

March 2013

MILITARY BASES

Opportunities Exist to Improve Future Base Realignment and Closure Rounds



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Why GAO Did This Study

The 2005 BRAC round was the biggest, most complex, costliest BRAC round ever. Unlike the four previous rounds, which focused on reducing infrastructure, the Secretary of Defense saw BRAC 2005 as a unique opportunity to adjust DOD's base structure to meet new challenges, such as international terrorism and weapons of mass destruction, and to meet future challenges, such as designating where forces returning from overseas would be located. While DOD's stated goals for BRAC 2005 included eliminating unneeded infrastructure, they also included furthering the transformation of DOD's force structure and fostering joint capabilities among the military services, resulting in recommendations of unprecedented scope and complexity. As GAO found in June 2012, BRAC implementation costs grew to about \$35 billion, exceeding the initial 2005 estimate of \$21 billion by 67 percent. As part of its fiscal year 2013 budget request, DOD asked for two more rounds of BRAC in 2013 and 2015. Congress has not acted on this request.

As directed by the House Armed Services Committee, this report discusses lessons learned that could be applied if Congress chooses to authorize future BRAC rounds. GAO assessed (1) how DOD estimated BRAC costs and savings and any ways its methodology could be improved, (2) OSD leadership over BRAC 2005, and (3) any legislative changes Congress may wish to make that could enhance oversight of any future round.

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What GAO Found and Recommends

The Department of Defense (DOD) developed and used a quantitative model known as the Cost of Base Realignment Actions (COBRA), which GAO has found to be a reasonable estimator for comparing potential costs and savings among candidate alternatives, to estimate the costs and savings associated with Base Realignment and Closure (BRAC) 2005 recommendations. However, DOD's process for providing the BRAC Commission with cost and savings estimates was hindered in many cases by underestimating recommendation-specific requirements that were entered into the COBRA model. For example, military construction costs for BRAC 2005 increased from \$13.2 billion estimated by the BRAC Commission in 2005 to \$24.5 billion after implementation ended in 2011. Most of this 86 percent increase was caused by requirements that were added or identified after implementation began. While GAO recognizes that some military construction requirements were added after DOD submitted its initial cost estimates to the BRAC Commission, GAO found that other cost estimates increased because requirements were initially understated or not identified as inputs into COBRA. DOD also did not fully anticipate information technology requirements for many recommendations. For example, the initial information technology cost estimate for one recommendation was nearly \$31 million, but implementation costs increased to over \$190 million once those requirements were better defined. Also, DOD was unable to always document the methodology used to estimate savings from reducing military personnel positions. Therefore, to increase the fidelity of the initial cost estimates that DOD submits with its recommendations to the BRAC Commission for a future BRAC round, GAO is recommending that the Office of the Secretary of Defense (OSD) improve the process for identifying and estimating the cost of requirements for military construction and information technology and update the guidance on documenting how it identifies military personnel position-elimination savings.

The military services and other DOD components provided leadership and oversight over the 2005 BRAC round at the highest levels, and OSD established a governance structure that was led by higher-level leaders compared to previous rounds and included a larger role for specialized working groups. By implementing BRAC 2005, DOD closed 24 major bases, realigned 24 major bases, eliminated about 12,000 civilian positions, and achieved estimated net annual recurring savings of \$3.8 billion; however, the department cannot provide documentation to show to what extent it reduced plant replacement value or vacated leased space as it reported in May 2005 that it intended to do. Also, DOD did not establish a target for reducing excess infrastructure, as it did in the 1995 BRAC round. In addition, DOD bundled multiple closures and realignments into single, highly complex recommendations in its report to the Commission without itemizing the costs and savings associated with each separate major action, thus limiting visibility into the estimated costs and savings for individual closures and realignments. Further, OSD did not establish a process to ensure a timely security review of its supporting data to prevent the disclosure of classified information, thus delaying the Commission's work. To improve planning for measuring results of a future BRAC round, GAO is recommending that DOD identify appropriate measures of effectiveness, develop a plan to demonstrate the extent to which it achieved intended results, and establish a target for

eliminating excess infrastructure in its initiating guidance, consistent with the selection criteria for a future BRAC round. Also, to improve the availability of cost and savings information to BRAC decision makers, GAO is recommending that, when planning a future BRAC round, DOD limit the practice of bundling potentially stand-alone realignments or closures into single recommendations; but if DOD determines that bundling multiple realignments or closures into one recommendation is appropriate, itemize the costs and savings associated with each major action in its report to the BRAC Commission. Furthermore, GAO is recommending that OSD develop a process to conduct a timely security review of all BRAC data during DOD's recommendation development process to resolve any data-security issues and better ensure that the BRAC Commission receives timely information for its independent review.

Finally, GAO's analysis of BRAC 2005 identified several opportunities where potential amendments to the BRAC statute could provide Congress with improved visibility over costs and savings expected from implementing BRAC recommendations and offer greater assurances about expected outcomes if future BRAC rounds are authorized. DOD's goals for BRAC 2005 emphasized transformation and jointness. Although reductions in excess infrastructure to generate cost savings remained an important goal for DOD, the extent and timing of potential costs and savings, including the number of years it would take for the savings to exceed costs, was included as "other" or secondary criteria. As a result, many BRAC recommendations were not expected to produce 20-year net savings. Also, the BRAC Commission added contingency clauses to some recommendations, which allowed some outcomes to be defined by events or decisions that could occur after Congress could have prevented the BRAC recommendations from becoming binding, if it so chose. Hence, Congress had limited visibility into the potential cost of those recommendations. GAO is suggesting several matters for Congress to consider for amending the BRAC statute if it decides to authorize future BRAC rounds. First, if cost savings are to be a goal of any future BRAC round, Congress could elevate the priority DOD and the BRAC Commission give to potential costs and savings as a selection criterion for making BRAC recommendations. Second, Congress could consider requiring OSD to formally establish targets that the department expects to achieve from a future BRAC process and require OSD to propose selection criteria as necessary to help achieve those targets. Finally, Congress could consider whether to limit or prohibit the BRAC Commission from adding a contingent element to any BRAC recommendation and, if it is to be permitted, under what conditions.

How GAO Conducted Its Work

For this report, GAO analyzed DOD's 2005 report to the BRAC Commission and the Commission's report to the President and reviewed BRAC policy memorandums, guidance, and other relevant documentation. To assess how DOD estimated BRAC costs and savings and any ways its methodology could be improved, GAO analyzed DOD's COBRA model and DOD's BRAC budget submissions to Congress. To assess OSD leadership over BRAC 2005 and opportunities to improve planning for future BRAC rounds, GAO interviewed officials from the 2005 BRAC Commission, the Office of the Deputy Under Secretary of Defense (Installations and Environment), the military services' BRAC offices, and officials working with the joint cross-service groups. Finally, to assess what legislative changes, if any, Congress may wish to make that could enhance oversight of any future round, GAO reviewed the goals of BRAC 2005 and the criteria used to develop and evaluate BRAC 2005 recommendations, in addition to interviewing officials from the 2005 BRAC Commission and the Office of the Deputy Under Secretary of Defense (Installations and Environment).

Agency Comments and GAO's Evaluation

In commenting on a draft of this report, DOD did not concur with five out of ten recommendations, in part because it stated that the intent of GAO's recommendations to establish targets and measures of effectiveness was to prioritize capacity reductions over military value. However, nothing in these recommendations precludes optimizing military value while still measuring effectiveness and setting capacity reduction targets. The military value analysis could identify which installations have greatest value while still permitting DOD to reduce excess capacity as appropriate. Thus, GAO continues to believe that implementing these recommendations would help improve the BRAC process.

A summary of BRAC 2005 lessons learned, for which GAO has made recommendations to OSD and matters for Congress to consider in authorizing any future BRAC rounds, is provided in the table below.

GAO Findings and Recommendations

- Some requirements were understated or not included in initial BRAC cost estimates, such as military construction and information technology requirements.
GAO is recommending that OSD improve the process for identifying these requirements as it develops initial cost estimates for a future BRAC.
- The standard factor for estimating information technology costs was understated.
GAO is recommending that OSD update the standard factor for this expense item.
- DOD did not consistently document its basis for military personnel savings estimates.
GAO is recommending that OSD update its guidance on how it will identify these savings for a future BRAC round.
- Some intended BRAC results were not tracked.
GAO is recommending that OSD identify appropriate measures of effectiveness and develop a plan to demonstrate the extent it achieved intended results for a future BRAC round.
- OSD did not establish a target for reducing excess infrastructure.
GAO is recommending that OSD establish a reduction target in its initiating guidance, consistent with the selection criteria for a future BRAC round.
- Bundling of multiple closures or realignments into a single recommendation limited visibility of costs and savings in OSD's report to the BRAC Commission.
GAO is recommending that OSD limit this practice, or itemize the costs and savings associated with each major action if OSD determines that bundling multiple realignments or closures into one recommendation is appropriate.
- A timely review of BRAC supporting data for potential security risks did not take place.
GAO is recommending that OSD develop a process for a future BRAC round to resolve any data-security issues so the BRAC Commission receives the supporting data in a timelier manner for its independent review.
- Cost savings was not a priority consideration in the BRAC statutory selection criteria nor was cost savings a priority when OSD established goals for the BRAC 2005 round.
If cost savings are to be a goal of any future BRAC round, GAO is suggesting that Congress consider amending a future BRAC statute by (1) elevating the priority DOD and the BRAC Commission give to potential costs and savings as a selection criterion for making BRAC recommendations, (2) requiring OSD to formally establish specific goals that the department expects to achieve from a future BRAC process, and (3) requiring OSD to propose selection criteria as necessary to help achieve those goals.
- Contingency clauses for some BRAC recommendations limited Congress's visibility of complete cost information and expected outcomes.
GAO is suggesting that Congress consider in a future BRAC statute whether to limit or prohibit the BRAC Commission from adding a contingent element to any BRAC recommendation and, if permitted, under what conditions.

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Abbreviations

BRAC	base realignment and closure
COBRA	Cost of Base Realignment Actions
DOD	Department of Defense
OSD	Office of the Secretary of Defense

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United States Government Accountability Office
Washington, DC 20548

March 7, 2013

Congressional Committees

The 2005 Base Realignment and Closure (BRAC) round¹ was the fifth round of base closures and realignments undertaken by the Department of Defense (DOD) since 1988, and it was the biggest, most complex, costliest BRAC round ever. DOD manages a global real-property portfolio consisting of more than 555,000 facilities worldwide, with a replacement value of nearly \$850 billion. Since 1988, DOD has relied on the BRAC process as an important means of reducing excess infrastructure and realigning bases to meet changing force structure needs. However, in 2005, the Secretary of Defense noted that the decade since the previous BRAC round had been a period of dramatic change involving new challenges posed by international terrorism, the proliferation of weapons of mass destruction, ungoverned areas, rogue states, and nonstate actors. Unlike previous BRAC rounds, which focused on reducing excess infrastructure, the Secretary saw BRAC 2005 as a unique opportunity to adjust U.S. base structure to meet these developments, and to be positioned to meet the challenges envisioned during the next two decades, such as designating where forces returning to the United States from overseas bases would be located.

In addition, BRAC 2005 was unique in that it was conducted in an era generally characterized by growing defense budgets and increasing military personnel levels amid ongoing operations in Afghanistan and Iraq, while every BRAC round prior to 2005 was conducted in an era characterized by declining defense budgets and reductions to military personnel levels as the Cold War drew to a close. Also, unlike prior BRAC rounds where the focus was on eliminating excess capacity and realizing cost savings, the 2005 BRAC round was implemented during a time of conflict when many military capabilities were surging and DOD was implementing other extensive worldwide transformation initiatives such as

¹Congress authorized BRAC 2005 with the passage of the National Defense Authorization Act for Fiscal Year 2002, Pub. L. No. 107-107, Title XXX (2001). The law reauthorized the BRAC process by amending the authority under which the 1991, 1993, and 1995 rounds had been carried out, the Defense Base Closure and Realignment Act of 1990, Pub. L. No. 101-510, Title XXIX (10 U.S.C. 2687 note). Throughout this report, we will refer to the Defense Base Closure and Realignment Act of 1990 (as amended) as “the BRAC statute.”

relocating soldiers primarily from Europe and Korea to the United States, and transforming the Army's force structure from an organization based on divisions to more rapidly deployable, brigade-based units, which in turn also affected DOD's facility infrastructure requirements. Therefore, in addition to reducing excess infrastructure and producing savings, DOD's goals for BRAC 2005 included furthering transformation and fostering jointness. Finally, both DOD and the BRAC Commission² reported that, as in prior rounds, their primary consideration in making and evaluating recommendations for the 2005 round was military value.³

Consequently, in contrast to prior rounds, many of the BRAC 2005 recommendations involved complex realignments such as colocating like organizations and functions across the military services on one installation, supporting the activation of brigade combat teams, moving numerous organizations and activities from leased space to DOD-owned installations, creating a new Maneuver Center for ground combat training, and reconfiguring the defense supply, storage, and distribution network. Compared to previous BRAC rounds, the BRAC 2005 round also contained more recommendations aimed at fostering jointness, such as expanding and establishing joint military medical centers, consolidating all the military services' enlisted medical training at one installation, and creating new joint centers of excellence. According to the Secretary of Defense's 2005 base closure and realignment report, the base closure and realignment recommendations the department generated from the 2005 round addressed almost every defense mission area and affected most of the department's major U.S. installations. To implement this round, DOD executed hundreds of BRAC actions involving over 800 defense locations and the planned relocation of about 125,000 personnel.

²The BRAC statute establishes an independent commission to review the Secretary of Defense's realignment and closure recommendations, with the authority to change these recommendations in certain circumstances if it determines that the Secretary deviated substantially from the legally mandated selection criteria and a DOD force structure plan. The 2005 Defense Base Closure and Realignment Commission (referred to in this report as the BRAC Commission) presented its list of final recommendations to the President of the United States, who approved them in their entirety. The President subsequently forwarded these BRAC recommendations to Congress, and they became effective on November 9, 2005.

³Military value refers to the four BRAC selection criteria (see figure 1) given priority consideration by the Secretary and BRAC Commission in the making of recommendations for closures or realignments. The military value criteria include such considerations as an installation's current and future mission capabilities, condition, ability to accommodate future needs, and cost of operations.

The BRAC Commission acknowledged in its 2005 report that the 2005 round resulted in recommendations of unprecedented scope and complexity, including more base realignments with interrelated implementation schedules and more bases that were affected by multiple recommendations than any previous round. While DOD advanced a number of its goals for the 2005 BRAC round—eliminating some excess physical capacity, making progress toward transforming its forces and support systems to meet new threats, and establishing joint bases and centers—these efforts came at a higher cost to the department than initially anticipated. As we reported in June 2012,⁴ overall onetime implementation costs for BRAC 2005 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.⁵ In addition, as the Deputy Under Secretary of Defense (Installations and Environment) testified in March 2012,⁶ BRAC 2005 was a major engine of recapitalization.⁷ As a result, military construction costs funded from the BRAC 2005 account through fiscal year 2011 totaled \$24.5 billion. In contrast, military construction costs for the four prior BRAC rounds combined amounted to less than \$7 billion.

Further, due to its scope and complexity, this BRAC round required more detailed planning and management by the Office of the Secretary of Defense (OSD) and the military services to ensure that all required actions would be completed by the statutorily imposed deadline of September 2011. In 2002, the Secretary of Defense emphasized that the effort to reconfigure DOD's infrastructure to maximize both warfighting capability and efficiency through BRAC required the focus and prioritization only senior leadership could bring. In prior work on successful organizational mergers and transformations, we found that,

⁴GAO, *Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005*, [GAO-12-709R](#) (Washington, D.C.: June 29, 2012).

⁵DOD calculated the \$35.1 billion in onetime implementation costs using fiscal year 2011 dollars, which includes inflation, while the BRAC Commission estimate of \$21 billion is in constant fiscal year 2005 dollars, which excludes inflation. In constant 2005 dollars, costs increased to about \$32.2 billion, an increase of 53 percent.

⁶*Hearing on the Request for Authorization of Another BRAC Round and Additional Reductions in Overseas Bases*, Before the Readiness Subcommittee of the House Committee on Armed Services, 112th Congress (Mar. 8, 2012) (written statement of Dr. Dorothy Robyn, Deputy Under Secretary of Defense for Installations and Environment).

⁷Recapitalization occurs when facilities need to be repaired or rebuilt.

when federal agencies seek to transform their cultures in response to governance challenges, a key practice is to ensure that top leadership drives the transformation.⁸

Speaking before the Association of Defense Communities annual conference in August 2012, the Secretary of Defense stated that as DOD draws down its forces from the wars of this last decade, it will be moving toward a smaller, leaner, and more-agile force over the next 5 years for both strategic and financial reasons. The Secretary noted that DOD faces tough fiscal constraints due to the very real financial crisis confronting the country and that as the force structure drew down, having to incur costs to maintain large infrastructure would reduce the funds needed to train and support service members. As part of its fiscal year 2013 budget request, DOD asked for two more rounds of BRAC in 2013 and 2015. Although Congress has thus far declined to authorize additional BRAC rounds, Congress has previously taken the opportunity to amend the BRAC statute in various ways, as when authorizing the 2005 BRAC round requested by DOD. Should Congress decide to authorize one or more additional rounds in the future, similar legislation would be needed.

