



Highlights of [GAO-08-159](#), a report to congressional addressees

Why GAO Did This Study

The 2005 Base Realignment and Closure (BRAC) round is the biggest, most complex, and costliest ever. DOD viewed this round as a unique opportunity to reshape its installations, realign forces to meet its needs for the next 20 years, and achieve savings. To realize savings, DOD must first invest billions of dollars in facility construction, renovation, and other up-front expenses to implement the BRAC recommendations. However, recent increases in estimated cost have become a concern to some members of Congress.

Under the Comptroller General's authority to conduct evaluations on his own initiative, GAO (1) compared the BRAC Commission's cost and savings estimates to DOD's current estimates, (2) assessed potential for change in DOD's current estimates, and (3) identified broad implementation challenges. GAO compared the BRAC Commission's estimates, which were the closest estimates available associated with final BRAC recommendations, to DOD's current estimates. GAO also visited 25 installations and major commands, and interviewed DOD officials.

What GAO Recommends

GAO recommends that DOD explain its estimated BRAC savings from personnel reductions as compared to other savings to provide more transparency to Congress. DOD concurred with our recommendation and agreed to explain savings estimates in its BRAC budget material to Congress.

To view the full product, including the scope and methodology, click on [GAO-08-159](#). For more information, contact Brian Lepore at (202) 512-4523 or Leporeb@gao.gov.

MILITARY BASE REALIGNMENTS AND CLOSURES

Cost Estimates Have Increased and Are Likely to Continue to Evolve

What GAO Found

Since the BRAC Commission issued its cost and savings estimates in 2005, DOD plans to spend more and save less, and it will take longer than expected to recoup up-front costs. Compared to the BRAC Commission's estimates, DOD's cost estimates to implement BRAC recommendations increased from \$21 billion to \$31 billion (48 percent), and net annual recurring savings estimates decreased from \$4.2 billion to \$4 billion (5 percent). DOD's one-time cost estimates to implement over 30 of the 182 recommendations have increased more than \$50 million each over the BRAC Commission's estimates, and DOD's cost estimates to complete 6 of these recommendations have increased by more than \$500 million each. Moreover, GAO's analysis of DOD's current estimates shows that it will take until 2017 for DOD to recoup up-front costs to implement BRAC 2005—4 years longer than the BRAC Commission's estimates show. Similarly, the BRAC Commission estimated that BRAC 2005 implementation would save DOD about \$36 billion over a 20-year period ending in 2025, whereas our analysis shows that BRAC implementation is now expected to save about 58 percent less, or about \$15 billion.

DOD's estimates to implement BRAC recommendations are likely to change further due to uncertainties surrounding implementation details and potential increases in military construction and environmental cleanup costs. Moreover, DOD may have overestimated annual recurring savings by about 46 percent or \$1.85 billion. DOD's estimated annual recurring savings of about \$4 billion includes \$2.17 billion in eliminated overhead expenses, which will free up funds that DOD can then use for other priorities, but it also includes \$1.85 billion in military personnel entitlements, such as salaries, for personnel DOD plans to transfer to other locations. While DOD disagrees, GAO does not believe transferring personnel produces tangible dollar savings since these personnel will continue to receive salaries and benefits. Because DOD's BRAC budget does not explain the difference between savings attributable to military personnel entitlements and savings that will make funds available for other uses, DOD is generating a false sense that all of its reported savings could be used to fund other defense priorities.

DOD has made progress in planning for BRAC 2005 implementation, but several complex challenges to the implementation of those plans increase the risk that DOD might not meet the statutory September 2011 deadline. DOD faces a number of challenges to synchronize the realignment of over 123,000 personnel with the completion of over \$21 billion in new construction or renovation projects by 2011. For example, the time frames for completing many BRAC recommendations are so closely sequenced and scheduled to be completed in 2011 that any significant changes in personnel movement schedules or construction delays could jeopardize DOD's ability to meet the statutory 2011 deadline. Additionally, BRAC 2005, unlike prior BRAC rounds, included more joint recommendations involving more than one military component, thus creating challenges in achieving unity of effort among the services and defense agencies.