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MILITARY BASE REALIGNMENTS AND CLOSURES

Key Factors Contributing to BRAC 2005 Results

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Defense Capabilities and Management

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Highlights

Highlights of GAO-12-513T, a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

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Key Factors Contributing to BRAC 2005 Results

Why GAO Did This Study

The Department of Defense (DOD) has faced long-term challenges in managing and halting degradation of its portfolio of facilities and reducing unneeded infrastructure to free up funds to better maintain the facilities it still uses and to meet other needs. Costs to build and maintain the defense infrastructure represent a significant financial commitment. DOD's management of its support infrastructure is on GAO's high-risk list, in part because of the challenges DOD faces in reducing its unneeded excess and obsolete infrastructure. DOD plans to reduce force structure and the President will request that Congress authorize the base realignment and closure (BRAC) process for 2013 and 2015. The Secretary of Defense stated that the BRAC process is the only effective way to achieve needed infrastructure savings.

This testimony discusses (1) key factors and challenges that contributed to BRAC 2005 implementation and results and (2) the most recent estimated costs and savings attributable to BRAC 2005. To do this work, GAO reviewed its previous work and selected documents related to BRAC 2005 such as BRAC business plans that laid out the requisite actions, timing of those actions, and DOD's estimated costs and savings associated with implementing each recommendation, briefings on BRAC implementation status prepared by the military services, and budget justification materials submitted to Congress. GAO also interviewed current and former officials from DOD and the BRAC Commission involved in the development, review, and implementation of BRAC recommendations.

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What GAO Found

GAO identified several factors and challenges that contributed to the Department of Defense's (DOD) implementation of Base Realignment and Closure (BRAC) 2005 and the results achieved. In contrast to other BRAC rounds that were primarily focused on achieving savings by reducing excess infrastructure, the Secretary of Defense identified three goals for BRAC 2005. Specifically, BRAC 2005 was intended to (1) transform the military, (2) foster jointness, and (3) reduce excess infrastructure to produce savings. These goals and the primary selection criteria's focus on enhancing military value led DOD to identify numerous recommendations that were designed to be transformational and enhance jointness, thereby adding to the complexity the BRAC Commission and DOD faced in finalizing and implementing the recommendations. Some transformational-type recommendations needed sustained attention by DOD and significant coordination and planning among multiple stakeholders. To improve oversight of implementation of the recommendations, the Office of the Secretary of Defense (OSD) required business plans for each BRAC 2005 recommendation to better manage implementation. In addition, DOD developed recommendations that were interdependent on each other. However, this led to challenges across multiple recommendations when delays in completing one recommendation led to delays in completing others. Specifically, DOD had to synchronize the relocations of over 123,000 people with about $24.7 billion in new construction or renovation at installations. Given the complexity of some BRAC recommendations, OSD directed the services to periodically brief it on implementation challenges. Furthermore, the scale of BRAC 2005 posed a number of challenges to the Commission as it conducted its independent review. For example, it reported that DOD's recommendations were of unprecedented scope and complexity, compounding the difficulty of its review. Moreover, the interdependent nature of some recommendations made it difficult for the Commission to evaluate the effect on installations that were both gaining and losing units simultaneously. Finally, the effect on communities from installation growth has led to challenges. For example, communities experiencing growth were hindered in their ability to effectively plan for off-base support such as adequate roads and schools due to inconsistent information from DOD around the 2007 time frame.

DOD's fiscal year 2011 BRAC 2005 budget submission to Congress shows that costs to implement the BRAC recommendations grew from $21 billion originally estimated by the BRAC Commission in 2005 dollars to about $35.1 billion in current dollars, an increase of about $14.1 billion, or 67 percent. In constant 2005 dollars, costs increased to $32.2 billion, an increase of 53 percent. Costs increased mostly due to military construction as DOD identified the need for new and renovated facilities to enhance capabilities. In 2005, the Commission estimated net annual recurring savings of $4.2 billion and a 20-year net present value savings by 2025 of $36 billion. GAO's analysis shows annual recurring savings are now about $3.8 billion, a decrease of 9.5 percent, while the 20-year net present value savings are now about $9.9 billion, a decrease of 73 percent. As such, DOD will not recoup its up-front costs until 2018.

Chairman Forbes, Ranking Member Bordallo, and Members of the Subcommittee:

Thank you for the opportunity to testify today on the Department of Defense's (DOD) latest round of base realignments and closures (BRAC), commonly referred to as BRAC 2005. GAO has two long-standing roles in the BRAC process. First, as requested by congressional committees for the 1988 BRAC round and mandated by law since 1990, we have served as an independent and objective observer of the BRAC process and have assessed and reported on DOD's decision-making processes leading up to proposed realignment and closure recommendations. We have operated in a real-time setting and had access to significant portions of the process as it evolved. Second, once the recommendations became binding, our role has been to review DOD's efforts to implement the recommendations, just as we routinely review the efficiency and effectiveness of many other congressionally mandated or authorized programs across the government. As such, we have issued about 50 reports related to the BRAC 2005 round and prior BRAC rounds since 1989 (see related GAO products at the end of this testimony) in addition to our statutorily required report providing a detailed analysis of the BRAC 2005 selection process and the Secretary of Defense's proposed realignment and closure recommendations to the BRAC Commission.[1]