Since 2005, we have issued over 30 reports and testimonies on BRAC 2005 planning, implementation, costs, and savings that could highlight information DOD can use to improve the BRAC recommendation development and implementation process. See appendix II for certain BRAC-related reports with a description of our findings and recommendations. The Related GAO Products page at the end of this report provides a more complete listing of our BRAC reports and testimonies.

We are conducting this work as directed by the House Armed Services Committee in its report accompanying the National Defense Authorization Act for 2008.⁹ The purpose of this report is to discuss lessons learned that can be applied to any future BRAC rounds. Specifically, our objectives were to assess: (1) how DOD estimated the costs and savings for BRAC 2005, and to what extent could its methodology be improved; (2) to what extent OSD provided high-level leadership over BRAC 2005, and what

⁸GAO, *Results-Oriented Cultures: Implementation Steps to Assist Mergers and Organizational Transformations*, [GAO-03-669](#) (Washington, D.C.: July 2, 2003).

⁹H.R. Rep. No. 110-146, at 514 (2007).

opportunities, if any, exist to enhance planning for any future BRAC round; and (3) what legislative changes, if any, could Congress make that would enhance the oversight of a future round of BRAC.

To achieve these objectives, we analyzed our extensive body of prior work related to all five BRAC rounds to identify key issues and broad trends; we also analyzed DOD's May 2005 base realignment and closure report and the 2005 BRAC Commission's September 2005 report to the President, reviewed OSD policy memorandums and guidance on conducting BRAC 2005, and examined other relevant documentation such as supporting BRAC reports prepared by the military services or other components related to the development of BRAC 2005 recommendations. To determine how DOD estimated the costs and savings that would result from BRAC 2005 and the extent to which its methodology might be improved, we analyzed DOD's cost-estimating model, the Cost of Base Realignment Actions (COBRA), and its supporting documentation; we interviewed officials in OSD's Basing Directorate, and other officials knowledgeable about the cost and savings estimates developed for BRAC 2005; and we used DOD's BRAC 2005 budget submissions to Congress as well as our previous work to assess the changes in BRAC 2005 costs and savings estimates.

To determine the extent to which OSD provided high-level leadership over the planning and management of BRAC 2005, and what opportunities, if any, exist to enhance planning and management of any future BRAC round, along with other documents, we reviewed OSD policy and guidance documents and the 2005 BRAC Commission Report to the President. In addition, we interviewed the Chairman of the 2005 BRAC Commission and members of the Commission's executive staff, and the former Deputy Under Secretary of Defense (Installations and Environment) who oversaw BRAC 2005 between April 2001 and November 2004 to obtain their insights on the BRAC 2005 process.

To determine what, if any, legislative changes Congress could make to enhance oversight of a future round of BRAC, we reviewed the process for developing and implementing BRAC 2005 recommendations, and compared that process to those used in prior rounds of BRAC. We reviewed the goals of BRAC 2005 and the criteria used to develop and evaluate BRAC 2005 recommendations. We interviewed officials from the 2005 BRAC Commission; the Office of the Deputy Under Secretary of Defense's (Installations and Environment) Basing Directorate, which is responsible for overseeing BRAC implementation; and associated BRAC

implementation offices in the Army, the Navy, and the Air Force, and other DOD components that were involved in BRAC 2005.

We began this performance audit in March 2011, but suspended the review at various points to respond to several congressional hearings related to BRAC¹⁰ and to prepare a separate product that updated the costs and savings estimates associated with BRAC 2005 implementation.¹¹ We reinstated this review in August 2012, and completed it in March 2013. We conducted this performance audit 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Further details on our scope and methodology can be found in appendix I.

Background

BRAC 2005 Was a 10-Year Process

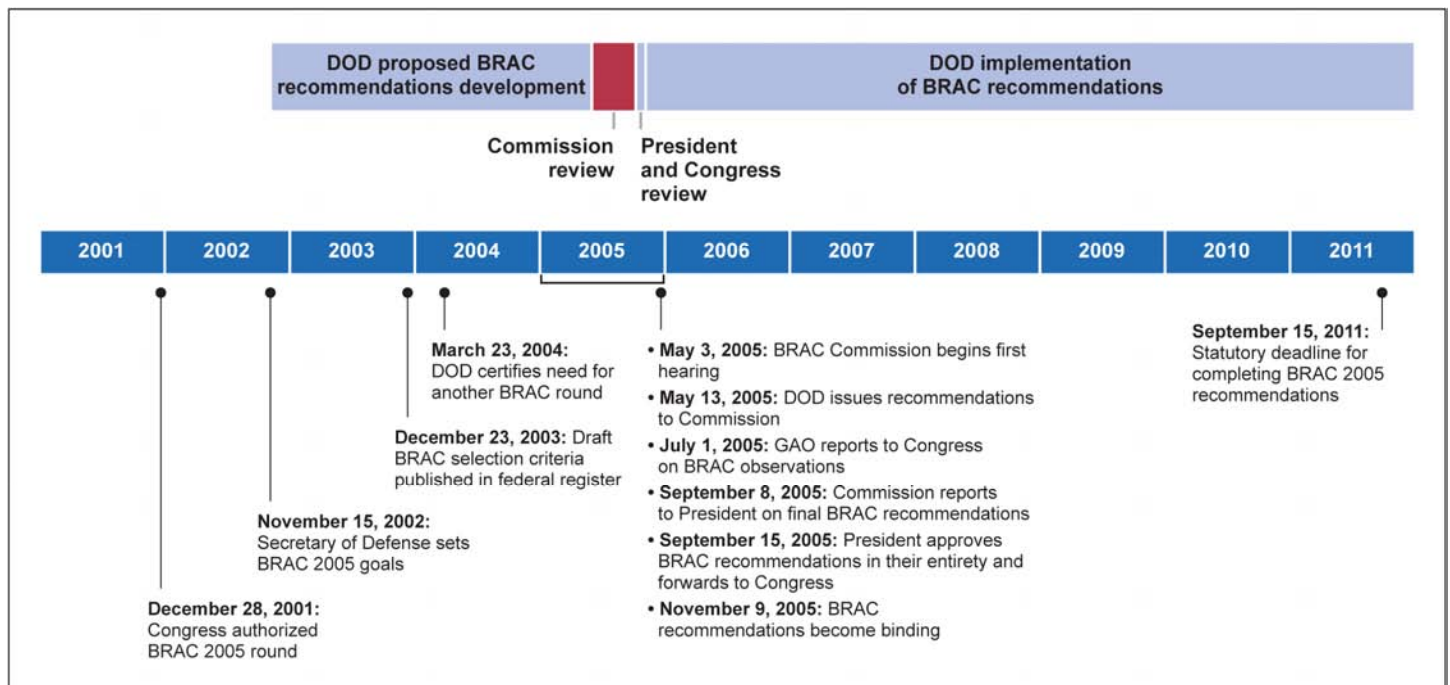
Congress established clear time frames in the BRAC statute for many of the milestones involved with base closures and realignments, and BRAC 2005 took 10 years from authorization to completion. Congress authorized the BRAC 2005 round in 2001. DOD then established its own internal requirements, expressed the goals of the BRAC round, and spent about 2 years collecting data and developing a list of proposed base realignment and closure actions to submit to the independent Commission for review. The BRAC Commission then had about 4 months to assess and amend the recommendations for submission to the President. After the President's certification of approval and transmission of the recommendations to Congress, Congress had approximately a 45-day period in which it could disapprove the recommendations, under a

¹⁰GAO, *Military Base Realignments and Closures: Key Factors Contributing to BRAC 2005 Results*, [GAO-12-513T](#) (Washington, D.C.: Mar. 8, 2012); *Federal Real Property: Proposed Civilian Board Could Address Disposal of Unneeded Facilities*, [GAO-11-704T](#) (Washington, D.C.: June 9, 2011); and *Federal Real Property: Progress Made on Planning and Data, but Unneeded Owned and Leased Facilities Remain*, [GAO-11-520T](#) (Washington, D.C.: Apr. 6, 2011).

¹¹[GAO-12-709R](#).

joint-resolution process specified in the BRAC statute, without which the recommendations became binding. Finally, the BRAC statute 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 certification of approval of the recommendations to Congress. Figure 1 displays the timeline of the BRAC 2005 round.

Figure 1: Timeline of BRAC 2005 Round



Source: GAO.

In carrying out this 10-year process, Congress played a considerable role. For the most part, the framework adopted in the authorizing legislation for the 2005 BRAC round was rooted in the historical framework used in previous rounds. The Defense Base Closure and Realignment Act of 1990 created what has become a structured process for making BRAC recommendations, one that gives the public insight into the basis for recommendations made by the Secretary of Defense. DOD also played a considerable role in that it established the analytical framework for developing the BRAC recommendations and implemented the recommendations that became binding.

Congress Established a Legislative Framework for BRAC

The 2005 BRAC round process generally followed the legislative framework of previous BRAC rounds, with many elements of the process carried forward or built upon lessons learned from the past. For example, in the statute authorizing the 2005 BRAC round, Congress directed DOD to propose and adopt final selection criteria that followed a framework similar to the criteria employed in previous BRAC rounds.¹² Also, the authorizing statute for BRAC 2005 required DOD to base its recommendations on the use of certified data, an infrastructure inventory, and a force structure plan, similar to past BRAC rounds.¹³

Use of Certified Data

DOD collected capacity and military value data that were certified as to their accuracy by hundreds of persons in senior leadership positions across the country. Specifically, the data had to be certified as accurate and complete to the best of the originator's knowledge and belief. This requirement was designed to overcome concerns about the consistency and reliability of data used in the process. These certified data were obtained from DOD databases and from hundreds of defense installations. DOD continued to collect certified data, as needed, to support follow-up questions and cost calculations, and to develop recommendations. The Secretary of Defense testified before the BRAC Commission in May 2005 that, in total, DOD estimated that it collected 25 million pieces of data as part of the BRAC 2005 process. Given the extensive volume of requested data from the 10 separate groups (three military departments and seven joint cross-service groups), we noted in our July 2005 report¹⁴ that the data-collection process was quite lengthy and required significant efforts to help ensure data accuracy, particularly from joint cross-service groups that were attempting to obtain common data across multiple military components. In some cases, coordinating data requests, clarifying questions and answers, controlling database entries, and other issues led to delays in the data-driven analysis DOD originally envisioned. As time progressed, however, these groups

¹²Pub. L. No. 107-107, § 3002 (2001) (amending the BRAC statute by adding a new section 2913).

¹³*Id.*, § 3003 (2001) (amending the BRAC statute by adding a new section 2914). Unlike in previous rounds, where the force structure plan was based on a 6-year period, the force structure plan for BRAC 2005 was based on a 20-year period. See §§ 2903(a), 2912(a) of the BRAC statute, as amended.

¹⁴GAO, *Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closure and Realignment*, [GAO-05-785](#) (Washington D.C.: July 1, 2005).

Consideration of DOD's
Infrastructure Inventory and
20-Year Force Structure Plan

reported that they obtained the needed data, for the most part, to inform and support their scenarios. The DOD Inspector General and the services' audit agencies played an important role in ensuring that the data used in the BRAC analyses were accurate and certified by cognizant senior officials.

Each of the military services and the seven joint cross-service groups established by DOD were subject to the requirement of the BRAC statute that DOD consider its 20-year force structure plan and existing infrastructure inventory in making its recommendations for BRAC 2005.¹⁵ As we reported in 2004,¹⁶ DOD was required to provide a comprehensive inventory of military installations worldwide for each military department, with specifications of the number and type of facilities in the active and reserve forces of each department. DOD based its force structure plan for BRAC purposes on an assessment of probable threats to national security during a 20-year period beginning with fiscal year 2005. DOD provided this plan to Congress in March 2004, and, as authorized by the statute, the department subsequently updated the plan 1 year later in March 2005. These updates to the force structure affected some ongoing BRAC analyses at the time. For example, the Industrial Joint Cross-Service Group reassessed its data pertaining to overhauling and repairing ships on the basis of the updated force structure outlook and decided that one of its two smaller shipyards—Naval Shipyard Pearl Harbor, Hawaii, or Naval Shipyard Portsmouth, Maine—could close. Ultimately, the Navy proposed to close the Portsmouth shipyard in Maine; however this candidate recommendation was rejected by the Commission during its review. In addition, the Navy told us in 2005 that it recalculated its capacity on the basis of updates to the force structure plan and determined that there was no significant change to its original analysis. The other groups, such as those examining headquarters and support activities, education and training, or technical functions, considered updates to the defense 20-year force structure and determined the 2005 force structure changes would have no effect on their development of recommendations.

¹⁵Section 2914(a) of the BRAC statute required DOD to make its recommendations for closure or realignment on the basis of the force structure plan and infrastructure inventory prepared under section 2912, and the final selection criteria specified under section 2913.

¹⁶GAO, *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).

Primary Consideration of Military Value Criteria

The 2001 legislation authorizing the 2005 BRAC round directed DOD to propose and adopt selection criteria that would give priority to military value.¹⁷ (In prior rounds the department made military value the primary consideration as a matter of policy.) As figure 2 shows, the first four of eight criteria DOD was required to use to develop and select its candidate BRAC recommendations were related to military value. The manner in which each military service or joint cross-service group approached its analysis of military value varied according to the unique aspects of the individual service or cross-service function. These groups typically assessed military value by identifying multiple attributes or characteristics related to each military value criterion, then identifying qualitative metrics and measures and associated questions to collect data to support the overall military value analysis. For the 2005 round, the BRAC statute was amended to enhance the emphasis placed on two aspects of military value—an installation’s ability to serve as a staging area for homeland defense missions and its ability to meet unanticipated surge requirements—compared to military value criteria for prior rounds (1991, 1993, and 1995), which did not include these emphases.¹⁸ In addition to the priority military value criteria, the 2001 authorizing statute directed DOD to address four “other considerations” in its selection criteria. Figure 2 compares the 1995 BRAC criteria with those adopted for 2005, with changes applicable for the BRAC 2005 round highlighted in color.

¹⁷The statute authorizing BRAC 2005, Pub. L. No. 107-107, § 3002 (2001), amended the BRAC statute by inserting a new section, § 2913, which directed DOD to ensure that “military value” was the primary consideration for BRAC recommendations. Specifically, it described a number of considerations to be included at a minimum in the military value criteria, while also establishing four “special considerations” to be addressed in selection criteria outside of military value. Consistent with prior BRAC rounds, the law also required DOD to publish its proposed criteria in the Federal Register. DOD proposed its criteria at 68 Fed. Reg. 74221 (2003) and spelled out its final criteria at 69 Fed. Reg. 6948 (2004).

¹⁸Congress codified the criteria as adopted by DOD, adding “surge” requirements as a consideration. Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 2832 (2004).

Figure 2: DOD Criteria for the 1995 and 2005 BRAC Rounds

<u>Criteria for 1995 round</u>	<u>Criteria for 2005 round</u>
Military value	Military value
① The current and future mission requirements and the impact on operational readiness of Department of Defense's total force.	① The current and future mission capabilities and the impact on operational readiness of the total force of the Defense Department, including the impact on joint warfighting, training, and readiness.
② The availability and condition of land, facilities and associated airspace at both the existing and potential receiving locations.	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, and future total force requirements at both the 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 and manpower implications.	④ The cost of operations and the manpower implications.
Return on investment	Other considerations (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 the costs.	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 the costs.
Impacts	
⑥ The economic impact on communities.	⑥ The economic impact on existing communities in the vicinity of military installations.
⑦ The ability of both the existing and potential receiving communities' infrastructure to support forces, missions and personnel.	⑦ The ability of the infrastructure of both the existing and potential receiving communities to support forces, missions, and personnel.
⑧ The environment impact.	⑧ The environmental impact, including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities.

Source: DOD.

In a 1997 report on lessons learned from previous BRAC rounds, and again in 2005,¹⁹ we affirmed the soundness of these basic criteria and generally endorsed their retention for the future, while recognizing the potential for improving the process by which the criteria are used in decision making. Adoption of these criteria adds to the approach an element of consistency and continuity with those of past BRAC rounds.

DOD's Analytical Framework for Developing BRAC Recommendations

On the basis of our analytical work, we reported in July 2005²⁰ that DOD established and generally followed a logical and reasoned process for formulating its list of BRAC 2005 recommendations. The BRAC recommendations, for the most part, resulted from a data-intensive process that was supplemented by the use of military judgment as needed. The process began with a set of sequential steps by assessing capacity and military value, developing and analyzing scenarios, then identifying candidate recommendations, which led to the Office of the Secretary of Defense's (OSD) final list of BRAC recommendations as depicted in figure 3.

Figure 3: DOD's BRAC 2005 Recommendation Development Process



Source: GAO analysis of DOD information.

¹⁹GAO, *Military Bases: Lessons Learned From Prior Base Closure Rounds*, [GAO/NSIAD-97-151](#) (Washington, D.C.: July 25, 1997); *Military Base Closures: Observations on Prior and Current BRAC Rounds*, [GAO-05-614](#) (Washington, D.C.: May 3, 2005).

²⁰[GAO-05-785](#).

Cost of Base Realignment
Actions Model

In addition, OSD established an oversight structure that allowed the seven individual joint cross-service groups²¹ to play a larger, more visible role in the 2005 BRAC process compared to BRAC 1995. Despite some overlap in data collection and other phases of the process, these groups and the military services generally followed the sequential BRAC process designed to evaluate and subsequently identify recommendations within their respective areas, with only the Army using a separate but parallel process to evaluate its reserve components. DOD provided overall policy guidance for the BRAC process, including a requirement that its components develop and implement internal control plans to ensure the accuracy and consistency of their data collection and analyses. These plans also helped to ensure the overall integrity of the process and the information upon which DOD considered each group's recommendations.

