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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

May 25, 2005

The Honorable David M. Walker
Comptroller General
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Walker:

We are writing to provide input to the review being conducted by the U.S. Government Accountability Office (GAO) concerning the recommendations of the Department of Defense (DoD) for the closure and realignment of military installations. As you know, the Defense Base Closure and Realignment Act of 1990 as amended requires GAO to provide "a report containing a detailed analysis of the Secretary's recommendations and selection process." Section 2903(d)(5)(B). This report is due by July 1, 2005. Section 2914(d)(6).

As a threshold matter, we are concerned that DoD has not complied with its statutory responsibility to "mak[e] all information used by the Secretary to prepare the recommendations ... available to Congress (including any committee or member of Congress)...." Section 2903(c)(4). The Secretary is also required to disclose this information to the Commission and GAO. *Id.* DoD's failure to disclose this information to Congress obstructs the ability of Congress to undertake a substantive review of the Secretary's recommendations, a process that is expressly contemplated by the Defense Base Closure and Realignment Act. DoD has been on notice of the need to disclose such data since the current base closure round was authorized in the National Defense Authorization Act for Fiscal Year 2002 and has no excuse for the delay in releasing the data.

In addition, we request that GAO's detailed review of the Secretary's recommendations include particular emphasis on the following issues:

1. Was the Original Data Accurate and Sufficient? The accuracy of the data provided by military installations in response to data calls from DoD is critical for ensuring the validity of DoD's process. We understand that the Military Services' audit agencies and the DoD Inspector General have been extensively involved in reviewing the data. We expect that GAO's report will include a comprehensive evaluation of the data's accuracy, including a review of whether these agencies and the Inspector General discovered any problems with the data, whether DoD's

process used any corrupted data, and whether the use of such data materially affected DoD's recommendations. We hope that GAO will spot-check data provided by various bases to validate its veracity. In addition, we also expect that GAO will examine the data calls themselves to ensure that DoD requested data of the appropriate type and sufficiency - including why some bases received no data calls. For example, the Navy does not appear to have requested data concerning the differential cost of executing like-work between naval shipyards.

2. Was the Cost of Base Realignment Actions (COBRA) Model Robust and Fair? We appreciate the complexity involved in determining the costs associated with base closures and realignments and that DoD has sought to improve the COBRA model. However, GAO should perform a thorough assessment of the COBRA model as used by DoD for its recent recommendations, including whether the COBRA model's inherent limitations materially affected DoD's recommendations. For example, the COBRA model does not appear to be well-suited for assessing the costs of closing heavy industrial, multi-structure facilities and as a result overstates the savings and payback period for the return on investment.

3. Did DoD Count the Full Range of Costs? We are concerned that DoD has not taken into account the full range of costs associated with base realignments. We request that GAO examine such costs as the federal aid required to enable communities to absorb thousands of new personnel and the impact of such absorption on preexisting infrastructure such as housing stock and schools. We believe that such costs would materially affect DoD's recommendations, including the projected payback periods. GAO should also assess why the payback periods in DoD's recent recommendations are longer than the payback periods used in previous base-closing rounds.

4. Has DoD Included Costs Unique to Each Particular Base? We request that GAO analyze whether DoD has underestimated or ignored costs that are unique to each particular base slated for closure. In particular, we request that GAO examine the projected costs of both environmental remediation and the de-commissioning of nuclear facilities to ensure that they are derived from real-life examples of base closings rather than models, which are prone to underestimation. Indeed, GAO should assess whether environmental remediation and nuclear de-commissioning entail substantial new costs that materially alter the projected payback period. Also, GAO should ensure that the costs of closing a nuclear facility include the likelihood that DoD will be unable to secure licenses or community support for opening new nuclear facilities in the future in the areas in which it now proposes to close nuclear facilities. Finally, GAO should determine whether there are other unique costs to each base closing that DoD did not factor into its calculations, such as the loss of particular public/private synergy.

5. Did DoD Consider the Full Range of Options? GAO should examine whether DoD assessed the full range of options aside from base closures, including shifting workloads and

expanding private-sector capacities at certain bases. Also, we request that GAO explain why DoD recommended closing particular bases and preserving other, similar bases rather than realigning all of them, and whether the existence of private sector capabilities such as private shipyards factored into DoD's judgments.

6. How has DoD Calculated Military Value? GAO should inquire how DoD calculated military value, including whether there are alternative methodologies for assessing military value, to include such factors as speed of deployments, flexibility of maneuvers, and cold weather operations. We hope that GAO will highlight and explain instances in which bases with higher military value were closed as compared to bases with lower military value.

7. Did DoD Consult with Other Departments and Allies? We would like GAO to determine whether DoD consulted with other Executive Branch departments such as the Departments of Homeland Security and Energy and with allies such as the North Atlantic Treaty Organization regarding the missions of bases slated for closure or realignment. We believe that bases should not be examined myopically in terms of their value to DoD only but rather should be viewed in the strategic context of the country's broader security interests.

8. Has DoD Preserved its Capability for Homeland Defense? We request that GAO ascertain how DoD's recommendations affect each region of the United States and whether the recommendations detract from DoD's mission of homeland defense. For example, the Northeast and Midwest arguably are the least-guarded regions - despite the increasing focus on homeland defense and the number of prominent targets for terrorist attack in those states. The eighteen Northeastern and Midwestern states accounted for thirty-five of the ninety-five major base closings during prior base-closing rounds. These states currently account for forty percent of the U.S. population but only ten percent of the active duty personnel stationed domestically. Northeast-Midwest Institute, Updated Summary Report on Base Closings and Military Presence in the Northeast-Midwest: The Nation's Unguarded Region, April 2005. GAO should examine how closures or realignments affect DoD's homeland defense capabilities, including the provision of support to civil authorities both on a regular basis and in the event of a major domestic emergency.

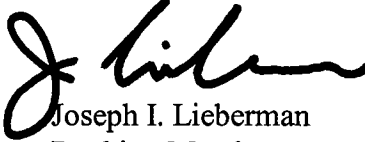
9. Did DoD Maintain the Integrity of Its Decision-making Process? We understand that GAO has been monitoring DoD's decision-making process on a real-time basis. Given GAO's understanding of the process, it is critical for GAO to judge whether DoD's recommendations deviated significantly from DoD's apparent decision-making trajectory during the preceding months. If there were substantial deviations in the final stage, GAO should investigate why such changes took place. More generally, in its assessment of the above-referenced questions, GAO should determine whether there were any instances of results-oriented or preordained decisions by DoD at any stage of the process.

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Thank you for your consideration of this matter.

 Sincerely,

Susan M. Collins
Chairman


Joseph I. Lieberman
Ranking Member