

HOLD UNTIL RELEASED
BY THE COMMITTEE

STATEMENT OF

MR. RAYMOND F. DUBOIS
DEPUTY UNDER SECRETARY OF DEFENSE
(INSTALLATIONS AND ENVIRONMENT)

BEFORE THE SUBCOMMITTEE ON
MILITARY CONSTRUCTION
OF THE HOUSE APPROPRIATIONS COMMITTEE

February 12, 2004

INTRODUCTION

Thank you, Mr. Chairman, and members of the subcommittee for the opportunity to testify today about the BRAC process authorized by the Congress. The Secretary has directed that BRAC must further transformation by rationalizing our infrastructure to our force structure, enhance joint capabilities by improving joint utilization, and convert waste to war fighting by eliminating excess capacity. I know that you share our goal that BRAC 2005 must result in a base structure configured to most effectively and efficiently support the capabilities necessary to meet the threats of today and tomorrow. I also know that this Subcommittee appreciates the fact that every dollar wasted on unnecessary infrastructure is a dollar diverted from improving the capabilities DoD needs. Congress authorized BRAC 2005 because it recognized that BRAC is the only process that can accomplish the infrastructure rationalization required to position the Department for the 21st century. While every one of our installations has a superb history of supporting the defense of this nation, the fact remains that our base structure cannot remain static in the face of the impact of new threats and technology on our warfighting capability. As such, we must consider closing some installations and realigning others in order to optimize our infrastructure and to ensure the needed physical capacity is positioned and configured to make the most effective and efficient contribution to operations.

THE BRAC 2005 PROCESS

In authorizing the BRAC 2005 process, the Congress recognized the efficacy of the methodology used in the last three rounds: all military installations will be reviewed,

all closure and realignment recommendations will be based on approved, published selection criteria and a force structure plan, with military value as the primary consideration. In establishing the Department's approach to implementing the legislative framework provided by the Congress, the Secretary has stressed the importance of enhancing the joint utilization of our infrastructure to improve joint capabilities.

To emphasize joint capabilities and in recognition of the importance of this effort, the Secretary established a senior chain of command for conducting the BRAC analysis that is joint at every level. Specifically, he established the Infrastructure Executive Council (IEC), chaired by the Deputy Secretary, which is composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joint Chiefs of Staff, and the Under Secretary of Defense (Acquisition, Technology, and Logistics) as the policymaking and oversight body for the entire BRAC 2005 process. The Secretary also established a subordinate Infrastructure Steering Group (ISG) chaired by the (acting) Under Secretary of Defense for Acquisition, Technology and Logistics and composed of the Vice Chairman of the Joint Chiefs of Staff, the Service Vice Chiefs, the Military Department Assistant Secretaries for installations and environment, and myself. This structure has, in fact, strengthened the joint process for BRAC 2005 that will advance transformation, jointness, combat effectiveness, and the efficient use of the Department's resources by effectively capitalizing on the military value of our installations.

Based on the Department's own experience, and as the General Accounting Office has addressed, the attention of senior leadership is essential to ensuring the difficult decisions required will be made in a timely fashion. To this end the ISG and the IEC, provide senior oversight and decision making authority that will keep the process on track. I am confident that BRAC 2005 will achieve its potential to materially improve the manner in which military infrastructure supports our war fighting capability.

Additionally, the Department realizes through its experience in the past round and as recognized by the General Accounting Office, that a strengthened joint analytical process is necessary to utilize the full potential of BRAC. The previous rounds were service-centric with little joint decision making or joint analytical authority. In response, and to further reinforce the importance of enhancing joint capabilities, the Secretary has directed that the analysis of common, business-oriented support functions will be conducted by joint cross service groups which will develop closure and realignment recommendations for review by the ISG and IEC. Service-specific operational functions will be analyzed within the Military Departments. The Secretary has designated seven broad areas for joint, cross-service analysis. These are: Education and Training, Headquarters and Support Activities, Industrial, Intelligence, Medical, Supply and Storage, and Technical. The members of these groups are drawn from Office of the Secretary of Defense, the Services, and appropriate defense agency personnel with senior level responsibilities within their respective functions. This structure contrasts with the previous round wherein the Department constrained its joint cross-service analysis by

limiting the authority of the groups conducting the analysis and by assigning them a much more limited role.