To provide a framework for promoting consistency in estimating the costs and savings associated with various proposed BRAC recommendations, DOD used an estimation model, known as the Cost of Base Realignment Actions (COBRA). The COBRA model has been used in the base closure process since 1988. DOD designed the COBRA model to provide consistency across the military services and joint cross-service groups in estimating BRAC costs and savings, and OSD officials told us it is used to ensure that all installations are treated equally during the process of selecting candidate recommendations.²² It provided important financial information to the selection process as decision makers weighed the financial implications for various BRAC actions along with military value and other selection criteria when arriving at final decisions regarding the suitability of BRAC recommendations. Specifically, DOD is required to consider the extent and timing of potential costs and savings, including the number of years until savings exceed costs, as a selection criterion in its BRAC selection process.²³ The COBRA model relies to a large extent

²¹The Secretary of Defense established the seven joint cross-service groups, each led by senior military or civilian officials and each tasked with evaluating scenarios and ultimately developing realignment and closure recommendations related to a common business-oriented support function that crossed military services and defense agencies—Education and Training, Headquarters and Support Activities, Industrial, Intelligence, Medical, Supply and Storage, and Technical.

²²Section 2903(c)(3)(A) of the BRAC statute requires that the Secretary of Defense consider all military installations inside the United States equally without regard to whether the installation has been previously considered or proposed for closure or realignment.

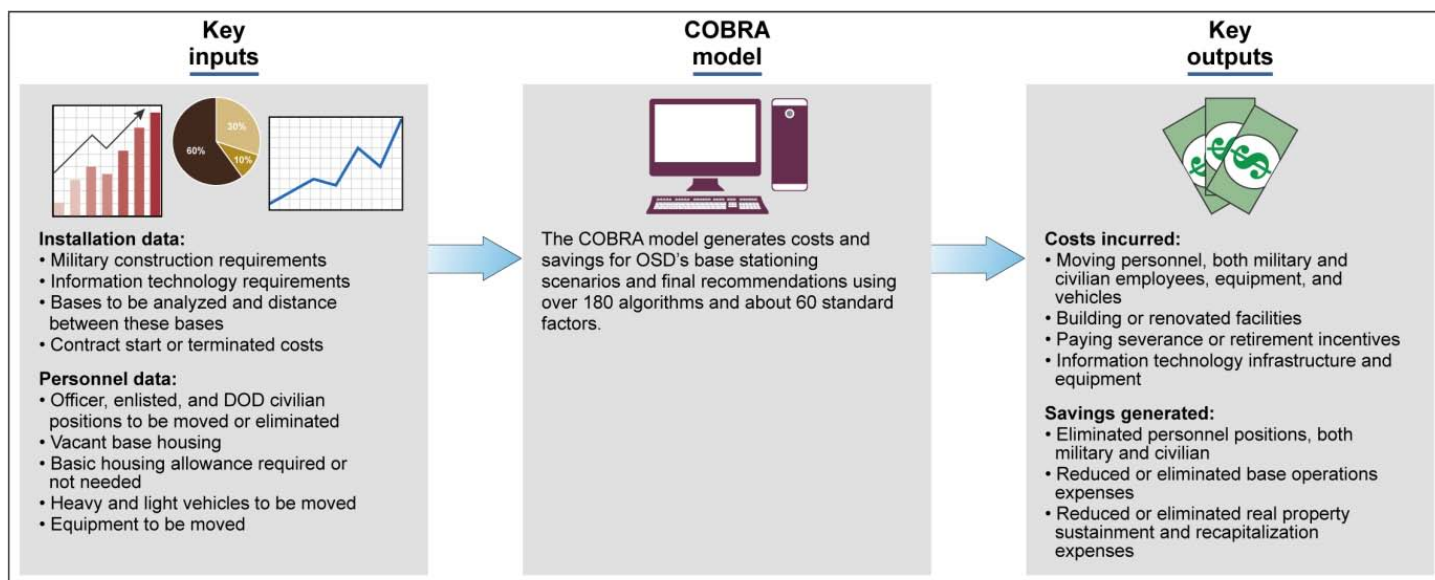
²³This is specified as one of the "other criteria" in § 2913(c)(1) of the BRAC statute, as amended.

on standard factors and averages, and it is not intended to represent budget-quality estimates. We have examined COBRA in the past and have found it to be a generally reasonable estimator for comparing potential costs and savings among candidate alternatives. In the intervening years, COBRA has been revised to address certain problems we and others have identified after each round.

The COBRA model expresses cost and savings estimates in constant-year dollars and does not include expected inflation over the 6-year implementation period. Constant dollars measure the value of purchased goods and services at price levels that are the same as the base-year level. Constant dollars do not contain any adjustments for inflation that have occurred outside the base year. In contrast, then-year dollars measure the value of goods and services at price levels that contain all inflationary increases expected to occur in a program over the duration of its appropriation. Then-year dollars are also called “current” or “nominal” dollars.

It is important to note that, as with any model, the quality of the output is dependent on the quality of the input. Key inputs and outputs of the COBRA model are shown in figure 4.

Figure 4: Key Inputs and Outputs of the COBRA Model



Source: GAO analysis of DOD information.

Budgeting for BRAC Implementation

The three key financial measures that the COBRA model generates are as follows:

- Onetime implementation costs—represent the investment DOD has to make in facility construction, renovation, and other up-front expenses.
- Net annual recurring savings—calculated by deducting DOD estimates of the annual recurring costs from the annual recurring savings that are expected to accrue in 2012, the year after the BRAC 2005 recommendations have been completed and are expected to be in a steady state (for simplicity, in this report we refer to these recurring savings as net annual savings).
- Net present value—a financial calculation that accounts for the time value of money by determining the present value of future savings minus up-front investment costs over a specific period of time. We have previously reported that 20-year net present value is a key indicator of expected cost results.²⁴ Determining net present value is important because it illustrates both the up-front investment costs and long-term savings in a single amount. In the context of BRAC 2005 implementation, net present value is calculated for a 20-year period from 2006 through 2025.

The statute authorizing BRAC 2005 directed that, should a BRAC round occur, a new Treasury account was to be established for purposes specified for BRAC 2005.²⁵ In addition, the BRAC statute requires DOD to submit annual reports to Congress as part of its budget request, including a schedule containing revised BRAC cost and savings estimates for each closure and realignment recommendation.²⁶ The cost data reflected in the BRAC account accurately reflect all BRAC related costs, according to the BRAC budget overview to Congress. DOD presents its schedule in its annual budget request to Congress, which includes its request for the appropriations needed to fund BRAC implementation costs.

²⁴[GAO-12-709R](#).

²⁵Pub. L. No. 107-107, § 3005 (2001) (amending the BRAC statute by adding a new section 2906A).

²⁶Section 2907 of the BRAC statute.

Congress Established a Review Structure

The BRAC statute also established an independent Defense Base Closure and Realignment Commission²⁷ to review and analyze DOD's recommendations, make changes if needed, and report its findings, conclusions, and recommendations to the President.²⁸ For BRAC 2005, the Commission consisted of nine commissioners supported by a staff of over 100 persons drawn from diverse backgrounds encompassing government, law, academia, and the military in temporary positions.²⁹ The BRAC Commission was formed shortly before receiving the Secretary of Defense's submissions. The BRAC Commission could approve, modify, reject, or add closure and realignment recommendations, subject to certain procedural requirements. 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.

On September 8, 2005, the BRAC Commission submitted a report to the President reporting that the Secretary made more recommendations, with more complexity, than all four previous base closure rounds combined. The Commission also reported that it assessed the BRAC recommendations for consistency with the eight statutory selection criteria and the DOD force structure plan, and forwarded 182 recommendations to the President. The Commission approved 119 recommendations with no change, amended 45 recommendations, significantly modified 13 recommendations, added 5 of its own, and rejected 13 recommendations in their entirety. After receiving the Commission's final 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 and certification of all the recommendations, or disapproval of the Commission's recommendations

²⁷Id., §§ 2902(a), 2912(d).

²⁸Id., §§ 2903(d), 2914(d).

²⁹GAO detailed six staff to the BRAC 2005 Commission to assist in the Commission's independent analysis of the Secretary of Defense's candidate recommendations.

in whole or in part.³⁰ The President submitted his report and certification of approval of the 2005 Commission's recommendations to Congress on September 15, 2005. Relying on the BRAC Commission's report to inform its decision, the House of Representatives voted down a joint resolution to disapprove the Commission's recommendations,³¹ and since Congress did not pass such a resolution, the recommendations became binding on November 9, 2005.³² Finally, the BRAC statute required DOD to complete recommendations for closing or realigning bases made in the BRAC 2005 round within the 6-year time frame ending on September 15, 2011, 6 years from the date the President submitted his approval of the recommendations to Congress.

Requirements to Ensure Fairness and Objectivity of the Base-Closing Process

Closing unneeded defense facilities has historically been difficult because of public concern about the economic effects of closures on communities and the perceived lack of impartiality in the decision-making process. Since 1977, section 2687 of Title 10 of the United States Code has set the general conditions under which military installations may be closed or realigned. It prohibits any action to effect certain closures or realignments of military installations unless, among other things, DOD provides notice of the proposed closure or realignment to Congress, along with reports on fiscal, local, economic, environmental, strategic, and operational consequences of the proposal.³³ The 2005 BRAC Commission noted in

³⁰Had 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 and certification to Congress of his approval of the Commission's revised recommendations by November 7, 2005, the BRAC process would have been terminated.

³¹H.R. J. Res. 65, 109th Cong. (2005).

³²Had Congress enacted (over a potential Presidential veto) a joint resolution of disapproval in accordance with sections 2904(b) and 2908 of the BRAC statute before either 45 days of the date of the President's submission or the adjournment of Congress for the session, whichever was sooner, the Secretary of Defense would have been prohibited from implementing the recommendations.

³³Notification requirements apply to proposed closures of military installations with at least 300 authorized civilian personnel, or realignments at installations with 300 or more authorized civilian personnel that involve a reduction by more than 1,000, or by more than 50 percent, of the number of civilian personnel authorized to be employed at the installation.

its report that the requirements of section 2687 effectively halted base closures until 1988, when the first version of BRAC³⁴ was enacted.

Since that time, a variety of requirements or procedures, some already discussed, have been either mandated by the BRAC statute, as amended, or adopted by DOD over time to ensure the fairness and objectivity of the base-closing process. Some of these requirements or procedures include the following:

- All installations must be compared equally against selection criteria, and a current force structure plan and infrastructure inventory must be developed by the Secretary of Defense.
- Selection criteria for identifying candidates for closure and realignment must be made available for public comment before being finalized.
- All DOD components analyzing and developing BRAC proposals must use specific models for assessing the cost and savings associated with BRAC actions and the potential economic impact on communities affected by those actions to ensure consistency.
- Information submitted for use by the Secretary of Defense or the Commission in the BRAC decision-making process must be certified to overcome concerns about the consistency and reliability of data used in the process.
- An independent commission is required to review DOD's proposed closures and realignments and to finalize a list of proposed closures and realignments to be presented to the President for his review and subsequent submission to Congress. Also, the BRAC Commission is required to hold public hearings.

³⁴Defense Authorization Amendments and Base Closure and Realignment Act, Pub. L. No. 100-526 (1988).

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- The BRAC process imposes specific time frames for completing specific portions of the process.
 - While the President may disapprove the Commission's recommendations in whole or in part, which allows the Commission to revise its list of recommendations, the recommendations ultimately become binding only if accepted in their entirety by both the President and Congress.
 - In addition to GAO's statutorily mandated role in reporting on the BRAC process, the military services' audit agencies and DOD Inspector General personnel are involved in auditing the process to better ensure the accuracy of data used in decision making and enhance the overall integrity of the process.

GAO's Role in the BRAC Process

We have played a long-standing role in the BRAC process. As requested by congressional committees, as was the case for the 1988 BRAC round, or as 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 in each of the five rounds. To make informed and timely assessments, we have consistently operated in a real-time setting since the 1991 BRAC round and have had access to portions of the process as it has evolved, thus affording the department an opportunity to address any concerns we raised on a timely basis. We observed the 2005 BRAC process since DOD's initial work began on the 2005 round.

Specifically, for the 2005 BRAC round, the BRAC statute required DOD to report to Congress on several BRAC-related issues in 2004 in order for the 2005 round to proceed. The statute directed, among other things, that the Secretary of Defense provide Congress with a 20-year force structure plan and a worldwide inventory of military installations in its submission of its fiscal year 2005 budget documentation and separately publish the final selection criteria for the 2005 BRAC round no later than February 16, 2004.³⁵ In addition, the statute required the Secretary of Defense to

³⁵Sections 2912 and 2913 of the BRAC statute. Section 2913, establishing DOD's requirement to propose and adopt selection criteria, was subsequently amended when Congress codified the criteria, as previously described in this report.

certify, on the basis of the force structure plan and infrastructure inventory, that the need existed for closure or realignment of military installations, and that the additional round of closures and realignments would result in annual net savings for each military department beginning no later than fiscal year 2011. The statute also required us, if DOD's certifications were provided, to submit a report to Congress, within 60 days of the issuance of DOD's report, evaluating specific aspects of DOD's required submissions. DOD published its final selection criteria on February 12, 2004, and reported on the other requirements, including the necessary certifications, on March 23, 2004. In May 2004,³⁶ we reported that DOD's report to Congress generally addressed all of the requirements in section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended, and separately complied with the requirements in section 2913 for adopting selection criteria to guide BRAC decision making. We noted that DOD's analysis of excess infrastructure capacity, which was completed for the 2004 report outside the BRAC process, had some limitations that could make it difficult to project a total amount of excess capacity across DOD.

In addition, as with the three previous BRAC rounds, the statute authorizing the 2005 round required us to provide a detailed analysis of the Secretary's recommendations and DOD's selection process. In July 2005, we issued a report analyzing DOD's 2005 selection process and recommendations for base closures and realignments.³⁷ In particular, we reported that DOD's recommendations, if approved, would have varying degrees of success in achieving goals that were set forth by the Secretary of Defense, despite producing closure and realignment actions numbering more than those of all four previous rounds combined. However, we also found that DOD's decision-making process for developing its recommendations was generally logical, well documented, and reasoned; and we identified various issues regarding DOD's BRAC recommendations, as well as candidate recommendations that were not included on DOD's final list, that may have warranted further attention by the BRAC Commission. Since publishing that assessment, we have continued to monitor implementation of BRAC 2005. We have issued more than 30 reports related to the BRAC 2005 round (see the Related GAO Products list at the end of this report).

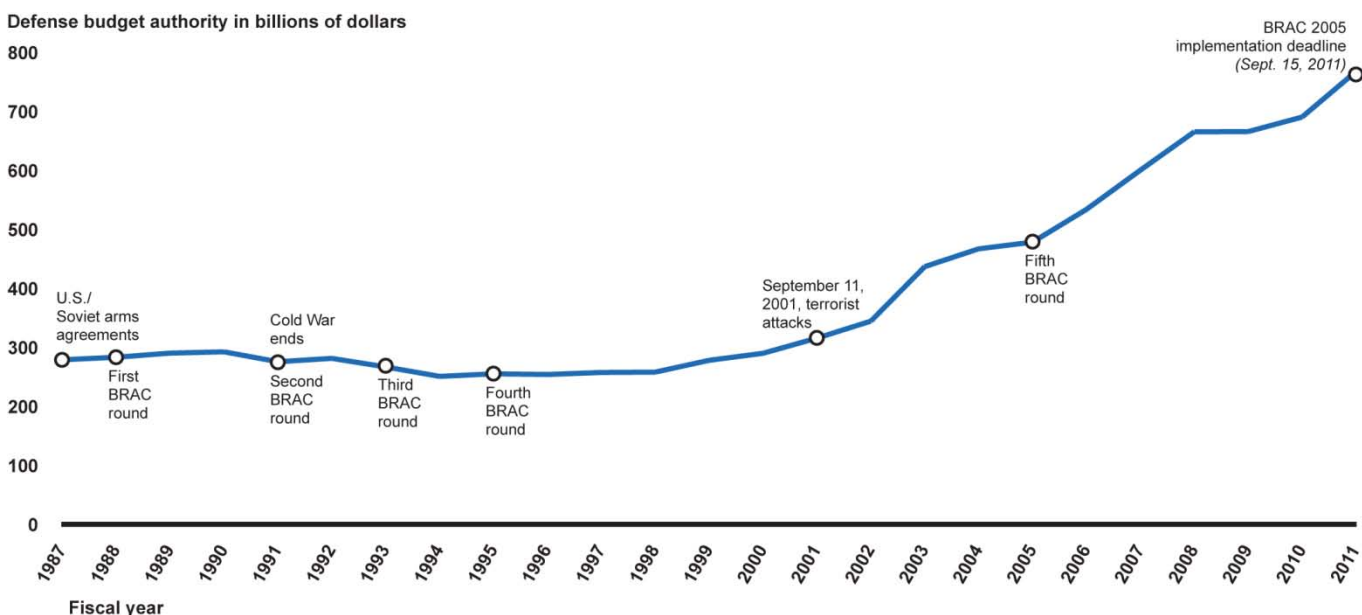
³⁶[GAO-04-760](#).

³⁷[GAO-05-785](#).