DOD has faced long-term challenges in managing its portfolio of facilities, halting degradation of facilities, and reducing unneeded infrastructure to free up funds to better maintain the facilities it still uses and to meet other needs. DOD has about 500 permanent installations in the United States that comprise more than 300,000 buildings and about 200,000 other structures with a replacement value of more than $800 billion. Costs to build and maintain the defense infrastructure represent a significant financial commitment. However, closing unneeded defense facilities has historically been difficult because of public concern about the economic effects of closures on communities, the perceived lack of impartiality of the decision-making process, and legal requirements. DOD's

[1]GAO, *Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closures and Realignments*, GAO-05-785 (Washington, D.C.: July 1, 2005). Legislation authorizing the BRAC 2005 round maintained the requirement, applicable to DOD's three previous rounds in 1991, 1993, and 1995, that we provide a detailed analysis of the Secretary's proposed recommendations and the selection process. We were required (Pub. L. No. 107-107, Title XXX, § 3001 (2001)) to report to the Congress and BRAC Commission by July 1, 2005.

management of its support infrastructure is on our high-risk list, in part due to the challenges DOD faces in eliminating unneeded infrastructure. The BRAC process is designed to overcome obstacles to eliminating unneeded infrastructure and to help DOD match needed infrastructure to the force structure and to support military missions. We reported in 2005 that DOD established and generally followed a logical and reasoned process for formulating its BRAC 2005 recommendations.[2]

As the Secretary of Defense testified before both the Senate and House Armed Services Committees 3 weeks ago, the President will request Congress to again authorize the BRAC process, for 2013 and 2015. The Secretary acknowledged that the BRAC process is controversial but stated that it is the only effective way to achieve needed infrastructure savings, and that the upcoming request comes as a result of DOD plans to reduce its force structure.[3]

As directed by the House Armed Services Committee in its report accompanying the National Defense Authorization Act for 2008,[4] we have been reviewing BRAC 2005 to monitor implementation of the recommendations and identify lessons that could be used to improve future BRAC rounds should Congress authorize additional rounds.[5] My testimony today is based on work completed to date, and I will identify (1) key factors and challenges that contributed to BRAC 2005 implementation and results and (2) the most-recent estimated costs and savings attributable to BRAC 2005. We will also be reporting on lessons learned from the BRAC 2005 round later this year.

To identify some of the key factors and challenges that contributed to BRAC 2005 implementation and results, we reviewed our previous work

[2]GAO-05-785.

[3]*Hearing to Receive Testimony on the Defense Authorization Request for Fiscal Year 2013 and the Future Years Defense Program, before the Senate Armed Services Committee*, 112th Cong. (Feb. 14, 2012) (written prepared statement of Leon E. Panetta, Secretary of Defense), and *Hearing to Receive Testimony on the Fiscal Year 2013 National Defense Authorization Budget Request from the Department of Defense, before the House Armed Services Committee*, 112th Cong. (Feb. 15, 2012) (written prepared statement of Leon E. Panetta, Secretary of Defense).

[4]Pub. L. No. 110-181 (2008).

[5]H.R. Rep. No. 110-146 (2007), at 514.

and key documents related to BRAC 2005, such as BRAC business plans that laid out the actions and timing of those actions to implement the recommendations, briefings prepared by the military services on the implementation status of the recommendations, and other key documents. We interviewed the Chairman of the 2005 BRAC Commission and members of the Commission's executive staff, key military department officials involved in BRAC 2005, and the former Deputy Under Secretary of Defense (Installations and Environment) who oversaw BRAC 2005 when DOD developed the recommendations that were sent to the Commission. We also interviewed representatives of five of the seven joint cross-service groups: Headquarters and Support Activities, Industrial, Medical, Supply and Storage, and Technical. We performed our work at the Office of the Secretary of Defense (OSD), Basing Directorate; the military departments; and other relevant offices.

To identify the current estimated costs and savings, we used DOD's annual BRAC 2005 budget submissions to Congress to conduct our analyses of BRAC costs and savings. To evaluate changes in projected net annual recurring savings from the BRAC Commission's original estimates in 2005 through to fiscal year 2011, we used data OSD provided on estimated savings in fiscal year 2012 because these data more fully captured the expected savings.[6] We calculated the 20-year net present value savings by applying the same formulas and discount rate of 2.8 percent that the BRAC Commission used in 2005 to calculate the savings. Although the Office of Management and Budget prescribes the use of slightly different assumptions to calculate these estimates today, we used the factors and assumptions used by the BRAC Commission for consistency. To assess the reliability of DOD's BRAC cost and savings data, we tested computer-generated data for errors, reviewed relevant documentation, and discussed data quality control procedures with officials at the OSD Basing Directorate. We determined that the data used were sufficiently reliable for the purposes of addressing the objectives of this testimony. We performed this work from March 2011 to March 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that

[6]OSD expected to have completed all of the recommendations by September 15, 2011, thus by fiscal year 2012 savings estimates should be complete and not subject to further change.

the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Congress Established the BRAC Process

The BRAC 2005 process consisted of a series of legislatively prescribed steps as follows:

DOD proposed the selection criteria. DOD was required to propose the selection criteria to be used to develop and evaluate the candidate recommendations, consistent with considerations specified in the statute authorizing BRAC 2005.[7] The criteria were to be made available for public comment in the Federal Register.[8] Congress subsequently codified the eight final BRAC selection criteria used in BRAC 2005.[9] The BRAC statute directed GAO to evaluate the selection criteria.[10] Figure 1 displays the eight criteria. Importantly, Congress specified that the first four criteria relating to enhancing military value were to be the priority criteria.