The legislation authorizing BRAC 2005 provides the Congress with key controls as part of its oversight role in the BRAC process, specifically regarding the Commission, its recommendations, and in the selection criteria the Department will use as the framework for its analysis. Regarding the selection criteria, the Secretary published the draft selection criteria in the Federal Register on December 23, 2003, for public comment. We received well over 200 letters from Members of Congress and the public during the comment period and carefully considered all of them.

The Congress also required the Secretary to submit a BRAC-related report with the Fiscal Year 2005 budget justification documentation. The report will include a force structure plan with a 20-year threat assessment; comprehensive inventory of military installations; description of infrastructure necessary to support the force structure; discussion of categories of excess capacity; the anticipated continued need for installations outside the United States; consideration of any efficiencies gained from joint tenancy; an economic analysis of the effect of closures and realignments, and the Secretary's certifications on the continued need for BRAC and that annual net savings will occur by 2011. We are working to complete this extensive report and will provide it to the Defense Committees with the 2005 budget justification documents.

Other key dates in the statutory BRAC timeline include the requirement for commissioners to be nominated no later than March 15, 2005; the deadline of May 16, 2005, for the Secretary to forward his recommendations to the independent BRAC Commission; and the requirement for the Commission to submit its report to the President no later than September 8, 2005. The President must transmit his approval of the Commission's report to the Commission and the Congress no later than September 23, 2005. If approved by the President, the Commission's recommendation becomes binding 45 "legislative days" after Presidential transmission or adjournment sine die, unless the Congress enacts a joint resolution of disapproval.

Overseas Posture Review

The Department is also accomplishing transformation of its overseas infrastructure through the global defense posture review. Our current posture reflects the Cold War strategy, with US forces forward deployed primarily to fight near where they were based. Today's environment requires more agile, fast and lean forces able to project power into theaters that may be distant from where they are based. This agility will require not only a shift in military forces, capabilities and equipment, but also a new basing strategy.

The new posture will enable the Department to respond more quickly to worldwide commitments and will make better use of our capabilities by thinking of our forces globally. We will tailor our forces to suit local conditions while strategically pre-

positioning equipment and support. We anticipate realigning or closing some large permanent bases in favor of small and scalable installations better suited for deployments.

As the President announced in November, we will “realign the global posture of our forces” to better address the new challenges we face and will be consulting with our friends and allies around the world to incorporate their input in our plan. Secretaries Rumsfeld and Powell have begun to describe our efforts on recent trips to Asia and Europe, and senior Defense and State officials will continue the consultations. We plan to finalize the global posture review in time to inform domestic BRAC recommendations where appropriate. We will also continue our consultation with Congress on the key items on the transformation agenda.

PAST BRAC ACCOMPLISHMENTS

The previous BRAC rounds have demonstrated that the process can generate substantial changes and substantial savings. I would like to review these accomplishments:

Costs and Savings

The four BRAC Commissions, 1988, 1991, 1993, and 1995, resulted in the closure or realignment of 152 major installations and 235 smaller installations. As this committee knows, the Department invested approximately \$22 billion to implement these

recommendations. During the implementation period, this investment was offset by savings of about \$39 billion, netting approximately \$17 billion through FY 2001, the end of the implementation period. Recurring savings after FY 2001 amount to about \$7 billion each year (\$6.6 billion in 2002 dollars).

The savings associated with closing bases generally result from the elimination of base operating support, MILCON and related costs. Examples of costs that can be avoided are: programmed MILCON and family housing construction, environmental compliance that will no longer be required if the activity ceases or the building is demolished, and other costs normally associated with the day to day operation and maintenance of a military installation. The following charts provide a recap of the previous BRAC rounds:

Major and Minor Closures and Realignments

	Major Base Closures	Major Base Realignments	Minor Closures and Realignments
	<u> </u>	<u> </u>	<u> </u>
BRAC 88	16	4	23
BRAC 91	26	17	32
BRAC 93	28	12	123
BRAC 95	<u>27</u>	<u>22</u>	<u>57</u>
Total	97	55	235

BRAC Costs and Savings

(\$ Billions)	<u>Costs</u> ¹	<u>Savings</u> ¹	<u>Annual Recurring Savings</u> ²
BRAC 88	2.7	6.8	0.8
BRAC 91	5.2	13.6	1.9
BRAC 93	7.5	12.2	2.3
BRAC 95	<u>6.6</u>	<u>6.2</u>	<u>1.6</u>
Total	22.0	38.7 ³	6.6

¹ As of the FY 2004 President's Budget (February 2003) through FY 2001.