BRAC 2005 Differed Significantly from Prior Rounds

BRAC 2005 differed from prior rounds in three significant ways—the circumstances under which it took place, its scope, and its scale. Unlike prior BRAC rounds, which were implemented during times of declining defense budgets and in which the focus was on eliminating excess capacity and realizing cost savings, BRAC 2005 was conducted in a global security environment characterized by increasing defense budgets and increasing military end strengths after the terrorist attacks of September 11, 2001, and was conducted concurrently with combat operations in Afghanistan and Iraq.³⁸ At the same time, DOD was engaged in an initiative to relocate thousands of personnel from overseas to the continental United States. Changes in overall DOD fiscal year budget authority amounts since BRAC began are depicted in figure 5.

Figure 5: Defense Budget Authority for Fiscal Years 1987 through 2011



Source: GAO analysis of DOD information.

³⁸Operation Enduring Freedom began in October 2001 and Operation Iraqi Freedom began in March 2003.

The scope of BRAC 2005 was also expanded compared to prior BRAC rounds. In addition to the traditional emphasis on eliminating unneeded infrastructure to achieving savings, DOD's goals for the 2005 BRAC round also included transforming³⁹ the military by correlating base infrastructure to the force structure and enhancing joint capabilities by improving joint utilization to meet current and future threats. Finally, the scale of BRAC 2005 was much larger than the prior four rounds. BRAC 2005 generated more than twice the number of BRAC actions than all prior BRAC rounds combined. 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 in 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.

Note: 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.

³⁹In the late 1990s, DOD embarked on a major effort to transform its business processes, human capital, and military capabilities. Transformation is also seen as a process intended to provide continuous improvements to military capabilities.

DOD Used a Reasonable Model to Estimate Costs and Savings, but Increased Attention to Requirements Entered into the Model Would Enhance the Reliability of the Initial Estimates

DOD used a quantitative model, known as the Cost of Base Realignment Actions (COBRA), which we have stated to be a generally reasonable estimator for comparing potential costs and savings among candidate alternatives,⁴⁰ to estimate the costs and savings associated with BRAC 2005 recommendations; however, DOD's process for providing the BRAC Commission with cost and savings estimates was hindered in many cases by inputs into COBRA that significantly underestimated recommendation-specific requirements—such as the need for military construction projects unique to certain missions or locations, information technology requirements for missions with considerable reliance on that capability, and other types of requirements, such as contract-termination costs. In addition, the standard factor COBRA uses to calculate information technology costs may be inaccurate, and DOD is unable to demonstrate the reliability of data it entered into COBRA to estimate savings from reducing or eliminating military personnel positions. By ensuring that all anticipated implementation costs are considered and included in COBRA during the comparison of BRAC scenarios, DOD would improve the reliability of the cost estimates it provides to any future BRAC Commission.

DOD's Process for Estimating the Cost of BRAC 2005 Recommendations

DOD has developed a quantitative model, known as COBRA, to estimate potential costs and savings of various BRAC options and to compare them. The COBRA model has been used in the base-closure process since 1988, and we have found it to be a generally reasonable estimator for comparing potential costs and savings among candidate alternatives. DOD designed the COBRA model to provide consistency across the military services and joint cross-service groups in estimating BRAC costs and savings, and officials stated that the model helps to ensure that all installations are treated equally during the process of selecting candidate recommendations. When developing and analyzing possible BRAC recommendations for DOD to consider, the military services and joint cross-service groups used the COBRA model to calculate costs, savings, and return on investment for the purpose of comparing similar BRAC scenarios.⁴¹ COBRA estimates costs for such factors as personnel

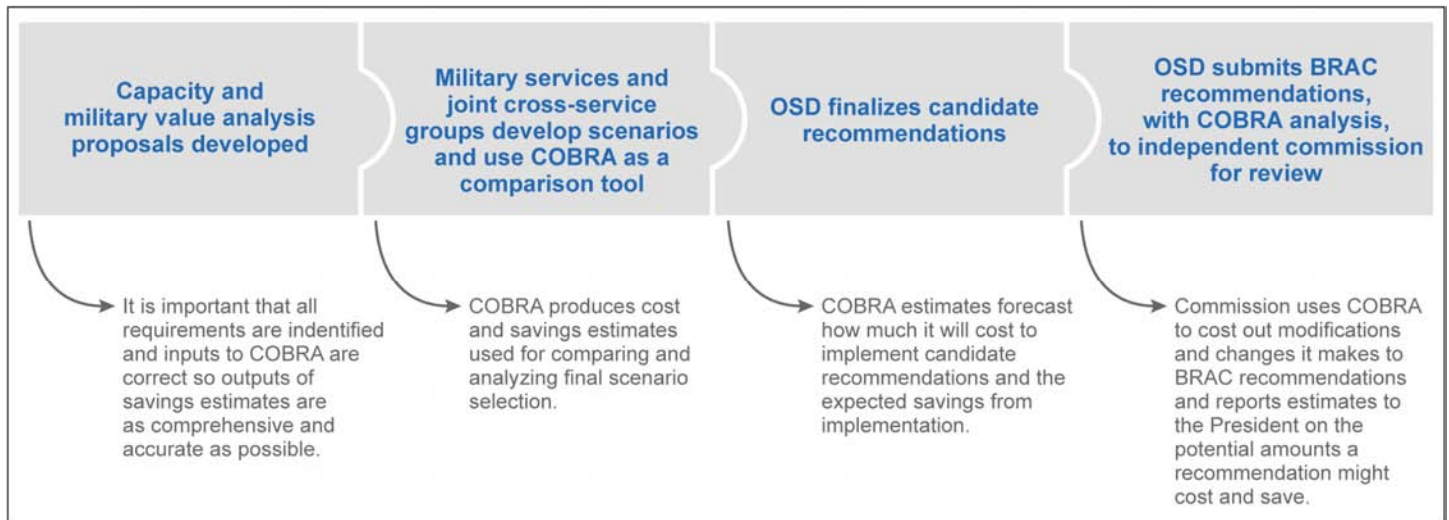
⁴⁰[GAO-05-785](#).

⁴¹A scenario is a proposal that has been declared for formal analysis by a military department or joint cross-service group deliberative body and is officially accounted for and tracked by OSD.

severance, moving costs, and military construction over the implementation period, and also estimates savings for such factors as personnel position eliminations over that same period—any of which may influence the BRAC decision-making process.

As figure 6 shows, OSD ultimately used the COBRA model’s cost and savings estimates—along with a scenario’s military value and other criteria—to compare and select the final 222 recommendations that it submitted to the BRAC Commission. In doing so, OSD presented COBRA’s estimated costs and savings from implementing candidate recommendations to the BRAC Commission. In turn, the Commission also used the COBRA model to cost out modifications and changes in its review for the final recommendations.

Figure 6: Uses of the COBRA Model in the BRAC Process



Source: GAO analysis of DOD information.

The COBRA model relies to a large extent on standard factors and averages. Therefore, the model’s estimates do not represent the actual amounts that Congress will be asked to fund through appropriations to implement BRAC recommendations, although they do produce an idea or approximation as to how much a recommendation will cost to implement. Although we believe the COBRA model is a reasonable comparison tool, DOD officials told us that in order to have the model produce estimates that more-closely approximate actual implementation costs, detailed requirements, especially those for military construction, would need to be

captured up front—before the model is run to compare alternative scenarios—but that the need to prevent premature dissemination of information about potential BRAC recommendations hindered the ability of BRAC analysts to obtain detailed information needed to fully identify some requirements.

DOD Understated or Did Not Include Some Requirements for Many BRAC 2005 Recommendations, Resulting in Higher Costs Than Originally Estimated

Military Construction Requirements Were Understated or Not Included in Initial BRAC Cost Estimates

DOD's process for providing the BRAC Commission with cost and savings estimates was hindered in some cases by inputs into COBRA that underestimated recommendation-specific requirements—such as the need for military construction projects unique to certain missions or locations, information technology requirements for missions with considerable reliance on that capability, and other types of requirements.

As we reported in June 2012,⁴² onetime implementation costs for BRAC 2005 grew from \$21 billion originally estimated by the BRAC Commission in 2005 to about \$35.1 billion, or by 67 percent, primarily because of higher-than-anticipated military construction costs.⁴³ Military construction costs for the BRAC 2005 round increased from \$13.2 billion based on original estimates by the BRAC Commission to \$24.5 billion, an 86 percent increase, while over the same period, general inflation increased by 13.7 percent. On the basis of key principles we derived from cost-

⁴²[GAO-12-709R](#).

⁴³DOD calculated the \$35.1 billion in onetime implementation costs using fiscal year 2011 dollars, which includes inflation, while the BRAC Commission estimate of \$21 billion is in constant fiscal year 2005 dollars, which excludes inflation. In constant 2005 dollars, costs increased to about \$32.2 billion, an increase of 53 percent.

estimating and budgeting guidance,⁴⁴ we have determined that a key principle for evaluating cost estimates is ensuring that all significant costs are included. However, in many cases, DOD did not include some significant military construction requirements that were needed to implement the recommendations as envisioned, resulting in the identification of additional requirements and related cost increases after the recommendations were approved by the BRAC Commission. Hence, the increase of \$11.3 billion in military construction costs drove about 80 percent of the total cost increases of \$14.1 billion for BRAC 2005. For example:

- Technology center and warehouse for the National Geospatial-Intelligence Agency—The identification and addition of this requirement resulted in a 200,000 square footage increase in the size of a new facility as part of the recommendation that closed National Geospatial-Intelligence Agency leased locations and realigned others to Fort Belvoir, Virginia. DOD officials told us that the initial cost estimates were based on an erroneous entry into the COBRA model that assumed the facility would be used as a general administrative building instead of the more-secure facility that was required. This erroneous assumption contributed to military construction costs increasing by about \$726 million from the initial estimate of \$950 million.
- Vehicle maintenance shops for many Armed Forces Reserve Centers—Of the 44 BRAC recommendations aimed at transforming Reserve Component facilities throughout the country and improving

⁴⁴We reviewed numerous federal guidance documents related to cost estimating, accounting standards, economic analysis, and budgeting and identified key principles that we believe can be applied to the evaluation of cost-savings estimates. Two of those four principles include having an appropriate level of detailed documentation such that a reasonably informed person could easily recreate, update, or understand the cost estimate, and all significant costs and key assumptions should be included in the cost estimate. The guidance documents we reviewed include: GAO, *GAO Cost Estimating and Assessment Guide: Best Practices for Developing and Managing Capital Program Costs*, [GAO-09-3SP](#) (March 2009); Office of Management and Budget Circular No. A-11, *Preparation, Submission and Execution of the Budget* (August 2011, superseded by an August 2012 issuance); Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards 4 (June 2011); Department of Defense Instruction 7041.3, *Economic Analysis for Decisionmaking* (Nov. 7, 1995); and Department of Defense Financial Management Regulation 7000.14-R, vol. 4, ch. 22, *Cost Finding* (May 2010). We believe that these documents collectively contain broad themes that can be applied to evaluating cost analyses.

homeland defense, training, and deployment capabilities, which directed the construction of 125 new Armed Forces Reserve Centers, a total of 35 vehicle maintenance shops were left out of initial estimates. After learning of the omissions, the Army added military construction requirements that resulted in about \$54 million in additional costs to implement those recommendations. According to an OSD Basing Directorate official, the overall cost to implement the 44 recommendations was around \$3 billion.

- Additional requirements identified for the recommendation to establish San Antonio Regional Medical Center and Realign Enlisted Medical Training to Fort Sam Houston, Texas—This recommendation established the San Antonio Regional Military Medical Center by relocating inpatient medical care from Lackland Air Force Base, Texas, and realigned DOD basic and specialty enlisted medical training from four other DOD installations to Fort Sam Houston. One-time implementation costs increased \$953 million (92 percent) for several reasons, such as the identification of additional requirements to move medical inpatient care functions from Wilford Hall Medical Center at Lackland Air Force Base to Fort Sam Houston. Additionally, according to DOD officials, requirements for instructional and laboratory space expanded to accommodate an over 40 percent increase in the number of students DOD expected to receive medical training at Fort Sam Houston compared to initial assumptions, resulting in more military construction than initially anticipated. Further, DOD’s initial dormitory construction assumptions did not account for accommodation for the female student population that would be at Fort Sam Houston, according to Army officials. Finally, the cost of various operation and maintenance activities, such as moving people and equipping the medical center, were higher than initially estimated.
- Historic-building renovations—Initial assumptions for the renovation of existing buildings at Wright-Patterson Air Force Base, Ohio, and Randolph Air Force Base, Texas, did not account for the higher cost of historic renovations compared to renovating newer buildings, which contributed to over \$20 million in additional military construction costs to a recommendation that, among other things, consolidated geographically separate units of the Air Force Research Laboratory.
- Service-specific requirements—According to Air Force officials, requirements for constructing the Navy and the Air Force portions of a new facility were not included in initial estimates for the recommendation that closed Brooks City-Base, Texas, and relocated

several Air Force, Army, and Navy medical missions to other locations, adding \$74 million to initial construction cost estimates. This recommendation, among other things, consolidated geographically separate units of the Air Force Research Laboratory.

- Medical and other facilities—The Army identified additional military construction, including medical facilities and other projects, to support Maneuver Center training at Fort Benning, Georgia. These military construction requirements drove 92 percent, or \$880 million, of the \$915 million cost increase after the recommendation had been approved. This recommendation consolidated the Armor and Infantry Centers and Schools at Fort Benning, created the Maneuver Center for ground-forces training and doctrine development and allowed the Army to reduce the number of basic combat training locations from five to four.

Moreover, DOD's own data confirmed that the majority of the \$14 billion in the BRAC 2005 cost increase was related to military construction. For example, data obtained from DOD showed the following expense categories that experienced cost growth:

- construction of additional facilities to enhance capabilities, address deficiencies—BRAC as a recapitalization engine—and construction industry inflation since 2005 (\$11 billion),
- inflation for expenses other than construction (\$1.8 billion),
- program-management costs not in COBRA (\$0.6 billion),
- environmental-restoration costs not in COBRA (\$0.4 billion), and
- additional operation and maintenance support cost (\$0.2 billion).

Requirements for BRAC Recommendations with Significant Information Technology Requirements Were Understated

Another reason for the growth in implementation costs over DOD's initial BRAC estimates was that DOD had difficulties accurately anticipating information technology requirements for many recommendations, leading to significantly understated information technology costs for some BRAC recommendations—particularly those that involved missions with considerable reliance on such capabilities. For example, information technology requirements for two supply-related recommendations that required the Defense Logistics Agency to assume roles previously performed by the military services were initially understated, in part because of the complexity of developing the required information

technology. First, the recommendation that realigned DOD's supply, storage, and distribution management involved complex business-process reengineering efforts, including software development and the synchronization of several existing and evolving information technology systems, in addition to equipment purchases. The initial information technology estimate for this BRAC recommendation was \$30.9 million; however, implementation costs increased to over \$190 million once information technology requirements were fully defined. As we reported in 2008,⁴⁵ DOD officials told us that when this recommendation was developed they did not have a good sense of what information system would have to be specially designed and what the development of those systems would cost. Second, the cost to implement another supply-related recommendation, which consolidated depot-level reparable procurement management within the Defense Logistics Agency and realigned procurement and related support functions at 13 locations, increased by \$307 million, in part due to COBRA inputs for information technology requirements that did not reflect actual business processes and other information technology needs.

Other relocated or realigned DOD missions or organizations that were especially reliant on information technology were particularly vulnerable to cost increases. For instance, DOD's original information technology cost estimate for the new Defense Information Systems Agency building at Fort Meade, Maryland, was \$17 million. However, that estimate assumed the information technology costs commensurate with a facility that served only an administrative function, as opposed to the agency's information security mission. After the BRAC Commission had approved the recommendation, the Defense Information Systems Agency conducted an analysis that included what it identified to be the minimum necessary requirements to enable it to continue performing its mission after the move. After the requirements to implement this recommendation were fully reflected in the business plan, estimated costs increased to \$95 million.

For some other types of BRAC recommendations we reviewed, information technology cost increases were driven by the increased size of related military construction projects. For example, for the

⁴⁵GAO, *Military Base Realignment and Closures: Higher Costs and Lower Savings Projected for Implementing Two Key Supply-Related BRAC Recommendations*, [GAO-08-315](#) (Washington, D.C.: March 5, 2008).

recommendation to close Brooks City-Base, an additional 56,000 square feet was added to construction plans to accommodate personnel not initially accounted for, which required adding extra square footage that also had to be equipped with computers and other information technology equipment for these personnel relocating to Lackland Air Force Base, Texas. Similarly, for the recommendation that closed Fort McPherson, Georgia, and relocated the Army's Forces Command headquarters and the Army Reserve Command headquarters to Fort Bragg, North Carolina,⁴⁶ information technology costs that corresponded to added military construction projects as well as more-refined costs for installation of communications, automation, and information-systems equipment increased costs from nearly \$20 million to \$139 million. For another recommendation in which DOD relocated several Army commands and regional offices to various locations such as Fort Sam Houston, Texas; Fort Knox, Kentucky; and Redstone Arsenal, Alabama, information technology costs increased from an initial estimate of nearly \$2 million to about \$58 million because of information technology requirements associated with additional military construction projects that had not been previously identified, as well as information technology requirements for various Army headquarters organizations.