[7]The statute authorizing BRAC 2005, Pub. L. No. 107-107, § 3002 (2001), amended the Defense Base Closure and Realignment Act of 1990 by inserting a new section, § 2913, which established "military value" as the primary consideration for BRAC recommendations and specified a number of considerations for determining military value, along with other selection criteria.

[8]DOD spelled out its final criteria at 69 Fed. Reg. 6948 (2004).

[9]Congress codified the criteria as adopted by DOD, with only minor modification. Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 2832 (2004).

[10]GAO, *Military Base Closures: Assessment of DOD's 2004 Report on the Need for a Base Realignment and Closure Round*, GAO-04-760 (Washington, D.C.: May 17, 2004).

Figure 1: Selection Criteria for the BRAC 2005 Round

Military value

1. The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.
2. The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.
3. The ability to accommodate contingency, mobilization, surge and future total force requirements at both existing and potential receiving locations to support operations and training.
4. The cost of operations and the manpower implications.

Other criteria

5. The extent and timing of potential costs and savings, including the number of years, beginning with the date of completion of the closure or realignment, for the savings to exceed costs.
6. The economic impact on existing communities in the vicinity of military installations.
7. The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.
8. The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

Source: DOD and Pub.L. No. 101-510, section 2913.

DOD developed a force structure plan and infrastructure inventory. Congress required the Secretary of Defense to develop and submit to Congress a force structure plan laying out the numbers, size, and composition of the units that constitute U.S. defense forces—for example, divisions, ships, and air wings—based on the Secretary's assessment of the probable national security threats over the ensuing 20 year period,

and an inventory of global military installations.[11] The BRAC statute directed GAO to evaluate the force structure plan and infrastructure inventory.[12]

Secretary of Defense was required to provide certain certifications. On the basis of the force structure plan, infrastructure inventory, and accompanying analyses, the Secretary of Defense was required to certify whether the need existed for the closure or realignment of military installations. If the Secretary certified that the need existed, he was also required to certify that the round of closures and realignments would result in annual net savings for each of the military departments beginning not later than fiscal year 2011. The BRAC statute directed GAO to evaluate the need for the 2005 BRAC round.[13]

DOD began to develop options for closure or realignment recommendations. The military departments developed service-specific installation closure and realignment options. In addition, OSD established seven joint cross-service teams, called joint cross-service groups, to develop options across common business-oriented functions, such as medical services, supply and storage, and administrative activities. These closure and realignment options were reviewed by DOD's Infrastructure Executive Council—a senior-level policy-making and oversight body for the entire process. Options approved by this council were submitted to the Secretary of Defense for his review and approval. DOD developed hundreds of closure or realignment options for further analysis, which eventually led to DOD's submitting over 200 recommendations to the BRAC Commission for analysis and review. The BRAC statute directed GAO to analyze the recommendations of the Secretary and the selection process, and we issued our report to the congressional defense committees on July 1, 2005.[14]

[11]Section 3001 of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. No. 107-107 (2001), amended § 2912 of the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 101-510 (1990), to, among other things, require DOD to develop a 20-year force structure plan. In prior BRAC rounds, the force structure plan was required to project the needed force structure for a 6-year period.

[12]GAO-04-760.

[13]GAO-04-760.

[14]GAO-05-785.

