



Highlights of [GAO-07-304](#), a report to congressional committees

MILITARY BASE CLOSURES

Projected Savings from Fleet Readiness Centers Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges

Why GAO Did This Study

The 2005 Base Realignment and Closure (BRAC) recommendation to establish fleet readiness centers was expected to yield more savings than any other of the 2005 BRAC recommendations. To achieve these savings the Navy plans to integrate civilian depot personnel to complete some repairs at intermediate maintenance departments to reduce aviation maintenance costs. This report, prepared under the Comptroller General authority to conduct evaluations on his own initiative, is one in a series of reports related to the 2005 BRAC recommendations. GAO's objectives were to (1) analyze the reasons for changes in costs and savings estimates since the recommendation was approved, and (2) identify challenges in implementing this BRAC recommendation. GAO analyzed Navy and BRAC Commission costs and savings estimates and interviewed officials at the Naval Air Systems Command and at three fleet readiness centers.

What GAO Recommends

GAO is making recommendations for the Navy to adjust its business plan to include only savings directly related to implementing this BRAC recommendation and to monitor actual savings realized as the recommendation is implemented.

In commenting on a draft of this report, DOD concurred with our recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-304.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

What GAO Found

The Navy has increased onetime costs, decreased onetime savings and increased annual recurring savings expected from the fleet readiness centers recommendation, but GAO believes the savings are likely overstated. In preparing a detailed business plan for implementing the recommendation, the Navy increased onetime costs by \$31 million or 96 percent because of costs associated with relocating employees and inflation. The Navy also decreased expected onetime savings from reduced inventory levels by \$594 million or 92 percent because Navy officials believed earlier estimates were too optimistic. GAO's analysis of inventory levels for a sample of aviation items indicates that the majority of the revised savings estimate will not occur during the 6-year BRAC implementation period and the amount of such savings are uncertain at this time. GAO believes the annual recurring savings are overstated by about \$53 million or 15 percent because the Navy's estimate includes \$28 million in savings from eliminating military personnel, which may be assigned elsewhere rather than taken out of the force structure, and \$25 million in onetime savings that was erroneously reported as recurring savings. While projected savings would remain substantial, they are still subject to some uncertainties and further efforts will be required to assess actual savings as this recommendation is implemented.

Change in Projected Cost and Savings Estimates (in millions)

Category	BRAC Commission ^a	Navy Business Plan ^b	Difference	
			Amount	Percent
Onetime costs	\$34	\$65	\$31	96
Onetime savings	648	54	(594)	(92)
Annual recurring savings	250	311	61	25

Source: DOD.

^aIn fiscal year 2005 constant dollars.

^bIn then-year current dollars.

The Navy faces challenges in ensuring projected savings are realized and faces some workforce challenges in implementing the recommendation. Since the Navy has already included projected BRAC savings in its budget for fiscal years 2007 through 2011, it will be important for the Navy to monitor the extent to which these savings are actually achieved to prevent adverse affects on naval aviation readiness or the need for additional funding. The Navy also faces workforce challenges, such as identifying and moving about 150 depot artisans with the right skills to various intermediate maintenance departments and integrating a primarily civilian depot workforce with the military intermediate department workforce. This mixing of diverse cultures could pose some challenges in implementation but should help develop a better trained and more productive workforce. The Navy will need sustained leadership to successfully establish the fleet readiness centers.