Other Types of Requirements
Were Understated or Not
Included

While the majority of the cost increases for BRAC 2005 were associated with military construction and information technology requirements, initial cost estimates did not include other types of requirements that were similarly left out or understated during the recommendation development phase. For example, DOD officials told us that—since they considered COBRA to be primarily a tool for comparing different scenarios, rather than a cost-estimating tool—in some cases, known requirements, such as furnishings for new buildings, were not entered as inputs into COBRA because analysts assumed that those requirements would be the same regardless of which scenario was chosen, and therefore the costs related to those requirements would not affect the comparison. However, after completing the comparison process and selecting its candidate recommendations, DOD submitted these COBRA estimates to the BRAC Commission as its estimated costs to implement the 2005 round. To ensure that all installations and surrounding communities involved in a given scenario are treated equally, OSD BRAC officials told us that they

⁴⁶The BRAC Commission, in another recommendation, directed the Air Force to transfer real-property accountability for Pope Air Force Base, North Carolina, to the Army, making it part of Fort Bragg, North Carolina.

could not add requirements or related costs to COBRA after candidate recommendations were selected, generally the last 2 months before their release to the Commission. Still, unless OSD ensures that, during the development and comparison of BRAC scenarios, all anticipated BRAC implementation costs are considered and included in the COBRA model, the cost estimates that DOD provides to any future BRAC Commission may not be reliable.

In addition, 4 of the 14 BRAC recommendations for which implementation costs increased the most compared to initial estimates had cost increases associated with moving personnel or equipment. For instance, costs increased for transporting equipment such as oversized tactical vehicles and weapon systems from Aberdeen Proving Ground, Maryland, to Fort Lee, Virginia. In another of those four cases—the recommendation in which DOD relocated several Army commands and regional offices to various locations such as Fort Sam Houston, Texas; Fort Knox, Kentucky; and Redstone Arsenal, Alabama—DOD experienced added costs of over \$41 million for personnel-related costs and the transportation of equipment.

Two of the 14 recommendations with the largest cost increases experienced those increases partly because existing contracts had to be terminated or modified. For example, the recommendation that reconfigured DOD's wholesale supply, storage, and distribution network across the United States while also consolidating these functions at several military maintenance depots experienced cost increases in part because of the need to modify existing contracts to implement the recommendation. In addition, a recommendation that relocated several Army commands and regional offices incurred costs for contract termination that were not anticipated in the initial cost estimates.

Improvements to DOD's Model for Estimating the Cost of Base Realignment and Closure Actions and Inputs to the Model Could Enhance DOD's Cost-Estimating Methodology

Improvements to the COBRA model and the reliability of data DOD enters into it could enhance DOD's cost-estimating methodology, should Congress authorize a future BRAC round. Specifically, the standard factor COBRA uses to calculate cost estimates for information technology may be inaccurate. Also, better documentation would enable DOD to demonstrate the reliability of data used to generate military personnel savings estimates, which accounted for almost half of DOD's estimated BRAC savings in 2005.

COBRA's Standard Factor Underestimated Information Technology Costs

The standard factor COBRA uses to calculate cost estimates for information technology may be inaccurate. As part of DOD's analytical process for developing recommendations for the 2005 round, DOD established a Joint Process Action Team to, among other things, revise and enhance the COBRA model. As of the time the COBRA Joint Process Action Team performed its work in 2003, COBRA had not been used since 1995. Technology improvements, among other factors, enabled or necessitated updates to the model. According to the Joint Process Action Team's report, the revised COBRA contained 61 standard factors—such as average personnel salaries and costs for moving personnel and equipment—which OSD officials stated were applied to all installations equally. The revised COBRA model also used 183 different algorithms, or formulas, to estimate the costs and savings associated with actions that are necessary to implement BRAC recommendations over a legislatively required 6-year implementation period.

Nevertheless, multiple DOD officials told us that the costs to implement some recommendations were significantly underestimated because the standard factor for information technology was understated in the COBRA model. Officials in OSD's Basing Directorate told us that they plan to review the model's standard factors prior to any future BRAC round. Should Congress authorize another BRAC round, even if in the near future, it will again have been about a decade since the COBRA model was last updated for BRAC 2005, and advances in technology since then, such as data-storage technology, will likely make the standard factors COBRA uses to estimate information technology costs outdated.

DOD Did Not Consistently Document Its Basis for Military Personnel Savings Estimates in COBRA

Although almost half of DOD's estimated net annual savings from the 2005 BRAC round were attributed to eliminating military personnel positions, it is unclear how DOD arrived at some of those savings estimates because the military services and joint cross-service groups did not consistently document the assumptions they used to arrive at the number of military personnel position eliminations that they entered into the COBRA model. Along with ensuring that all significant costs are included in a cost estimate, another key principle of cost estimation we identified is that estimates should have an appropriate level of detailed documentation such that a reasonably informed person could easily recreate, update, or understand the estimate.⁴⁷ However, it is not clear

⁴⁷See footnote 44.

how the services and joint cross-service groups determined the number of military personnel position eliminations that they entered into COBRA for the purpose of calculating savings that could be derived by realigning a mission from one location to another. For example, according to DOD's fiscal year 2011 budget submission to Congress, DOD eliminated 1,416 military personnel positions through its implementation of the BRAC recommendation that combined training and doctrine development for ground forces by relocating the Armor Center and School from Fort Knox, Kentucky, to Fort Benning, Georgia, and established the Maneuver Center of Excellence. The COBRA documentation supporting this recommendation does not provide information on the methodology used, the assumptions made, or the sources used to calculate the 1,416 military personnel positions that would be eliminated as a result of this realignment—and others—because DOD's guidance on the use of the COBRA model does not require users to enter a narrative into COBRA documenting any basis for the numbers provided.

Similarly, documentation supporting the 507 positions eliminated by the BRAC recommendation that established the Net Fires Center at Fort Sill, Oklahoma, provided neither the rationale nor the methodology used to determine how the numbers were calculated. Conversely, the BRAC analysts for some recommendations did provide clear documentation to support their savings estimates. For example, documentation accompanying the BRAC recommendation that closed Fort Gillem, Georgia, and eliminated 71 military personnel positions provided an explanation on the information and methodology used to develop the savings estimate. In addition, source data and methodology were documented for the 288 military personnel positions eliminated for the BRAC recommendation that closed Fort McPherson, Georgia. Nevertheless, the lack of consistent documentation to accompany inputs to the COBRA model decreases confidence in the fidelity of the cost and savings estimates that the model produces. In planning for any future BRAC round, developing guidance that ensures more-consistent documentation of the process, sources, and methods used to develop personnel savings data could provide DOD decision makers with greater assurance that scenarios proposed by the military services and joint cross-service groups are based on sound assumptions.

High-Level Leadership and a New Governance Structure Guided BRAC 2005 Planning and Management, but Opportunities Exist to Enhance Planning of Future BRAC Rounds

DOD's planning process for the complex BRAC 2005 round was guided by high-level leadership and a new governance structure, but opportunities exist to better demonstrate results and to enhance the planning of future BRAC rounds. OSD, the military services, and other DOD components provided leadership and oversight at the highest levels, and OSD established a governance structure that was led by higher-level leaders than previous rounds and included a larger, more visible role for specialized working groups that developed recommendations related to complex, department-wide issues. However, DOD is unable to fully demonstrate that it achieved the desired outcomes from this BRAC round because it did not develop a plan to track the extent to which the round met some of the statistical measures that DOD presented to the BRAC Commission to illustrate the breadth and depth of its proposed actions. In addition DOD did not establish a target for reducing excess infrastructure through this BRAC round as it did for the 1995 round. In other ways, DOD's planning for BRAC 2005 limited visibility into expected costs and complicated the Commission's review. Specifically, DOD bundled multiple closures and realignments into single recommendations and submitted them to the BRAC Commission as more-complex recommendations, which limited visibility into the estimated costs and savings and complicated the Commission's review, and DOD did not establish a process to ensure a timely review of BRAC supporting data needed to prevent the disclosure of classified information, thus delaying the Commission's work.

DOD Provided High-Level Leadership and Established a New Governance Structure to Plan and Manage This Complex BRAC Round

In a 2002 memo to the department's high-level leadership, the Secretary of Defense made it clear that BRAC 2005 would be the means by which the department transformed the military by correlating base infrastructure to the force structure, an effort that required the focus and prioritization that only senior DOD leadership could bring. Toward that end, DOD established a new, extensive governance structure that facilitated a department-wide planning effort by involving many more high-level leaders throughout DOD and ensured upper-level management oversight of the process and the resulting recommendations that the Secretary proposed to the BRAC Commission.

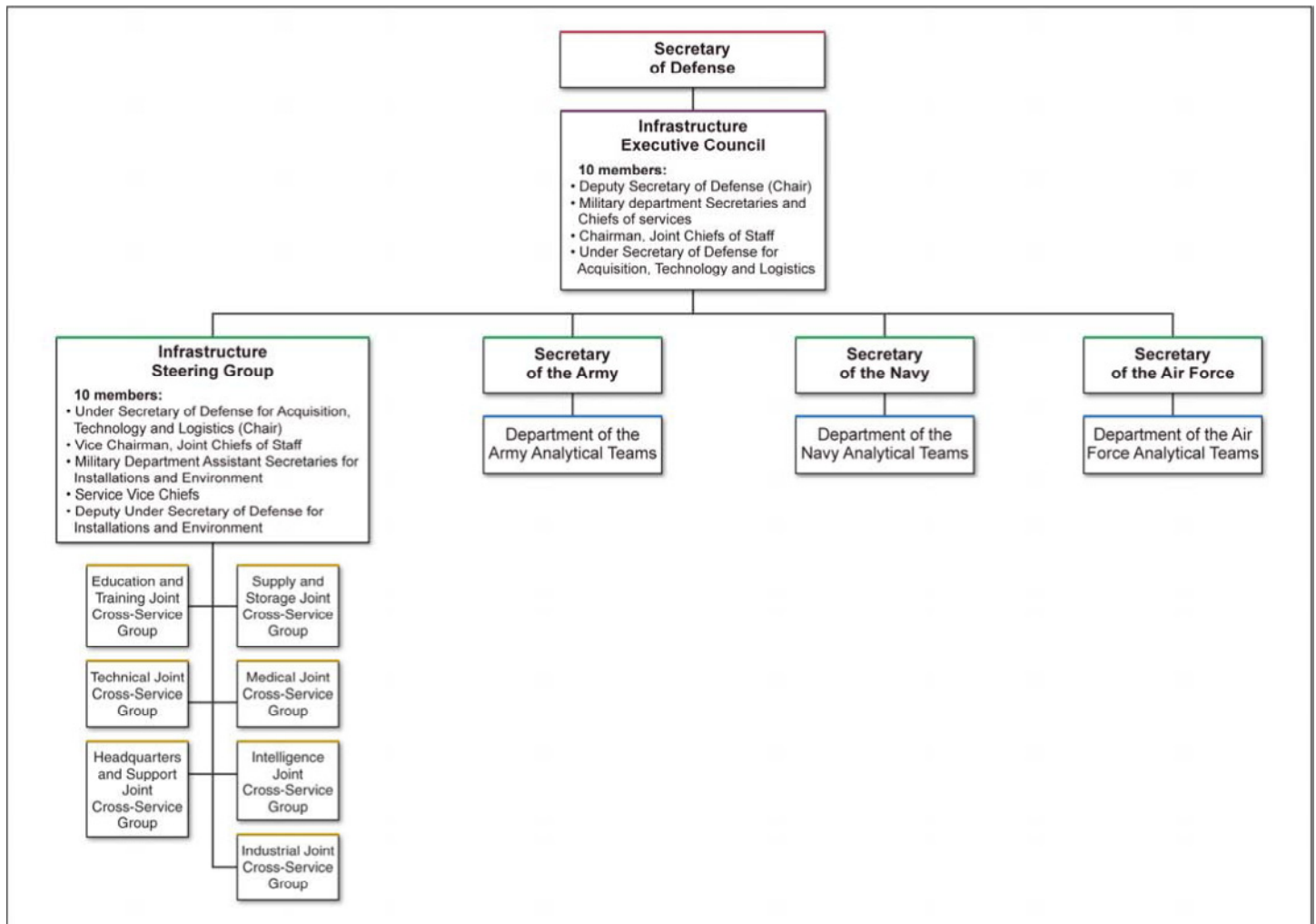
Our prior work on organizational transformation has identified high-level leadership attention as a key practice that can help agencies to manage

large-scale change.⁴⁸ In the case of BRAC 2005, the governing structure involved high-level leaders from across the department and coordination among many stakeholders. At the highest level, an executive-level Infrastructure Executive Council, led by the Deputy Secretary of Defense, was designated the policy-making and oversight body for the entire BRAC 2005 process. This council met more than 20 times during the BRAC process to establish policy and oversee the entire BRAC recommendation development process, according to DOD's 2005 report to the BRAC Commission. Next, the Under Secretary of Defense (Acquisition, Technology and Logistics) led a senior-level subordinate group, the Infrastructure Steering Group, which met more than 60 times and oversaw cross-service analyses of common business-oriented functions and integrated that process with the military departments' and defense agencies' own analyses, setting milestones, and resolving issues as the analyses unfolded.

DOD's governance structure for BRAC 2005 also allowed seven individual joint cross-service groups to play a larger, more visible role compared to BRAC 1995. The Secretary of Defense established the seven joint cross-service groups, each led by senior military or civilian officials and each tasked with evaluating scenarios and ultimately developing realignment and closure recommendations related to a common business-oriented support function that crossed military services and defense agencies—Education and Training, Headquarters and Support Activities, Industrial, Intelligence, Medical, Supply and Storage, or Technical, as shown in figure 7.

⁴⁸[GAO-03-669](#).

Figure 7: DOD's BRAC Leadership Structure



Source: DOD.

DOD emphasized that the joint cross-service groups were 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 1995 BRAC round, 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 round⁴⁹ indicated that the joint cross-service groups submitted options through the military services for approval, resulting in few being approved. Conversely, the number of BRAC recommendations developed by these joint cross-service groups and subsequently approved by the BRAC Commission increased significantly in the BRAC 2005 round. This was due, in part, to high-level leadership ensuring that the options were reviewed by DOD's senior-level Infrastructure Steering Group, rather than the military services.

In addition, DOD established four Joint Process Action Teams to facilitate a common analytical approach to the application of the four BRAC selection criteria not related to military value—costs and savings potential, economic impact, community impact, and environmental impact.⁵⁰ Senior leaders from each of the military departments oversaw their respective services' BRAC analytical teams. At the end of the joint cross-service groups' and individual military departments' analytical processes, the two senior-executive-level groups approved each candidate recommendation. Finally, before DOD forwarded its candidate recommendations to the BRAC Commission, the department engaged a small group of former executive-level government officials, called the "Red Team," to provide an independent assessment of candidate recommendations and offer feedback and suggestions for improving the quality of the candidate-recommendation packages. Moreover, early in the BRAC process, OSD issued close to a dozen memorandums establishing policy, responsibilities, and procedures for developing realignment and closure recommendations for submission to the BRAC Commission. These policy memos established a consistent analytical approach to help ensure that the department treated all bases equally as required in the BRAC statute.⁵¹

DOD recognized that the size and complexity of the BRAC 2005 round—specifically, the large number of transformational recommendations—presented significant implementation challenges

⁴⁹GAO, *Military Bases: Lessons Learned From Prior Base Closure Rounds*, GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

⁵⁰Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, Pub. L. No. 108-375, § 2832 (2004) (amending § 2913 of the BRAC statute).

⁵¹Section 2903(c)(3)(A) of the BRAC statute.

that would require high-level leadership to be more involved in strategically managing the implementation of this round compared to past rounds. According to OSD BRAC officials, during prior BRAC rounds, OSD's oversight of BRAC implementation was typically limited to adjudicating disagreements among the services over implementation issues. To better inform OSD of the financial details and implementation status of each of the 182 BRAC 2005 recommendations, for the first time OSD required the military departments to develop detailed business plans to delineate required actions, their timing, and the resources needed to complete those actions. Business plans were to be updated every 6 months. Among other things, the business plans facilitated oversight by requiring the services and defense agencies to document their concurrence with BRAC implementation plans and by calling any disagreements among stakeholders to the attention of the OSD Basing Office and ultimately, if necessary, to the senior-level Infrastructure Steering Group. Service officials told us that the business plans were a good managerial decision that facilitated needed OSD oversight given the complexity of this BRAC round. Through the business plans, OSD officials were able to provide comprehensive, centrally managed oversight of the BRAC program, monitoring the services actions, any disagreements among stakeholders, and the timing and cost of implementation.

Additionally, beginning in December 2008, as concerns grew that some recommendations were at risk of not being completed by the statutorily mandated deadline of September 2011, OSD directed the military services to provide status briefings on various recommendations facing implementation challenges to ensure that senior leadership stayed apprised of significant issues affecting BRAC implementation. For example, our analysis at that time showed DOD expected almost 400 of the total of about 800 locations to complete their BRAC recommendations in 2011, which was within the last 9 months of the statutory implementation period, and about 230 of those almost 400 locations were scheduled to complete their recommendations in the last 2 weeks before the deadline. Further, our analysis showed that some of these 230 locations involved some of the most-costly and most-complex BRAC recommendations, which already incurred setbacks and thus had little

leeway to meet the completion deadline if further delays occurred.⁵² Furthermore, we testified in March 2012 that DOD demonstrated sustained leadership attention and a high level of coordination among many stakeholders to complete transformational-type recommendations by the required date.⁵³ For example, the Defense Logistics Agency was faced with the potential for disruptions to depot operations during implementation of the BRAC recommendation to consolidate supply, storage, and distribution functions within the agency. The agency took certain steps we have identified as best practices to minimize the potential for disruption, such as committing sustained high-level leadership and including relevant stakeholders in an organizational structure to address implementation challenges as they arose. The agency had to develop strategic agreements with the military services that ensured that all stakeholders agreed on its plans for implementation, and had to address certain human capital and information technology challenges.