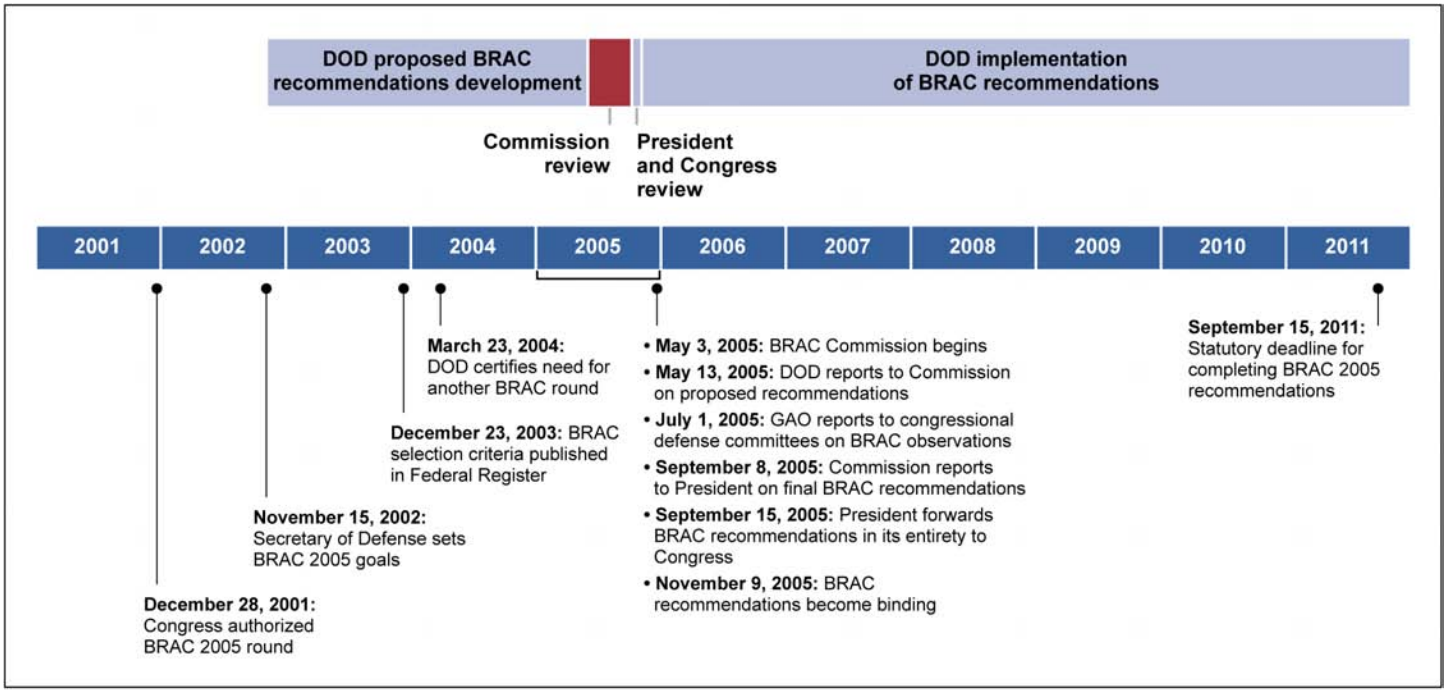
BRAC Commission performed an independent review of DOD's recommendations. After DOD selected its base closure and realignment recommendations, it submitted them to the BRAC Commission, which performed an independent review and analysis of DOD's recommendations. The Commission could approve, modify, reject, or add closure and realignment recommendations. Also, the BRAC Commission provided opportunities to interested parties, as well as community and congressional leaders, to provide testimony and express viewpoints. The Commission then voted on each individual closure or realignment recommendation, and those that were approved were included in the Commission's report to the President. In 2005, the BRAC Commission reported that it had rejected or modified about 14 percent of DOD's closure and realignment recommendations.

President approved BRAC recommendations. After receiving the recommendations, the President was to review the recommendations of the Secretary of Defense and the Commission and prepare a report by September 23, 2005, containing his approval or disapproval of the Commission's recommendations as a whole. Had the President disapproved of the Commission's recommendations, the Commission would have had until October 20, 2005, to submit a revised list of recommendations to the President for further consideration. If the President had not submitted a report to Congress of his approval of the Commission's recommendations by November 7, 2005, the BRAC process would have been terminated. The President submitted his report and approval of the 2005 Commission's recommendations on September 15, 2005.

Congress allowed the recommendations to become binding. After the President transmitted his approval of the Commission's recommendations to Congress, the Secretary of Defense would have been prohibited from implementing the recommendations if Congress had passed a joint resolution of disapproval within 45 days of the date of the President's submission or the adjournment of Congress for the session, whichever was sooner. Since Congress did not pass such a resolution, the recommendations became binding in November 2005.

Congress established clear time frames for implementation. The BRAC legislation required DOD to complete recommendations for closing or realigning bases made in BRAC 2005 by September 15, 2011—6 years from the date the President submitted his approval of the recommendations to Congress. Figure 2 displays the timeline of the BRAC 2005 round.

Figure 2: Timeline of BRAC 2005 Round



Source: GAO.

Key Factors and Challenges Affecting DOD and the Commission in BRAC 2005

GAO identified several factors and challenges that contributed to DOD's implementation of BRAC 2005 and the results achieved. In contrast to other BRAC rounds that were primarily focused on achieving savings by reducing excess infrastructure, the Secretary of Defense identified three goals for BRAC 2005. Specifically, BRAC 2005 was intended to transform the military, foster jointness, and reduce excess infrastructure to produce savings. These goals and the primary selection criteria's focus on enhancing military value led DOD to identify numerous recommendations that were designed to be transformational and enhance jointness, thereby adding to the complexity the Commission and DOD faced in finalizing and implementing the BRAC recommendations. Some key challenges that have confronted or continue to confront DOD or the Commission in regard to BRAC 2005 are as follows.