² Annual recurring savings (ARS) begin in the year following each round's 6-year implementation period: FY96 for BRAC 88; FY98 for BRAC 91; FY00 for BRAC 93; and FY02 for BRAC 95. These numbers reflect the ARS for each round starting in 2002.

³ Does not add due to rounding.

Savings from prior BRAC rounds are real and significant. That is a position shared by both the General Accounting Office (GAO) and Congressional Budget Office (CBO). For instance, the GAO released a report on April 5, 2002, stating: "In addition to our analyses, studies by other federal agencies, such as CBO, the DoD Inspector General, and the Army Audit Agency, have shown that BRAC savings are real and substantial and are related to cost reductions in key operational areas as a result of BRAC actions."

BRAC Environmental Cleanup

Since the last time we discussed environmental cleanup at BRAC installations, the Department has made steady progress¹ toward achieving its goals, and has worked to improve the entire process.

At the end of FY03, 83 percent of BRAC sites requiring hazardous waste remediation have a cleanup remedy constructed and in place, and 78 percent have had all necessary cleanup actions completed in accordance with Comprehensive Environmental Response, Compensation, and Liability Act (CERLA) standards. The Department has achieved these results through several key initiatives: partnering with regulators and local communities, who have an inherent interest in clean property that they can safely and effectively reuse; identification and expanded use of the tools and processes that have proved successful in addressing DoD's cleanup requirements; and new cleanup technologies, which are improving cleanup and driving down costs;

Lessons Learned/Best Practices

The past several years have brought new insights to the Department as we have examined what tools have sped property cleanup and transfer. As I just discussed, expanding partnerships – getting communities and regulators more involved – and finding innovative ways to clean up contaminants and return property to public use continues to be the Department's focus. The Department is increasing the use of the following initiatives:

- Early transfer authority – The Department continues to build trust with regulators and communities to get property transferred faster. We have developed a guide for expanding the use of this special authority, and are encouraged that this will assist in implementing early transfer as a useful tool.

- Uniform Land Use Control Statute – DoD worked closely with state and tribal governments, EPA, and other stakeholders in crafting a uniform state law for implementing land use controls where they are more practical than full cleanup. The Department actively encourages the states to enact this law, which will remove one of the major encumbrances to BRAC transfer.
- Increased use of performance-based contracting – Rewarding contractors for efficient and effective cleanup promotes innovation in cleanup technologies and processes. By awarding contracts based on performance measures, healthy growth in this area will only contribute to improved cleanup and property transfer. The Department currently has 15 BRAC installations where performance-based contracting is setting the pace for cleanup.
- Increased implementation of the Conservation Conveyance Authority – In the National Defense Authorization Act for Fiscal Year 2003, Congress granted DoD authority to convey surplus property for natural resource conservation purposes to states and non-profit organizations. We are encouraging the Services to consider this as a viable option for properties where it presents the best option for transfer and reuse.

In the past year the Department has been working to increase early transfers of property to communities with property redevelopment goals. Congress granted DoD special authority to transfer its excess property before all environmental cleanup work has been completed, as long as the redeveloper agrees to complete the remaining cleanup

work and certain requirements are met. With the Department providing the funding necessary to complete the cleanup, this process gets the property into reuse much faster than if reuse is delayed until the cleanup objectives are met. This saves the Department – and taxpayers – more money in the long-term. The installation, regulators, and redevelopers work together to plan cleanup and property reuse activities concurrently, speeding up economic growth and renewal. We’ve seen this process help communities around Mare Island and the Oakland Army Base and we believe it can drastically reduce the amount of excess BRAC property currently remaining underutilized across the country. An important example of combining economic redevelopment and environmental remediation took place recently at the former Military Ocean Terminal in Bayonne, New Jersey. Using the Early Transfer authority, the Army executed an Environmental Services Cooperative Agreement (valued at \$11 million) that saves the Army an estimated \$5 million and makes the property available for redevelopment earlier. Moreover, the Bayonne Local Redevelopment Authority (LRA) is able to integrate its redevelopment efforts on this 192-acre parcel with its work to create jobs on the remaining 450 acres that were transferred fee simple.