Opportunities Exist to Better Demonstrate Results of Future BRAC Rounds

Although implementing a large-scale organizational transformation such as BRAC 2005 is not a simple endeavor, during our analysis of BRAC 2005 we found that while DOD is able to demonstrate some results that this round produced, it did not track two of the four statistics it listed as illustrating the breadth and depth of the round. In addition, DOD did not establish a target for reducing excess infrastructure, as it did for the 1995 round.

OSD Can Demonstrate Some Results, but It Did Not Develop a Plan to Track Some Statistics Presented in Its 2005 BRAC Report

It is possible to quantify some results of BRAC 2005. For instance, DOD closed 24 major bases, realigned 24 major bases, and took action to implement over 765 other BRAC actions across the country.⁵⁴ In addition, DOD reported in its fiscal year 2011 budget request that about 18,000 military personnel positions and about 12,000 civilian positions were eliminated as a result of the 2005 BRAC round. DOD also tracked the estimated cost and savings of each recommendation, and adjusted these

⁵²GAO, *Military Base Realignment and Closures: DOD Faces Challenges in Implementing Recommendations on Time and Is Not Consistently Updating Savings Estimates*, [GAO-09-217](#) (Washington, D.C.: Jan. 30, 2009).

⁵³[GAO-12-513T](#).

⁵⁴DOD defined major closures as those where plant replacement value exceeds \$100 million.

estimates annually as necessary. As we reported in June 2012,⁵⁵ DOD estimated net annual recurring savings of \$3.8 billion as of the end of fiscal year 2011, compared to its original projection of over \$5 billion per year based on the set of candidate recommendations it presented to the BRAC Commission.⁵⁶

In its 2005 Base Closure and Realignment Report, DOD stated that while it is difficult to measure the full extent of the improvements in effectiveness and efficiency of the BRAC 2005 recommendations, the following statistics would illustrate the breadth and depth of the effect of its proposed actions:

- About 18,000 civilian support positions will be eliminated.
- At the 6-year point in implementation, the department will begin to realize net annual savings of over \$5 billion per year from BRAC 2005 actions, in addition to about \$7 billion from previous BRAC rounds.
- 5 percent of plant replacement value⁵⁷ will be reduced.
- About 12 million square feet of leased space will be vacated for more-secure, functionally enhanced facilities.

After the Commission had reviewed DOD's recommendations and made some changes—such as allowing the Air Force to find a new mission for Cannon Air Force Base, New Mexico—DOD reestimated the percentage reduction in plant replacement value on the basis of the set of recommendations the Commission approved and presented to the President in September 2005. Subsequently, DOD projected in 2005 that the expected plant replacement value reduction would likely be around 3 percent.

⁵⁵[GAO-12-709R](#).

⁵⁶After the Commission completed its review in September 2005, it modified, rejected, and added to the recommendations and estimated at that time projected savings to be around \$4.2 billion.

⁵⁷According to DOD, plant-replacement value is the cost to replace an existing facility with a facility of the same size at the same location, using today's building standards.

While DOD identified four statistics that it stated would illustrate the effect of its proposed BRAC actions, it did not establish these statistics as potential measures of effectiveness or devise other methods that would enable the department to determine the success of the BRAC round. Our extensive body of prior work on monitoring performance and results highlights the importance of using performance measures to track an agency's progress and performance, and stresses that performance measures should include a baseline and target; should be objective, measurable, and quantifiable; and should include a time frame.⁵⁸ Our *Standards for Internal Control in the Federal Government*⁵⁹ emphasizes that an agency's management should track major agency achievements and compare these to the agencies' plans, goals, and objectives. Also, we have noted that agency managers need to compare actual performance to planned or expected results and analyze the differences.

Although DOD developed tracking mechanisms for measuring the extent to which it had eliminated civilian support positions and realized net annual recurring savings, it did not track the extent to which it had actually reduced plant replacement value or vacated leased space upon completion of the BRAC 6-year implementation period in 2011. DOD tracked the elimination of civilian support positions and expected net savings through annual budget submissions to Congress and through its required business plan updates. For example, the fiscal year 2011 BRAC budget request, which was DOD's last BRAC budget request during the statutory 6-year implementation period, showed that 12,196 civilian positions were eliminated by implementing the 182 BRAC recommendations. Also, DOD tracked net annual recurring savings resulting from BRAC implementation, which were estimated to be

⁵⁸GAO, *Military Transformation: Clear Leadership, Accountability, and Management Tools Are Needed to Enhance DOD's Efforts to Transform Military Capabilities*, [GAO-05-70](#) (Washington, D.C.: Dec. 17, 2004); See also GAO, *Streamlining Government: Opportunities Exist to Strengthen OMB's Approach to Improving Efficiency*, [GAO-10-394](#) (Washington, D.C.: May 7, 2010); *Managing for Results: Enhancing Agency Use of Performance Information for Management Decision Making*, [GAO-05-927](#) (Washington, D.C.: Sept. 9, 2005); *Defense Management: Tools for Measuring and Managing Defense Agency Performance Could Be Strengthened*, [GAO-04-919](#) (Washington, D.C.: Sept. 13, 2004); *High-Performing Organizations: Metrics, Means, and Mechanisms for Achieving High Performance in the 21st Century Public Management Environment*, [GAO-04-343SP](#) (Washington, D.C.: Feb. 13, 2004); and [GAO-03-669](#).

⁵⁹GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1, 1999).

\$3.8 billion, according to DOD's fiscal year 2011 BRAC 2005 budget request.

DOD officials were unable to provide us with information on whether the department actually reduced plant replacement value by 3 percent, or the extent to which it vacated 12 million square feet of leased space upon completion of BRAC implementation, because DOD had not developed a plan or mechanism to monitor those changes throughout the 6-year BRAC implementation period. According to DOD basing officials, plant replacement value is a good statistic to use, and the department will continue to use it, although applying it to data collected prior to the implementation of BRAC recommendations does not account for changes in the data that occurred over the 2006 to 2011 BRAC implementation period, most notably the significant amount of military construction. As we reported in June 2012,⁶⁰ DOD's estimated BRAC-related military construction costs were about \$24.5 billion, which represented an increase of 86 percent from the BRAC Commission's original estimate of about \$13.2 billion. Those construction projects, many of which were either identified or expanded after implementation of the round's recommendations had begun, would have affected any net reduction in plant replacement value if measured in 2011 after BRAC implementation was complete. In accordance with DOD's Financial Management Regulation, plant replacement value is calculated by applying current construction pricing data to the total inventory of the current physical plant.⁶¹ In the future, establishing a plan or method to track changes in net plant replacement value—or some other measure of infrastructure reduction—would enable DOD officials to provide Congress with more-complete information on the extent to which the department actually reduced excess infrastructure as a result of completed BRAC recommendations.

Further, although DOD reported to the BRAC Commission that it would vacate about 12 million square feet of leased space, DOD did not track the extent to which it vacated leased space. Vacating leased space is important to minimize the extent to which DOD is incurring expenses to rent space off-base where available and useable space can be obtained

⁶⁰[GAO-12-709R](#).

⁶¹DOD Financial Management Regulation 7000.14-R, Volume 3, Chapter 17, Appendix C, Attachment 2, *Plant Replacement Value* (Dec. 1996).

on DOD-owned installations. Also, due to enhanced antiterrorism force-protection measures generally provided at DOD installations compared to private-sector facilities, DOD wanted to use BRAC to vacate leased space that did not offer this level of protection. However, DOD officials stated that they found it difficult to measure vacated leased space because, in some cases, DOD simply backfilled vacated leased space with other DOD activities—which also calls into question the extent to which changes in the utilization of leased space has improved force protection. Army officials also told us that they did not track leases that the Army vacated as a result of BRAC because those leases were typically long-term and thus could not be terminated at the time BRAC was being implemented. Rather, the Army simply filled such space with other non-BRAC service functions. At the same time, due to other ongoing DOD initiatives, some leased space may be vacated for reasons other than BRAC. Therefore, according to OSD, it is difficult to measure any net reduction in leased space or to identify what proportion of any reduction was directly due to BRAC actions. Moreover, an after-action report prepared by one of the BRAC joint cross-service groups responsible for many recommendations that realigned DOD activities out of leased space reported that the department does not have effective management controls in place to monitor leased space. The report states that leased space outside of the National Capitol Region is not effectively controlled or managed, and as a result it is not accurately inventoried in BRAC.

For any future BRAC round, identifying measures of effectiveness that it is able to track, and tracking results according to those measures, could better enable DOD to demonstrate whether the implementation of a BRAC round will achieve improved efficiency and effectiveness, or otherwise have the effect that the department says its proposed recommendations will accomplish when submitting them to the BRAC Commission.

DOD Did Not Establish a Target for the Amount of Excess Infrastructure It Would Reduce as a Result of BRAC 2005

DOD's ability to demonstrate results from BRAC 2005 is further hindered because it did not establish a target for the amount of excess infrastructure to be reduced by this round, although an important goal of this and other BRAC rounds was to reduce excess capacity. For example, in guidance initiating the 1995 BRAC round, the Deputy Secretary of Defense established a minimum of 15 percent of DOD-wide plant replacement value as a target for reducing domestic base structure. In a March 2004 report to Congress, the Secretary of Defense stated that DOD needed the BRAC 2005 round given that, at that time, the

department had about 24 percent excess capacity. Yet the Secretary did not set a reduction target for the round.

Our prior work on results-oriented management tools states that goals should establish intended performance and focus on the results required.⁶² Further, GAO's *Standards for Internal Control* states that agency managers should be able to compare actual performance to planned or expected results and analyze the differences. However, in the absence of a specific measurable target for reducing excess capacity through the 2005 BRAC process, the department is not now in a position to compare actual BRAC infrastructure reductions to its planned or expected reduction. In March 2012, DOD requested two more rounds of BRAC for fiscal years 2013 and 2015, and the Deputy Under Secretary of Defense (Installations and Environment) stated⁶³ that DOD will need to close and realign installations to eliminate excess capacity resulting from reductions in force structure in Europe and the United States. Establishing a clear infrastructure-reduction target for any future BRAC round and developing a plan to compare that target to actual performance by the end of that round's implementation period would improve the department's ability to demonstrate that it reduced excess infrastructure.

⁶²[GAO-05-70](#).

⁶³*Hearing on the Request for Authorization of Another BRAC Round and Additional Reductions in Overseas Bases* (written statement of Dr. Dorothy Robyn).

DOD's Bundling of Multiple Closures or Realignment in a Single Recommendation Limited Visibility of Costs and Savings Estimates and Complicated the Commission's Review

For the BRAC 2005 round, DOD bundled some closures and realignments together and submitted them in its report to the BRAC Commission⁶⁴ as more-complex, single recommendations, limiting visibility into the estimated costs and savings for individual closures or realignments and complicating the Commission's ability to review them. In some cases, DOD bundled proposed closures and realignments that it expected to result in 20-year net present value costs with other proposals that it expected to result in 20-year net present value savings,⁶⁵ reducing visibility into the estimated costs and savings of individual components in its report to the BRAC Commission. For example, the recommendation to transform the Army's reserve components in Arizona, which DOD estimated would generate a 20-year net present value savings of almost \$52 million, included the creation of an Armed Forces Reserve Center at the Buckeye Training Site, Arizona. A previous scenario, which focused solely on the Buckeye training site, indicated that the Army would incur a net cost of almost \$9 million over the 20-year period. However, bundling reduced the visibility of these net costs and instead produced a candidate recommendation with 20-year net savings overall.

Another proposal to relocate Army integrated material management functions⁶⁶ from Rock Island, Illinois, to Detroit, Michigan—which DOD expected to result in 20-year net costs—was combined with a proposal for consolidating depot-level reparable procurement across DOD and transferring consumable-item management to the Defense Logistics Agency—which DOD expected to result in 20-year net savings. The BRAC Commission estimated in 2005 that the resulting bundled candidate recommendation would save about \$157 million annually, beginning in 2012. However, we worked directly with Defense Logistics Agency officials to identify the net cost or savings for each of the three elements of the recommendation—relocation of Army integrated material management functions; consolidation of depot-level reparable

⁶⁴DOD, *Report on Base Closure and Realignment Recommendations* to the BRAC Commission (May 13, 2005).

⁶⁵Net present value is a financial calculation that accounts for the time value of money by determining the present value of future savings minus up-front investment costs over a specific period of time. In the context of BRAC 2005 implementation, net present value is calculated for a 20-year period from 2006 through 2025.

⁶⁶Implementation costs associated with this element of the recommendation are attributable primarily to relocations that consolidate various Army Tank-automotive and Armaments Command integrated material management activities at Detroit, Michigan.

procurement; and the transfer of consumable-item management. According to the agency's estimates as of September 2007, the relocation of Army integrated material management functions to Detroit, Michigan, was never estimated to have net annual savings, instead, it was estimated to have a net cost of nearly \$11 million annually.

In addition, some BRAC recommendations bundled closures or realignments that were not expected to recoup up-front costs for long periods of time with other proposals having shorter payback periods,⁶⁷ effectively reducing the visibility of these payback periods by subsuming separate elements within a consolidated, or bundled, recommendation. For instance, the relocation of various Army offices from leased and government-owned space onto Fort Sam Houston, Texas, which was expected to recoup its up-front implementation costs after 3 years, at which point net savings begin to accrue, was bundled with the relocation of a major command—the Army Materiel Command, from Fort Belvoir, Virginia, to Redstone Arsenal, Alabama—which was not expected to recoup its up-front cost for more than 100 years.⁶⁸ Bundling these realignments into one BRAC recommendation resulted in a more-positive overall financial outcome—specifically, an expected 20-year net present value savings of about \$123 million, which DOD expected to begin accruing after 10 years. Similarly, the realignment of Lambert–St. Louis International Airport Air Guard Station, Missouri, which originally resulted in a 20-year net present value cost of about \$22 million, was bundled with the closure of Otis Air National Guard Base, Massachusetts, and the

⁶⁷Payback 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 when cumulative savings exceed cumulative costs.

⁶⁸DOD's justification for relocating various Army offices from leased space onto Fort Sam Houston was reducing the department's reliance on leased space, which it stated has historically higher overall costs than government-owned space and generally does not meet antiterrorism force-protection standards. DOD justified the relocation of Army Materiel Command from Fort Belvoir to Redstone Arsenal as the relocation would avoid future military construction costs at Fort Belvoir because the majority of the command's space on Fort Belvoir was in temporary structures.

realignment of Atlantic City Air Guard Station, New Jersey.⁶⁹ The combined recommendation resulted in a 20-year net present value savings of \$336 million, which DOD expected to begin accruing after 3 years. We also found that 8 of the 21 recommendations produced by the Headquarters and Support Activities Joint Cross-Service Group consisted of packages in DOD's report to the Commission that consolidated two or more recommendations that the group had previously approved as stand-alone candidate recommendations. In seven of those instances, the bundles limited the visibility of up-front costs for individual components that the group initially estimated would take over a decade to recoup.

We recognize that, in some cases, it may make sense to combine BRAC actions to form a logical and cohesive summary of the steps required to, for example, relocate units housed on closing bases or to consolidate similar functions that are fragmented across the military services. However, we have determined that information presented should be easy to use, and estimates of cost and savings should describe in sufficient detail the calculations performed,⁷⁰ and if the estimate contains multiple initiatives, we believe the cost to implement these initiatives should be separately visible in the report to better facilitate oversight and informed decision making for the BRAC Commission, the President, and Congress, as part of the BRAC process. OSD officials told us that they provided to the Commission the more-detailed COBRA analysis to help with understanding bundled recommendations. Nonetheless, BRAC 2005 Commission executive officials told us that they found it difficult, time-consuming, and not always possible to determine the extent to which costly BRAC 2005 realignments or closures were bundled with other less-costly recommendations, and that DOD's report to the BRAC Commission did not include the costs and savings expected to result from the components of bundled recommendations. As a result, the BRAC Commission, the President, and Congress did not have full visibility over

⁶⁹Otis Air National Guard Base, Massachusetts, remains open because the BRAC Commission did not recommend closing Otis Air National Guard Base. The Commission found that the Secretary of Defense deviated substantially from the first military value selection criterion and the force structure plan in the DOD proposal to close Otis. Massachusetts Air National Guard units located there include the 102nd Intelligence Wing, the 253rd Combat Communications Group, and the 267th Combat Communications Squadron.

⁷⁰See footnote 44.

some of the estimated costs or savings potential of a number of individual closures and realignments, preventing closer scrutiny of the financial implications of the BRAC 2005 round.

