examine, from an equity standpoint, the Navy's exclusion of activities from closure and realignment consideration due to concerns over job losses.
- Finally, consider requiring that DOD report to the Commission on the comparative cost-effectiveness of options it is considering regarding privatization-in-place or the transfer of workload to other depots, versus the current cost of performing operations at the Aerospace Guidance and Metrology Center at Newark Air Force Base, Ohio (a 1993 BRAC recommendation).

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Mr.Chairman, this concludes my prepared statement. We will be happy to respond to any questions.

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