DoD is continuing its long-standing partnership with EPA to speed review and approval of necessary cleanup documents at its BRAC installations. As the Department completes cleanup work at some of these installations, EPA shifts its resources to other areas where their help is needed. In addition, DoD and EPA have collaboratively developed goals and metrics designed to focus efforts in completing the cleanup of

BRAC installations by the end of 2005. The status of these metrics is reviewed semi-annually at In-Progress Reviews conducted jointly by DoD and EPA. This partnership facilitates the identification and attainment of practical solutions and cleanup goals.

Civilian Reuse

As of December 2003, the Military Departments have effectively transferred 365,460 acres (71%) of the 515,506 acres that were made available for disposal and civilian reuse through the previous four rounds of BRAC. I would like to recognize the Army, in particular, for disposing of over 100,000 acres itself in 2003. Of the remaining inventory, roughly 80,482 acres are projected to be transferred by the end of FY 2004. Through October 2003, almost 93,000 new civilian jobs have been created on former military bases through this civilian activity – a 9% increase from the previous year.

The Defense Economic Adjustment Program, through the Department's Office of Economic Adjustment, assists Defense-impacted communities, workers, and businesses. Since 1988, this program coordinated the provision of nearly \$1.2 billion in assistance from other federal agencies to support community recovery and reuse efforts. Over this same period, the Office of Economic Adjustment provided over \$274 million in economic adjustment planning and redevelopment assistance for the preparation of adjustment strategies, reuse plans, and initial organizational staffing. We are seeking to reinvigorate this interagency coordination through the President's Economic Adjustment Committee by expanding its purview to address regulatory issues, and update its

membership to include all federal agencies with programs that can assist local economic recovery.

Important to the success of these efforts is the flexibility each Military Department has to apply its delegated disposal authorities in a manner to be responsive to specific local circumstances. These disposal options, ranging from discounted conveyances for public purposes to public bid sales, enable the Department to partner with affected communities as both seek opportunities for quick civilian reuse of former military installations. A closed installation is often the affected community's greatest asset for mitigating the closure impacts and charting a future that diversifies the local economy, builds on a community's strengths, adds local tax base, and satisfies community public facility needs.

The former Marine Corps Air Station El Toro provides an example of a Military Department using its flexibilities under these delegated authorities to craft a disposal strategy to achieve local reuse objectives. The City of Irvine, while not directly involved in the redevelopment of this former installation, has identified necessary public improvements for the property and will seek compatible zoning for the Navy to then sponsor a sale of the property. This disposal is projected to yield 3,000-plus acres for public parks and open space, as well as funding for required public infrastructure through fees and future property assessments. In return, developers can build on 800 acres per the region's market demand for housing and commercial uses.

CONCLUSION

The FY 2005 budget includes sufficient funding to address all planned BRAC requirements for environmental restoration and caretaker costs for bases closed under the previous rounds of base closure authority. These requirements will be funded primarily through new budget authority and to a lesser extent with land sales revenue. The FY 2005 BRAC requirement is less than in FY 2004 which reflects significant progress in closing installations and completing BRAC cleanup.

The Congress recognized the importance of rationalizing our base structure when it authorized BRAC 2005. This recognition was based on the fact that our military bases are the deployment platforms for our fighting forces. Our installations must be positioned to support our war fighters and BRAC has proven to be the only comprehensive way to effect material changes. Further, these platforms demand significant levels of funding that simply cannot be wasted on facilities that may no longer be necessary. Savings from BRAC are critical to supporting the reinvestment and recapitalization necessary to maintain our enduring installations. We will ensure that BRAC is comprehensive and will tap its full potential. Finally, the Department will ensure the BRAC process is fair and objective and conducted within a disciplined, analytical framework.

In closing, I sincerely thank you for this opportunity. We appreciate your strong support and look forward to continuing to work with this Subcommittee as we reshape our global infrastructure.