Furthermore, the 2005 BRAC Commission reported that bundling or comingling proposals under the title of a single recommendation made the work of the Commission more difficult. The Chairman of the 2005 BRAC Commission told us that the Commission's review for this round was more complicated compared to prior rounds because of the large number of bundled recommendations the Commission had to review. The Chairman stated that, in prior rounds, DOD submitted more single-component recommendations, which were easier to review, and it was an arduous process to break bundled recommendations down into their component parts in order to assess whether any changes were necessary. Also, some of the BRAC 2005 Commission's executive staff who had worked with prior BRAC Commissions told us that the practice of bundling multiple components into single recommendations was not as pervasive in prior BRAC rounds compared to the 2005 round. In addition, our analysis of DOD's presentation of candidate recommendations to the 1991, 1993, and 1995 BRAC Commissions confirmed that those rounds had more single stand-alone recommendations compared to BRAC 2005. However, we recognize that the 2005 round's goals of furthering the transformation of DOD's force structure and fostering joint capabilities among the military services resulted in recommendations of unprecedented scope and complexity. By limiting the practice of bundling, or requiring that components' costs for bundled recommendations be disclosed, DOD will increase visibility of estimated cost and savings estimates for its actions and facilitate the independent review process for future BRAC rounds.

DOD Did Not Conduct a Timely Review of BRAC Data for Potential Security Risks Prior to Its Release to the BRAC Commission

The BRAC Commission was delayed in obtaining full access to DOD's backup data justifying its candidate recommendations because the department did not adequately plan to conduct a timely review of these data to ensure that classified information was not compromised. As discussed in the BRAC Commission's 2005 report, delays affected DOD's primary backup data, meeting minutes, and scenario evaluations the department used to develop and justify the closure and realignment recommendations. According to OSD officials, intelligence officials screened the backup data as they were collected, and the department did not expect to encounter data-security issues when transmitting that information to the BRAC Commission. However, before the information was released to the BRAC Commission, an intelligence official raised

concerns that, in the aggregate, some backup data could be classified because of the compilation of the data.⁷¹ To ensure that classified information was not compromised, the Deputy Secretary of Defense classified all of the backup data until a security review had been completed.⁷² Subsequently, DOD conducted a formal security review of all BRAC-related documentation. This review caused a 1-month delay in declassifying and releasing much of the information to the Commission, but without a corresponding extension in the time allotted to the Commission for its review.

The BRAC statute directed specific steps in the BRAC process, such as when and what types of information DOD would submit to Congress and the BRAC Commission, and the Commission's deadline for reporting to the President. For example, the statute directed DOD to submit to the Commission and Congress its recommendations for base closures and realignments no later than May 16, 2005. DOD submitted its recommendations on May 13, 2005, and under the BRAC statute, then had 7 days to transmit additional information, including a summary of the selection process that resulted in the recommendation for each installation and a justification for each recommendation. In addition, DOD was required to make all information it used to prepare the recommendations available not only to Congress, but to the BRAC Commission and GAO as well. Further, the statute required the Commission to provide a report to the President not later than September 8, 2005. Although DOD publicly released its candidate recommendations to the BRAC Commission on May 13, 2005, DOD released the backup data to the Commission incrementally, over a period of 1 month, with the

⁷¹Executive Order 12958, *Classified National Security Information* (Apr. 17, 1995), in effect during the 2005 BRAC Commission's tenure, defined compilation as an aggregation of preexisting unclassified items of information. The order explained that compilation of items of information that are individually unclassified may be classified if the compiled information reveals an additional association or relationship that meets the standards for classification under the order and is not otherwise revealed in the individual items of information.

⁷²DOD Regulation 5200.1-R, *Information Security Program* (Jan. 14, 1997), established the department's Information Security Program to promote the proper and effective classification, protection, and downgrading of official information requiring protection in the interest of national security and the declassification of information no longer requiring such protection. DOD Directive 5400.4, *Provision of Information to Congress* (Jan. 30, 1978), served as the department's policy of providing information to Congress during the time OSD delivered its recommendations and supporting documentation to Congress and the BRAC Commission in May 2005.

vast majority of the declassified data transmitted to the Commission by June 14. According to OSD officials, the department provided the Commission with all of the newly classified data at a secured location; however, since only a few Commission staff members had security clearances at the time, access to the information remained unavailable to the majority of the staff. The BRAC statute allows the BRAC Commission less than 4 months to conduct its review; however, that time frame was compressed further because members did not have all of the information in a timely manner. The Chairman of the BRAC Commission and his executive staff told us the delay in getting the backup data was a primary concern. The delay risked the Commission's ability to comply with the law to complete a comprehensive review of the large number of recommendations proposed and submit its report to the President according to the mandated deadline. As the BRAC Commission noted in its report to the President, by anticipating the potential security risks presented by the aggregation of data and planning ahead to prevent problems with its release, DOD could have expedited the Commission's review process.

Several Amendments to the BRAC Statute Could Offer Congress Greater Assurances of Future BRAC Outcomes

Our analysis of BRAC 2005 identified several areas where potential amendments to the BRAC statute could enhance oversight for Congress if any future BRAC rounds are authorized. First, DOD's goals for BRAC 2005 emphasized transformation and jointness, and the timing and extent of savings was not a primary selection criterion, resulting in many BRAC recommendations that were not expected to produce 20-year net savings. Also, when the BRAC Commission completed its review of DOD's proposals, Congress had limited visibility of complete cost information for some recommendations containing contingency clauses. These clauses, added by the BRAC Commission, did not provide a definitive expected outcome for some BRAC recommendations, but instead allowed the outcome to be defined by events or decisions that would potentially occur during the implementation period, after Congress could have taken action under the BRAC statute to prevent the recommendations from becoming binding if it so chose. Should Congress wish to increase its oversight of any future BRAC rounds, our analysis of lessons learned from the 2005 BRAC round identified several possible changes to the BRAC statute that could provide Congress with improved visibility over costs and savings expected from implementing BRAC recommendations and offer greater assurances regarding expected outcomes.

DOD's Goals and the BRAC Selection Criteria for BRAC 2005 Did Not Prioritize Savings

DOD did not prioritize cost savings when establishing its goals for BRAC 2005, and savings were not prioritized under the statutory selection criteria used in making closure or realignment recommendations for the BRAC 2005 round. While noting the necessity of eliminating excess physical capacity in order to preserve scarce resources, the Secretary of Defense emphasized that the primary objectives of BRAC 2005 were to transform the military by realigning base structure to better serve defense strategy and meet force structure needs, while fostering more jointness among the military services. DOD proposed eight selection criteria for BRAC 2005 recommendations, which it divided into two categories—primary and secondary considerations—consistent with prior BRAC rounds and statutory guidance. As previously described, these criteria were made available for public comments by means of the Federal Register, and Congress ultimately codified them with minor alterations. The legislatively codified selection criteria for the 2005 BRAC round are shown in figure 8. As figure 8 shows, the selection criteria for BRAC 2005 did not include cost savings among those criteria to be given priority consideration. Although reductions in excess infrastructure to generate cost savings remained an important goal, “the extent and timing of potential costs and savings,” including the number of years for the savings to exceed costs, was included as “other” or secondary criteria.

Figure 8: Legislatively Codified Selection Criteria for the BRAC 2005 Round

<p>Military value (<i>primary consideration</i>)</p> <ol style="list-style-type: none">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 the 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. <p>Other selection criteria (<i>secondary consideration</i>)</p> <ol style="list-style-type: none">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 the 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.
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Source: DOD and Pub. L. No. 108-375, section 2832 (2004).

For prior BRAC rounds, under procedures established in the BRAC statute, DOD had also adopted four priority “military value” criteria and established “other” criteria; however, in those prior rounds Congress did not specify the adoption or prioritization of certain criteria in the law. Further, unlike prior BRAC rounds, BRAC 2005 was not primarily focused on reducing infrastructure to achieve savings. The 2005 BRAC Commission noted in its report to the President that, while previous rounds of BRAC had the explicit goal of saving money and downsizing the military in order to reap a “peace dividend,” several DOD witnesses at BRAC Commission hearings made it clear that the purpose of many 2005 BRAC recommendations was to advance the goals of transformation, improve capabilities, and enhance military value in a manner that was not

necessarily savings oriented. Similarly, after the end of the 6-year implementation period, the Deputy Under Secretary of Defense (Installations and Environment) testified in March 2012 that the 2005 BRAC round had focused principally on reconfiguring capacity to maximize war fighting capability and efficiency as opposed to eliminating excess capacity, adding that BRAC 2005 served as an engine of recapitalization for enduring military facilities. The Deputy Under Secretary also testified that the 2005 round took place during a period of growth in the military, and it reflected the goals and needs of that time.

DOD presented over 20 proposed recommendations to the BRAC Commission that it estimated would not result in any net savings over a 20-year period beginning in 2006, meaning the implementation of those recommendations would incur net costs by year 2025. In addition, the 2005 BRAC Commission, after conducting its review, modified some of DOD's recommendations and added some of its own, ultimately approving 30 recommendations that were not expected to result in 20-year net present value savings. Both DOD and the BRAC Commission justified those recommendations on the basis of military value. In comparison, DOD proposed a total of only four recommendations that were not expected to result in 20-year net savings in the prior four BRAC rounds combined. Some examples of BRAC recommendations that were justified on the basis of military value that were not expected to result in 20-year net present value savings are listed in table 2.

Table 2: Examples of BRAC Recommendations Estimated to Have 20-Year Net Costs

Constant fiscal year 2005 dollars in millions

BRAC recommendation (Commission number)	Excerpts in which DOD justified the recommendation	Estimated 20-year net cost
Realign Fort Bragg, NC, by relocating the 7th Special Forces Group to Eglin Air Force Base, FL, and by activating the 4th Brigade Combat Team, 82nd Airborne Division, and relocating European-based forces to Fort Bragg, NC. (#4)	Supports the Army modular force transformation; enhances military value and training capabilities; and supports joint specialized training needs.	\$639.2
Realign Fort Hood, TX by relocating a Brigade Combat Team and Unit of Employment Headquarters to Fort Carson, CO. (#6)	Enhances the military value of the installations and the home-station training and readiness of the units at the installations by relocating units to installations that can best support the training and maneuver requirements associated with the Army's transformation.	980.4
Operational Army—realigns Fort Bliss, TX; Fort Hood, TX; Fort Riley, KS; Fort Campbell, KY; and Fort Sill, OK to include rebasing of units from overseas to various domestic locations. (#10)	Ensures the Army has sufficient infrastructure, training land and ranges to meet the requirements to transform the Operational Army as identified in the 20-year force structure plan. It also ensures the Army maintains adequate surge capacity.	7,846.7
Reserve Component Transformation, MA (closes Army Reserve Equipment Concentration Site 65 Annex, Ayer, MA, and realigns other units and facilities). (#25)	Transforms reserve component facilities; constructs a multicomponent multifunctional Armed Forces Reserve Center; provides the opportunity for other local, state, or federal organizations to partner with the reserve components to enhance homeland security and homeland defense at a reduced cost to those agencies.	60.4
Realign Beale Air Force Base, CA, and Selfridge Air National Guard Base, MI. (#82) ^a	Realigns tanker aircraft from Beale to capitalize on Beale's high military value and emerging mission. The receiver locations for Beale's tankers each have above-average military value for reserve component bases in the tanker mission.	57.9
Establish Joint Strike Fighter initial joint training site. (#125)	Establishes Eglin Air Force Base, FL, as an initial joint training site that teaches entry-level aviators and maintenance technicians how to safely operate and maintain the new Joint Strike Fighter F-35 aircraft with curricula that permit services latitude to preserve service-unique culture and a faculty and staff that brings a "train as we fight: jointly" national perspective to the learning process.	226.3

Source: 2005 BRAC Commission.

^aThis recommendation had 20-year net savings before changes made by the BRAC Commission.

In our prior work, we have found that program goals need to be carefully defined and supported by appropriate evaluation tools, as both can be key determinants of program results.⁷³ Thus, the justification for initiating a BRAC round, the goals specified for the round by DOD, and the selection criteria used by DOD to develop candidate recommendations and used by the BRAC Commission to evaluate DOD's proposed recommendations and to propose changes or additions as appropriate, are all factors in determining the results of the BRAC round. The selection criteria used by DOD and the BRAC Commission for BRAC 2005 ultimately facilitated DOD's efforts to achieve its goals for that round. We recognize that military value is an appropriate consideration for BRAC selection criteria. However, in any future BRAC round, DOD's justification and goals for the round, and Congress's direction for how the selection criteria should be used, will play a significant role in determining what the round achieves.

In her March 2012 testimony, the Deputy Under Secretary of Defense (Installations and Environment) stated, "Because the focus [of the 2005 round] was on transforming installations to better support forces—as opposed to saving money and space—it is a poor gauge of the savings that the Department can achieve through another BRAC round. The prior BRAC rounds—which reduced capacity and paid off in two to three years—represent a better gauge of such savings." If DOD proposes further BRAC rounds in order to achieve savings by reducing excess infrastructure, and if Congress authorizes future BRAC rounds, requiring DOD to specify its goals and explain how the BRAC criteria for that round are structured to help facilitate those goals, and elevating the priority

⁷³We reviewed numerous documents related to establishing program goals, aligning them with the agency's mission, and providing criteria for evaluating outcomes or criteria that are applicable when initiating a new program for use in evaluating expected outcomes, and identified key principles that we believe can be applied to establishing criteria for evaluating proposed BRAC recommendations. The documents we reviewed include: GAO, *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#) (Washington, D.C.: January 2012); *Defense Business Transformation: Status of Department of Defense Efforts to Develop a Management Approach to Guide Business Transformation*, [GAO-09-272R](#) (Washington, D.C.: Jan. 9, 2009); *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005); and *Government Reform: Goal-Setting and Performance*, [GAO/AIMD/GGD-95-130R](#) (Washington, D.C.: Mar. 27, 1995). We believe that these documents collectively contain broad themes that can be applied to defining program goals and establishing criteria for evaluating likely outcomes before implementing actions intended to achieve those goals.

given to the extent and timing of potential costs and savings, are steps that could increase the focus on savings as a desirable outcome for that round.

Contingency Clauses for Some Recommendations Limited Congress's Visibility of Complete Cost Information and Expected Outcomes

The BRAC Commission added contingency clauses to some recommendations; hence, Congress did not have complete information about potential costs and savings during the statutory period during which it could have disapproved the proposed package of recommendations. Under the BRAC statute, Congress has approximately 45 days from the date the President submits the package of recommendations to decide whether to disapprove the recommendations, and if it declines to do so, the entire package becomes binding.⁷⁴ For BRAC 2005, the Commission submitted its report to the President on September 8, 2005, and the President transmitted the recommendations to Congress on September 15, 2005. In the absence of congressional disapproval, the recommendations became binding on November 9, 2005. However, in a departure from prior BRAC rounds, the BRAC 2005 Commission added contingency clauses to some of DOD's candidate recommendations. These clauses added conditions that were not expected to be resolved until after the November 9, 2005 deadline. Thus, when Congress declined to disapprove the recommendations and the package became binding on November 9, 2005, the outcome of some of the recommendations was unknown.

For example, DOD submitted a candidate recommendation to the BRAC Commission proposing the closure of Cannon Air Force Base, New Mexico. However, instead of either accepting or rejecting this recommendation, the BRAC Commission modified the recommendation to make the closing of Cannon Air Force Base contingent on whether the Secretary of Defense could find a new mission for the base by December 31, 2009—over 4 years after the BRAC recommendations were to

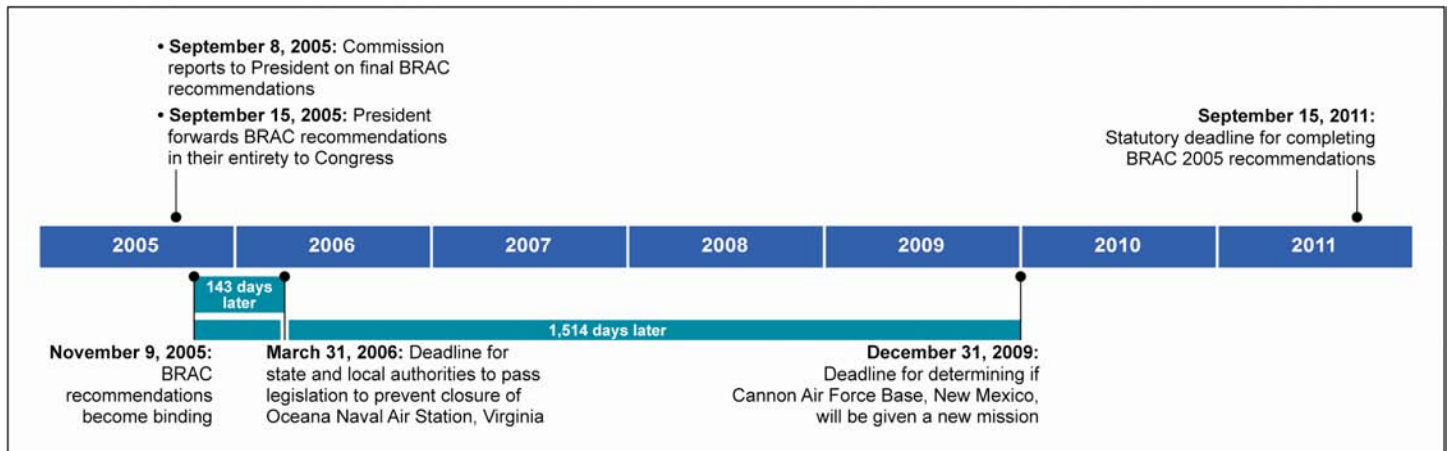
⁷⁴Once the recommendations become binding, DOD must initiate all closure or realignment actions no later than 2 years after the date on which the President transmits the recommendations to Congress, and must complete these actions within 6 years from the same date.

become binding.⁷⁵ In June 2006, DOD announced that Air Force Special Operations Command would establish a new mission at Cannon Air Force Base and the command would take ownership of the base on October 1, 2007. As a result, Cannon Air Force Base remained open. We reported in 2008 that estimated funding requirements to establish the Air Force Special Operations Command mission at Cannon were about \$517 million, but this was not considered to be a BRAC 2005 implementation cost. Furthermore, the BRAC statute requires DOD to initiate closure or realignment actions no later than 2 years after the recommendations become binding. Therefore, had DOD taken the time the BRAC Commission allowed and then decided to close the base, it would have been impossible for the department to begin the closure process within statutory time frames.