Some transformational-type BRAC recommendations required sustained senior leadership attention and a high level of coordination among many stakeholders to complete by the required date. The consolidation of supply, storage, and distribution functions within the Defense Logistics Agency is an example of an atypical use of the BRAC process. The

supply, storage, and distribution BRAC recommendation is transformational because it focuses on complex business process reengineering efforts involving the transfer of personnel and management functions. As we previously reported,[15] the Defense Logistics Agency was faced with the potential for disruptions to depot operations during implementation of the BRAC consolidation recommendation and took certain steps we have identified as best practices to minimize the potential for disruption. These included committing sustained high-level leadership and including relevant stakeholders in an organizational structure to address implementation challenges as they arose. To implement the BRAC recommendations, the agency had to develop strategic agreements with the services that ensured that all stakeholders agreed on its plans for implementation, and had to address certain human capital and information technology challenges.

Similarly, another type of transformational BRAC recommendation that required sustained senior leadership attention was the establishment of the Navy's Fleet Readiness Centers. DOD expects this BRAC recommendation to produce significant savings; however, as we reported,[16] this BRAC recommendation required sustained senior leadership attention to ensure effective completion. Our prior work states that sustained leadership is necessary to achieve workforce reorganizations and agency goals.[17]

Implementation of some transformational BRAC recommendations—especially those where a multitude of organizations and units all had roles to play to ensure the achievement of the goals of the recommendation—illustrated the need to involve key stakeholders and effective planning. For example, to transform the reserve forces in many states, the Army had planned to implement 44 BRAC recommendations to construct 125 new Armed Forces Reserve Centers by September 15, 2011.

[15]GAO, *Military Base Realignments and Closures: DOD Needs to Update Savings Estimates and Continue to Address Challenges in Consolidating Supply-Related Functions at Depot Maintenance Locations*, GAO-09-703 (Washington, D.C.: July 9, 2009).

[16]GAO, *Military Base Closures: Projected Savings from Fleet Readiness Centers Are Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges*, GAO-07-304 (Washington, D.C.: June 29, 2007).

[17]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

As we previously reported, the Army identified several potential challenges, including completing all of the construction within the statutory implementation period, changing force structure and mission requirements that could affect the capacity of the new centers, and realizing efficiencies based on limited testing of new construction processes.[18] Conversely, as we also previously reported, the Air Force used a consultative process that involved stakeholders to assign new missions to units that would lose flying missions as a result of 37 BRAC recommendations affecting 56 Air National Guard installations.[19] As a result of this consultative process, Air National Guard units affected by BRAC 2005 were assigned replacement missions, of which 83 percent were highest priority, mission-critical missions, or a new flying mission. However, implementation of these BRAC recommendations led to other challenges that required significant stakeholder coordination. These challenges included the capacity of Air National Guard headquarters to develop new unit staffing documents, the need to retrain personnel for an intelligence mission at a rate that exceeded the capacity of the relevant school, and that Air National Guard Headquarters had not identified bridge missions for all units that will face a delay between losing their old flying mission and the startup of their replacement mission.

Establishing a specific organizational structure to overcome likely obstacles and help achieve desired goals. OSD emphasized the need for joint cross-service groups to analyze common business-oriented functions for BRAC 2005, an approach made more important by the desire to develop transformational BRAC recommendations. As with the 1993 and 1995 BRAC rounds, these joint cross-service groups performed analyses and developed closure and realignment options in addition to those developed by the military services. However, our evaluation of DOD's 1995 round indicated that the joint cross-service groups submitted options through the military services for approval, resulting in few being approved.[20] Conversely, the number of BRAC recommendations

