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Highlights

Highlights of [GAO-05-138](#), a report to congressional committees

Why GAO Did This Study

As the Department of Defense (DOD) prepares for the 2005 base realignment and closure (BRAC) round, questions continue to be raised about the transfer and environmental cleanup of unneeded property arising from the prior four BRAC rounds and their impact on cost and savings and on local economies.

This report, which is being issued to the defense authorization committees that have oversight responsibility over defense infrastructure, describes DOD's progress in implementing prior BRAC postclosure actions. It addresses (1) the transfer of unneeded base property to other users, (2) the magnitude of the net savings accruing from the prior rounds, (3) estimated costs for environmental cleanup of BRAC property, and (4) the economic recovery of communities affected by base closures.

What GAO Recommends

Although GAO is making no recommendations in this report, it believes its prior recommendation on the need for a DOD-wide systematic approach for updating savings estimates for the 2005 round, along with an oversight mechanism to ensure that updates are accomplished, remains valid.

DOD provided technical comments on a draft of this report and concurred with the need to improve accounting for savings from the 2005 BRAC round.

www.gao.gov/cgi-bin/getrpt?GAO-05-138.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or holmanb@gao.gov.

MILITARY BASE CLOSURES

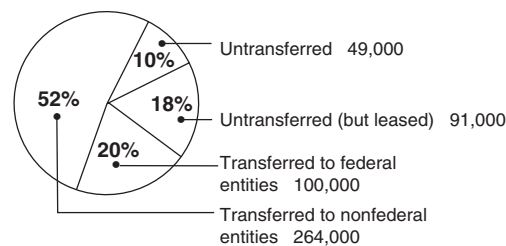
Updated Status of Prior Base Realignments and Closures

What GAO Found

As of September 30, 2004, DOD had transferred about 72 percent of 504,000 acres of unneeded BRAC property to other entities. This amount represents an increase over the 42 percent that GAO previously reported in April 2002 and is primarily attributable to two large property transfers. When leased acreage is added to the transferred property, the amount of unneeded BRAC property in reuse rises to 90 percent. Transfer of the remaining acreage has been delayed primarily because of environmental cleanup requirements.

Disposition of Unneeded BRAC Acreage

Total acreage = 504,000



Source: GAO's analysis of DOD data.

DOD data show that the department had generated an estimated \$28.9 billion in net savings or cost avoidances from the prior BRAC rounds through fiscal year 2003 and expects to save about \$7 billion each year thereafter. These savings reflect money that DOD would likely have spent to operate military bases had they remained open. Although the savings are substantial, GAO found that the estimates are imprecise because the military services have not updated them regularly despite GAO's prior reported concerns on this issue. This issue needs to be addressed in the 2005 round. Further, the estimates do not reflect all BRAC-related costs, such as \$1.9 billion incurred by DOD and other federal agencies for redevelopment assistance.

While estimated costs for environmental cleanup at BRAC sites remain within the range of prior estimates, these costs may increase if unknown or undetermined future cleanup liabilities, such as additional unexploded ordnance or other harmful contaminants, emerge. Through fiscal year 2003, DOD had spent about \$8.3 billion on BRAC environmental cleanup. It expects to spend another \$3.6 billion to complete the cleanup work.

While most nearby communities have recovered or continue to recover from base closures, they, as well as other communities, have felt some impact from the recent economic downturn where the strength of the national, regional, or local economy can affect recovery efforts. Yet, key economic indicators—unemployment rates and average annual real per capita income growth rates—show that BRAC communities are generally faring well when compared with average U.S. rates. Of 62 communities that GAO studied, 69 percent had unemployment rates equal to or lower than the U.S. average and 48 percent had income growth rates higher than the national average.