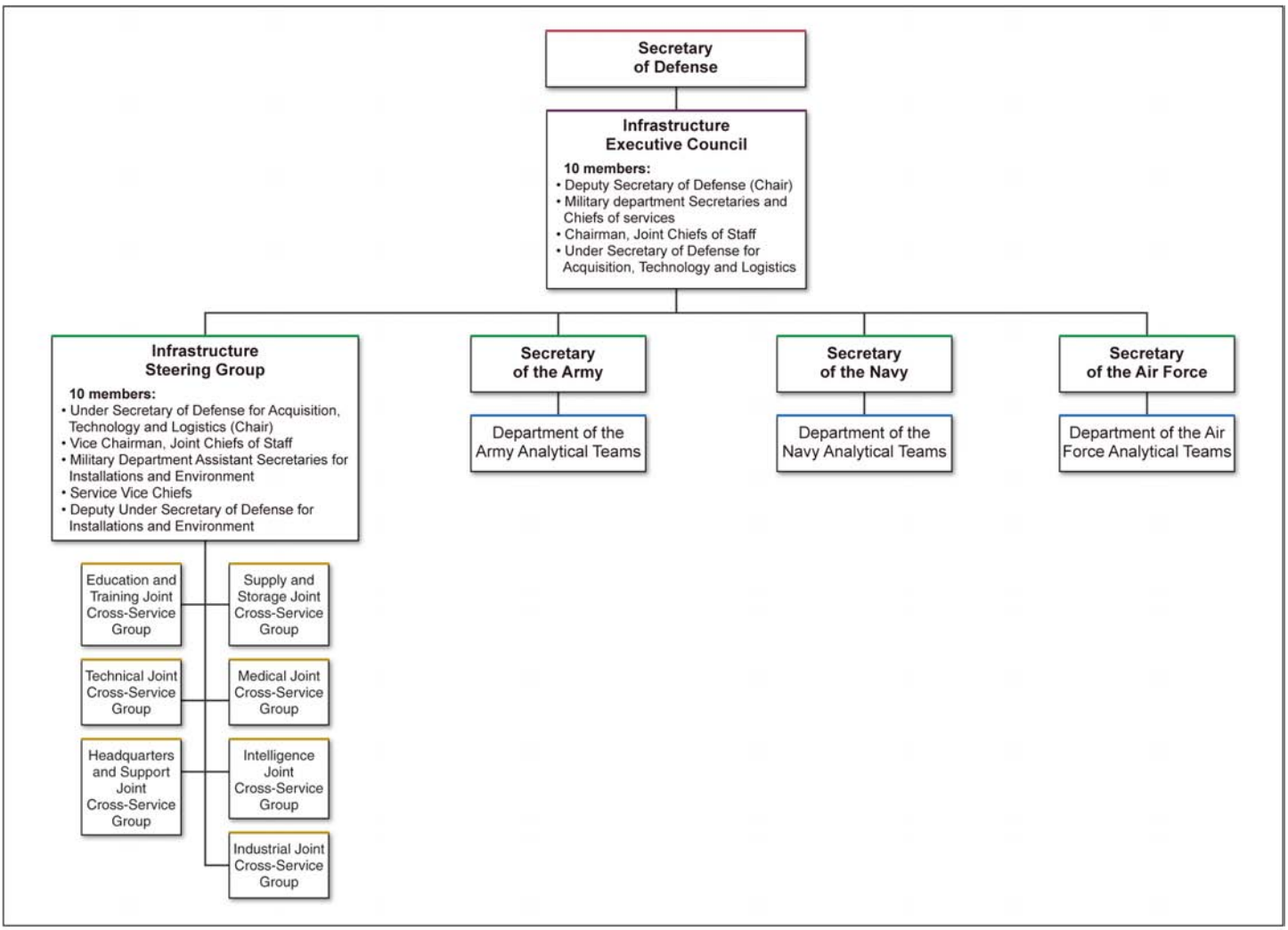
[18]GAO, *Military Base Realignments and Closures: Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers*, GAO-07-1040 (Washington, D.C.: Sept. 13, 2007).

[19]GAO, *Military Base Closures: Management Strategy Needed to Mitigate Challenges and Improve Communication to Help Ensure Timely Implementation of Air National Guard Recommendations*, GAO-07-641 (Washington, D.C.: May 16, 2007).

[20]GAO, *Military Bases: Lessons Learned From Prior Base Closure Rounds,* GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

developed by the joint cross-service groups increased significantly in the BRAC 2005 round. This was due, in part, to high-level leadership ensuring that the options were reviewed by a DOD senior-level group, known as the Infrastructure Steering Group, rather than the military services. As shown in figure 3, the Infrastructure Steering Group was placed organizationally on par with the military departments.

Figure 3: DOD's BRAC Leadership Structure



Source: DOD.

DOD had to develop BRAC oversight mechanisms to improve accountability for implementation of the BRAC recommendations. For the first time, OSD required the military departments to develop business plans to better inform OSD of financial and status of implementation details for each of the BRAC 2005 recommendations and to facilitate OSD oversight. These business plans included information such as a listing of all actions needed to implement each recommendation; schedules for personnel relocations between installations; and updated cost and savings estimates by DOD based on more accurate and current information. This approach permitted senior-level intervention if warranted to ensure completion of the BRAC recommendations by the statutory completion date. Additionally, OSD recognized that the business plans would serve as the foundation for the complex program management necessary to implement the particularly complex transformational BRAC 2005 recommendations, and to delineate resource requirements and generate military construction requirements.

Interdependent recommendations affected DOD's ability to meet the statutory deadline. Many of the BRAC 2005 recommendations were interdependent and had to be completed in a sequential fashion within the statutory implementation period. In cases where interdependent recommendations required multiple relocations of large numbers of personnel, delays in completing one BRAC recommendation had a cascading effect on the implementation of other recommendations. Specifically, DOD had to synchronize the relocations of over 123,000 people with about $24.7 billion in new construction or renovation. Commission officials told us that unlike prior BRAC rounds where each base was handled by a single integrated recommendation, in BRAC 2005, many installations were simultaneously affected by multiple interconnected BRAC recommendations. For example, as we have previously reported,[21] as part of the BRAC recommendation to close Fort Monmouth, New Jersey, personnel from the Army's Communications-Electronics Life Cycle Management Command located at Fort Monmouth were to relocate to Aberdeen Proving Ground, Maryland. To accommodate the incoming personnel from Fort Monmouth, Army officials planned to renovate facilities that were occupied at the time by a training activity that was to relocate to Fort Lee, Virginia, as part of

[21]GAO, *Military Base Realignments and Closures: Army Is Developing Plans to Transfer Functions from Fort Monmouth, New Jersey, to Aberdeen Proving Ground, Maryland, but Challenges Remain*, GAO-08-1010R (Washington, D.C.: Aug. 13, 2008).

another BRAC recommendation. However, delays in completing new facilities at Fort Lee delayed the relocation of the training activity from Aberdeen, which in turn delayed the renovation of the Aberdeen facilities to support the Fort Monmouth closure. Similarly, two buildings at Fort Belvoir, Virginia, were to house certain Army organizations moving from leased space as part of a BRAC recommendation. However, the buildings at Fort Belvoir were occupied at the time by the Army Materiel Command, which was to relocate to Huntsville, Alabama, as part of another BRAC recommendation. Construction delays at the Huntsville location delayed the command's ability to move, which in turn delayed renovation of the space they were to vacate, consequently holding up the ability of the new occupants to relocate from the leased space. Given the complexity of these interdependent recommendations, OSD required the military services and defense agencies to periodically brief it on implementation challenges and progress.

Some complex sets of individual actions were combined within individual BRAC recommendations, complicating the Commission's review process. The scale of BRAC 2005 posed a number of challenges to the Commission as it did its independent review. First, the Commission reported that it assessed closure and realignment recommendations of unprecedented scope and complexity. Further, the executive staff of the BRAC Commission told us that their task was made more difficult and complex because many of the proposed recommendations put forward for BRAC 2005 represented the DOD goals of furthering transformation and fostering jointness, in addition to the more traditional base closures and realignments. Moreover, many of the proposed BRAC recommendations that DOD presented to the Commission for review were made up of multiple individual actions, unlike prior rounds in which each base was handled by a single integrated recommendation, according to the BRAC Commission. The executive staff of the Commission also told us that it was more difficult to assess the costs and the amount of time for the savings to offset implementation costs since many of the recommendations contained multiple interdependent actions, all of which needed to be reviewed. Table 1 compares the number of individual actions embedded within the BRAC 2005 recommendations with the number of similar actions needed to implement the recommendations in the prior rounds. The table shows that the number of individual BRAC actions was larger in BRAC 2005 (813) than that from the four prior BRAC rounds combined (387).

Table 1: BRAC Actions for All BRAC Rounds

Round	Major base closures	Major realignments	Minor closures and realignments	Total actions
1988	16	4	23	**43**
1991	26	17	32	**75**
1993	28	12	123	**163**
1995	27	22	57	**106**
Total for four prior rounds	**97**	**55**	**235**	**387**
BRAC 2005	24	24	765	**813**

Source: GAO analysis of DOD data.

Notes: For BRAC 2005, DOD defined major base closures as those that had a plant replacement value exceeding $100 million, and defined major base realignments as those that had a net loss of 400 or more military and civilian personnel. In prior BRAC rounds, closures and realignments were often difficult to tabulate precisely, and GAO relied on DOD's characterization of which bases were considered to be major in the absence of a consistent definition.

Large size of BRAC 2005 may have contributed to the challenges confronting the Commission. The Commission executive staff that we interviewed said that they would have benefited from expertise built up during the multiple successive smaller BRAC rounds that occurred in 1991, 1993, and 1995, since the Commission staff stayed in place from one round to the next. However, because 10 years had elapsed since the last BRAC round, many Commission staff were new to BRAC in 2005 and had steep learning curves. This may have been compounded by the large number and variety of BRAC actions DOD presented to them for review. For example, the Commission reported that it struggled to fully understand the net impact on bases that were both gaining and losing missions at the same time, as in the interdependent BRAC recommendations discussed above. While the Commission had the authority to modify a BRAC recommendation, the Commission staff expressed concern that rejecting one action of a recommendation could potentially set off a cascade of effects rippling across several other proposed recommendations because of the interdependency of the individual actions.

The effect on communities from installation growth has led to challenges for the communities to ensure the provision of adequate services to the installation. DOD's Office of Economic Adjustment[22] and DOD have devoted more resources to communities experiencing significant growth as a result of the consolidation that occurred under BRAC 2005. This is a change from prior BRAC rounds, when Office of Economic Adjustment assistance was more focused on helping communities cope with the closure of an installation than its growth. While some of the growth is attributable to initiatives other than BRAC, including increases in Army and Marine Corps force structure after 2007 and plans to rebase some overseas forces to the United States, BRAC has contributed with the transfer of about 123,000 positions from one installation to another within the 6-year BRAC implementation period. As we have previously reported, communities experiencing growth were hindered in their ability to effectively plan for off-base support such as adequate roads and schools due to inconsistent information from DOD around the 2007 time frame.[23] Further, DOD has missed opportunities to offer high-level leadership to communities affected by the growth, suggesting the need for more attention to this issue if a future set of BRAC recommendations leads to installation growth rather than closure.[24]

Costs to Implement BRAC 2005 Increased as Estimated Savings Decreased

Our analysis of DOD's fiscal year 2011 BRAC 2005 budget submission to Congress and each annual submission throughout the BRAC 2005 implementation period shows that one-time implementation costs grew from $21 billion originally estimated by the BRAC Commission in 2005 to about $35.1 billion, an increase of about $14.1 billion, or 67 percent.[25] In constant 2005 dollars, costs increased to about $32.2 billion, an increase

[22]The Office of Economic Adjustment is the primary DOD office responsible for providing assistance to communities, regions, and states affected by significant defense actions including base closures and realignments.

[23]GAO, *Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth,* GAO-07-1007 (Washington, D.C.: September 13, 2007).

[24]GAO, *Defense Infrastructure: High-Level Leadership Needed to Help Communities Address Challenges Caused by DOD-Related Growth*, GAO-08-665 (Washington, D.C.: June 17, 2008); *Defense Infrastructure: High-Level Federal Interagency Coordination Is Warranted to Address Transportation Needs beyond the Scope of the Defense Access Roads Program*, GAO-11-165 (Washington, D.C.: Jan. 26, 2011).

[25]The $35.1 billion in one-time implementation cost is in current dollars, which includes inflation, while the BRAC Commission estimate of $21 billion is in constant 2005 dollars.

of 53 percent. According to an OSD analysis of the increase in costs, about $10 billion of the increase was attributable to construction for additional facilities, increasing total military construction costs to about $24.7 billion. In contrast, military construction costs for the four prior BRAC rounds combined amounted to less than $7 billion. In a March 2010 testimony, the Deputy Under Secretary of Defense (Installations and Environment) characterized the military construction for BRAC 2005 as a major engine of recapitalization.[26] Other reasons for the cost increases include inflation and increased operations and maintenance, environmental restoration, and other costs.

Some cost increases have been attributed to unexpected expenses. For example, DOD's cost to implement the recommendation to close the Walter Reed Medical Center in Washington, D.C., and relocate medical care functions to the National Naval Medical Center, Bethesda, Maryland, and Fort Belvoir, Virginia, increased from about $989 million to about $2.7 billion due to higher military construction costs and other higher than anticipated costs for moving and purchasing equipment, as we previously reported.[27] Moreover, military construction costs to close Fort Monmouth, New Jersey, increased by $613.2 million from the BRAC Commission estimate. One part of this recommendation included relocating the U.S. Army Military Academy Preparatory School from Fort Monmouth to West Point, New York, and part of the reason for the cost growth was that the scope of the facility construction increased from approximately 80,000 square feet to more than 250,000 square feet, and planning officials identified the need to spend additional money for rock removal needed for site preparation.

In 2005, the Commission estimated that BRAC 2005 would produce net annual recurring savings of $4.2 billion with 20-year net present value savings of $36 billion. However, our analysis of DOD's fiscal year 2011 BRAC 2005 budget submission to Congress shows that BRAC 2005 net annual recurring savings are now expected to be about $3.8 billion, a

[26]*Hearing on Base Realignment and Closure, before the House Appropriations Committee, Subcommittee on Military Construction, Veterans Affairs and Related Agencies*, 111th Cong. (March 17, 2010) (statement of Dr. Dorothy Robyn, Deputy Under Secretary of Defense (Installations and Environment)).

[27]GAO, *Military Base Realignments and Closures: Estimated Costs Have Increased While Savings Estimates Have Decreased Since Fiscal Year 2009*, GAO-10-98R (Washington, D.C.: Nov. 13, 2009).

9.5 percent decrease from the Commission's estimate. The 20-year net present value savings estimated by the Commission in 2005 for this BRAC round have decreased by 73 percent to about $9.9 billion. Some recommendations were acknowledged to be unlikely to produce savings in the 20-year net present value window. For example, the Commission approved 30 recommendations that were based on perceived high military value and were not expected to result in 20-year payback. However, our analysis of DOD's 2011 BRAC budget data shows that currently 77 out of 182 Commission-approved BRAC 2005 recommendations, or about 42 percent, are now not expected to pay back in the same 20-year period. In contrast, only four recommendations DOD developed in all four prior BRAC rounds combined were not expected to result in a 20-year payback. Finally, our analysis of the fiscal year 2011 BRAC budget shows that DOD will not recoup its up-front costs to implement BRAC recommendations until 2018—5 years later than the BRAC Commission estimates show it would take to pay back.[28] OSD officials told us that despite producing lower savings than anticipated, the department expects that the implementation of BRAC 2005 recommendations will produce capabilities that will enhance military value, defense operations, and defense management.

Concluding Remarks

As directed by the House Armed Services Committee's report accompanying the National Defense Authorization Act for 2008, we are continuing to analyze the results from BRAC 2005 to identify lessons learned. These lessons may be useful as Congress considers whether to authorize additional BRAC rounds and would similarly be useful to DOD in implementing recommendations from any future rounds. We will be reporting these lessons learned later this year.

Chairman Forbes, Ranking Member Bordallo, and Members of the Subcommittee, I thank you for inviting me to testify today. This concludes my prepared statement. I will be pleased to answer any questions that you may have at this time.

[28]Payback period is a metric used by DOD and the BRAC Commission in evaluating individual BRAC recommendations and represents the time required to recoup up-front investment costs to implement BRAC recommendations. Thus, payback is the point at which cumulative savings exceed cumulative costs.

Contacts and Acknowledgments

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