In another example, the BRAC Commission added a recommendation to realign Oceana Naval Air Station, Virginia, by relocating the East Coast Master Jet Base to Cecil Field, Florida, but only if the Commonwealth of Virginia and the municipal governments of Virginia Beach and Chesapeake, Virginia, failed to enact and enforce legislation to prevent further encroachment of Naval Air Station Oceana by the end of March 2006. Once again, this was after the date BRAC recommendations became binding on November 9, 2005. In addition, this recommendation was contingent on the actions of state and local governments—entities over which DOD has no authority. Further, the Commission did not provide the President or Congress with any cost or savings estimates for this recommendation. As part of the 1993 BRAC round, Naval Air Station Cecil Field was closed in 1999 and the fighter jets stationed at Cecil Field were relocated to Oceana Naval Air Station, Virginia. Cecil Field remains closed while Naval Air Station Oceana remains open. The timeline of decision points related to Cannon Air Force Base and Oceana Naval Air Station is depicted in figure 9.

⁷⁵The BRAC Commission, rather than rejecting the Secretary's recommendation to close Cannon Air Force Base, recommended realigning Cannon Air Force Base, New Mexico, by disestablishing the 27th Fighter Wing and distributing its aircraft to meet the Primary Aircraft Authorization requirements established by the base closure and realignment recommendations of the Secretary of Defense, as amended by the Base Closure and Realignment Commission.

Figure 9: Timeline Showing Decision Points Related to Cannon Air Force Base and Oceana Naval Air Station Contingency Recommendations



Source: GAO.

The addition of contingencies by the BRAC Commission and the absence of cost and savings estimates related to those contingencies prevented the President and Congress from having complete information on which to base their decisions within the time frames required for BRAC 2005.

Conclusions

Recent budget projections by GAO, the Congressional Budget Office, and others show that the federal government is on an unsustainable long-term fiscal path. New budgetary demands and demographic trends will place serious budgetary pressures on federal discretionary spending, as well as on other federal policies and programs, in the coming years. As resources become scarce, competition for them will increase. It is imperative, therefore, that government programs deliver as promised, not only because of their value to their users but because every dollar spent on one program may mean one less available dollar to fund other efforts. By taking steps to increase the fidelity of the initial cost estimates that it submits to the BRAC Commission for a future BRAC round—especially for potentially costly military construction and significant information technology projects—as well as improving the standard factors used by its cost-estimating model, and ensuring that BRAC analysts have a sound basis for data entered into the COBRA model, the department could enhance public confidence in the BRAC process and take better advantage of opportunities to achieve cost savings that it can apply to other defense priorities.

Additionally, both Congress and the executive branch have recognized the importance of focusing on agency performance and results. To achieve better results, program officials will need higher levels of knowledge when they start, and careful monitoring so that better estimates can be made of total program costs at completion. The BRAC process is no exception. By establishing targets for reducing excess capacity, identifying appropriate measures of effectiveness, and planning to track those measures, DOD will be in a much stronger position to demonstrate the benefits it achieves relative to the up-front implementation costs for any future BRAC round. Taking steps to be a more results-oriented agency may also help DOD to gain approval for additional rounds of BRAC in the future. Similarly, improving its BRAC planning processes to ensure greater visibility over estimated costs and savings for proposed recommendations—such as limiting the practice of bundling many potentially stand-alone realignments or closures into single recommendations—would better inform decision making and provide Congress a more-complete picture of the budgetary implications of any future BRAC round. Without providing both Congress and the BRAC Commission with better insight into the costs and savings potential of individual recommendations and any proposed BRAC round as a whole, DOD could potentially risk its ability to use BRAC as a tool for reducing excess capacity and ensuring that its infrastructure efficiently and effectively meets the needs of its force structure. Further, limiting the practice of bundling in the future could facilitate the independent review process for any future BRAC Commission. Similarly, DOD could facilitate the Commission’s review by planning to complete its review of potentially classified data, and ensuring that all supporting data for its candidate recommendations are submitted to the Commission, in a timely manner.

Finally, in March 2012, the House Armed Services Committee’s Subcommittee on Readiness held a hearing to discuss DOD’s request for authorization of another BRAC round. At that hearing, we testified that the goals of any future BRAC round and the recommendation selection criteria would go a long way toward determining the nature of that round. Therefore, should Congress approve another round of BRAC, and if it wishes to increase its oversight of that round, our lessons-learned review identified several legislative steps that could improve visibility—particularly over the costs and savings that such a round might produce—and offer greater assurances regarding expected outcomes of DOD’s recommendations. If Congress takes steps to improve its oversight of the cost savings potential of a proposed BRAC round, such as modifying the BRAC selection criteria and limiting the BRAC Commission from including in its approved recommendations

contingencies that will not be resolved until after the time frame provided under the BRAC statute for Congress to act on the entire package of proposed recommendations, Congress may be able to enhance its information about likely results from BRAC before it has to decide whether to permit the recommendations to be implemented.

Recommendations for Executive Action

We are making 10 recommendations for executive action, contingent on the authorization of a future BRAC round, as follows.

To increase the fidelity of the initial cost estimates that DOD submits with its recommendations to the BRAC Commission for a future BRAC round, we recommend that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to

- work with the military services, defense agencies, and other appropriate stakeholders to improve the process for fully identifying recommendation-specific military construction requirements and ensuring that those requirements are entered into the COBRA model and not understated in implementation costs estimates prior to submitting recommendations to the BRAC Commission;
- establish a process for ensuring that information technology requirements associated with candidate recommendations that are heavily reliant on such technology have been identified to the extent required to accomplish the associated mission, before recommendations and cost estimates are submitted to the BRAC Commission; and
- ensure that, during the development and comparison of BRAC scenarios, all anticipated BRAC implementation costs—such as relocating personnel and equipment—are considered and included in the COBRA model when comparing alternatives and generating cost estimates.

To increase confidence in the fidelity of the cost estimates that DOD submits to the BRAC Commission for a future BRAC round, we recommend that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to

- take steps to ensure that COBRA's standard factor for information technology is updated and based on technological developments since the most recent COBRA update; and

-
- update COBRA guidance to require users to provide a narrative explaining the process, sources, and methods used to develop the data entered into COBRA to develop military personnel position-elimination savings.

To improve planning for measuring the results of implementing the BRAC recommendations for a future BRAC round, we recommend that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to

- identify appropriate measures of effectiveness and develop a plan to demonstrate the extent to which the department achieved the results intended from the implementation of the BRAC round; and
- establish a target for eliminating excess capacity in its initiating guidance to high-level department-wide leadership, consistent with the BRAC selection criteria chosen for a future BRAC round.

To provide more-complete information and increased visibility into the expected costs and savings for individual BRAC closures or realignments, we recommend that, when planning any potential future BRAC round, the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to

- limit the practice of bundling many potentially stand-alone realignments or closures into single recommendations; and
- if DOD determines that bundling multiple realignments or closures into one recommendation is appropriate, itemize the costs and savings associated with each major discrete action in its report to the BRAC Commission.

Further, to ensure that the BRAC Commission receives timely access to information supporting BRAC recommendations for its review, we recommend that the Secretary of Defense develop a process to ensure that any data-security issues are resolved in time to provide all information to the BRAC Commission in a timely manner by conducting a security review of all BRAC data during DOD's recommendation development process, to include a review of the aggregation of unclassified data for potential security concerns and possible classification if necessary.

Matters for Congressional Consideration

If cost savings are to be a goal of any future BRAC round, Congress may wish to consider amending the BRAC statute by elevating the priority DOD and the BRAC Commission give to potential costs and savings as a selection criterion for making base closure and realignment recommendations.

Also, if Congress authorizes additional BRAC rounds, it may wish to consider amending BRAC legislation by requiring the Secretary of Defense to

- formally establish specific goals that the department expects to achieve from a future BRAC process; and
- propose selection criteria as necessary to help achieve those goals, if necessary and appropriate.

Finally, if Congress decides to authorize a future base closure round, it may want to consider whether to limit or prohibit the BRAC Commission from adding a contingent element to any recommendation and, if permitted, under what conditions.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD for review and comment. In response, DOD concurred with 3 of our 10 recommendations, partially concurred with 2, and did not concur with 5.

As we have stated in prior GAO reports, the BRAC process is fundamentally sound. We have reported that DOD's process for conducting its BRAC 2005 analysis was generally logical, reasoned, and well documented and we continue to believe that the process remains fundamentally sound based on this review, although our analysis identified several opportunities to improve the process for any future rounds. Moreover, our conclusion that the BRAC process is sound does not preclude opportunities for improvement, and it is in that spirit that we offer our recommendations.

After considering the points raised by DOD in its comments, we believe that our recommendations continue to have merit because they could improve and strengthen BRAC outcomes by incorporating more accountability into the process. By extension this would enhance a future BRAC Commission's ability to effectively and efficiently review DOD's candidate recommendations and Congress's understanding of the impact of these recommendations.

In its letter to us, OSD equated our discussion of the importance of establishing measurements of effectiveness and capacity reduction targets with requiring DOD to close a particular number of bases or eliminate a particular number of civilian jobs. OSD also stated that our report advocates prioritizing reductions in infrastructure over optimizing military value. To the contrary, nothing in our recommendations to improve the process precludes optimizing military value. OSD also stated that our report implies that the mismatch between actual BRAC costs and the initial estimates reflects flaws in the cost estimating model rather than the impact of subsequent decisions. We recognize that actual costs differ from the original estimates due to decisions that were subsequently made. However, our recommendations related to COBRA are to improve the information that DOD enters into the model, not the model itself. Cost estimating models generally produce more reliable outputs with more complete and accurate data inputs, and that is the intent of our recommendations related to DOD's COBRA model.

DOD did not concur with our first recommendation, to improve the process for fully identifying recommendation-specific military construction requirements and ensuring that those requirements are entered into COBRA and not understated in implementation cost estimates. DOD stated that the primary advantage of COBRA is to provide real-time comparison of scenarios to aid analysis and decision making, not to develop budget-quality estimates. As our report clearly states, we recognize that COBRA is not intended to provide budget-quality estimates, but that does not preclude the possibility of improvements to COBRA. We believe that, if DOD were to implement our recommendation, the result would be more accurate initial cost estimates that DOD submits to the BRAC Commission for review.

DOD partially concurred with our second recommendation, to establish a process for ensuring that information technology requirements associated with candidate recommendations heavily reliant on such technology have been identified before submission to the Commission. DOD acknowledged that information technology costs should be better estimated but added that a separate process is not necessary and stated that it can improve cost estimating by reevaluating the standard factors used in COBRA and by providing additional guidance as appropriate. Our intent was to provide DOD flexibility in deciding how to implement our recommendation, so we did not recommend a separate process specifically, just one that improves the accuracy of cost estimating for information technology requirements. If DOD chooses to improve COBRA to ensure more accurate information technology requirements are

identified during DOD's decision-making process, those actions would meet the intent of our recommendation.

DOD did not concur with our third recommendation, to ensure that all anticipated BRAC implementation costs, such as relocating personnel and equipment, are considered and included in the COBRA model when comparing alternatives and generating initial cost estimates during DOD's decision-making process. DOD reiterated that COBRA is not designed to develop budget quality estimates, nor can it reflect future implementation investment decisions made after BRAC recommendations become binding. We acknowledge that COBRA cannot predict future decisions but we still believe that including likely BRAC recommendation implementation costs will produce a more reliable initial cost estimate, and therefore a better basis for scenario comparisons; hence we continue to believe that there is need for our recommendation.

DOD concurred with our fourth and fifth recommendations, to update the standard factor for information technology used in COBRA, and to update COBRA guidance to require users to provide an explanation for the methodology used to develop military personnel position-elimination savings.

DOD did not concur with our sixth recommendation, to identify measures of effectiveness and develop a plan to demonstrate the extent to which DOD achieved its intended results from a future BRAC round. DOD stated that military value should continue to be the key driver for BRAC. Nothing in our recommendation undermines DOD's reliance on military value as the primary selection criteria for DOD's base closure and realignment candidate recommendations. Measures of effectiveness provide federal agencies information on the extent to which goals and objectives have been achieved. DOD can still prioritize military value while identifying measures that help determine whether DOD achieved the military value that it seeks. We believe that, if DOD effectively implements our recommendation, the department is likely to have a better understanding of whether it achieved its intended results while still continuing to enhance military value from particular BRAC recommendations. DOD also stated that its business plan process is the best way to measure effectiveness. We acknowledge the benefits of business plans; however, these business plans address implementation of individual BRAC recommendations and not the effectiveness of the BRAC process as a whole. Hence, we continue to believe that there is need for our recommendation.

DOD did not concur with our seventh recommendation, to establish a target for eliminating excess capacity in DOD's initiating guidance to high-level department-wide leadership consistent with the BRAC selection criteria chosen for a future BRAC round. DOD stated that goals or overarching capacity targets would subvert the intent of the BRAC statute to develop recommendations based on military value and would preclude examination of a full array of closure and realignment options. In March 2004, the Secretary of Defense reported to Congress that DOD needed the BRAC 2005 round because, at that time, DOD had about 24 percent excess capacity. Similarly, in 2012, the Secretary of Defense noted that incurring costs to maintain large infrastructure reduces funds needed to train and support service members, thus suggesting that disposing of excess capacity to save money is important. Our recommendation specifies that targets should be consistent with the BRAC selection criteria, which does not interfere with DOD's reliance on military value as the primary criteria for making recommendations. The setting of targets is simply a means to identify the magnitude of needed reductions while the military value selection criteria can remain the primary consideration in making recommendations for closure and realignment. Consequently, if DOD still believes it has excess capacity and requests authorization for BRAC rounds on that basis, then our recommendation can enhance DOD's ability to achieve its goal.

DOD did not concur with our eighth recommendation, to limit the practice of bundling potentially stand-alone realignments or closures into single BRAC recommendations. DOD does not believe bundling is problematic and stated that the examples we cited were bundled since they shared a common mission and purpose, and bundling maximized military value. Nonetheless, as our report notes, the practice of bundling can limit visibility into the estimated costs and savings for individual closures or realignments that are elements of the bundle and can make the Commission's review more difficult, although DOD disputed this latter point too. However, the 2005 BRAC Commission's executive staff told us that bundling made their review more difficult because of the need to deconstruct the bundle to assess whether any changes were necessary, as our report clearly states. Further, we acknowledge that in some cases bundling is warranted, and it is for this reason we recommended limiting the practice, not prohibiting it.

DOD partially concurred with our ninth recommendation, to itemize the costs and savings associated with each major discrete action in its report to the BRAC Commission of bundled realignments and closures when bundling is determined to be warranted. DOD stated that where

appropriate, the department could highlight cost and savings associated with major actions, and that action would meet the intent of our recommendation.

DOD concurred with our tenth recommendation to develop a process to ensure that any data-security issues are resolved in a timely manner at the outset of any future BRAC round.

Finally, DOD did not concur with our matter for congressional consideration that Congress may wish to require the Secretary of Defense to formally establish specific goals the department expects to achieve from a future BRAC round. However, the Secretary of Defense did establish goals for BRAC 2005 in his report to Congress certifying the need for a BRAC round in March 2004. Specifically, the Secretary of Defense reported to Congress that the BRAC 2005 round would be used to (1) promote force transformation, (2) enhance jointness, and (3) dispose of excess facilities. As we have previously testified, establishing such goals for BRAC 2005 helps to explain the results, and we continue to believe that Congress may want to require the Secretary of Defense to establish goals, as he did in 2004. DOD did not comment on the remaining matters for congressional consideration in our report.

DOD's written comments are reprinted in appendix III.

We are sending copies of this report to the appropriate congressional committees. We are also sending copies to the Secretary of Defense; the Under Secretary of Defense (Comptroller); the Under Secretary of Defense (Acquisition, Technology and Logistics); the Secretaries of the Army, Navy, and Air Force; the Commandant of the Marine Corps; and the Deputy Under Secretary of Defense (Installations and Environment). This report will also be available at no charge on our website at <http://www.gao.gov>.

Should you or your staff have any questions concerning this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. Key contributors are listed in appendix IV.

A handwritten signature in black ink, appearing to read "Brian Lepore". The signature is written in a cursive style with a large initial "B" and a long, sweeping underline.

Brian J. Lepore
Director
Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable James N. Inhofe
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Richard J. Durbin
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Tim Johnson
Chairman
The Honorable Mark Kirk
Ranking Member
Subcommittee on Military Construction, Veterans' Affairs, and Related
Agencies
Committee on Appropriations
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable C.W. Bill Young
Chairman
The Honorable Pete Visclosky
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable John Culberson
Chairman
The Honorable Sanford Bishop
Ranking Member
Subcommittee on Military Construction, Veterans' Affairs, and Related
Agencies
Committee on Appropriations
House of Representatives

Appendix I: Objectives, Scope, and Methodology

For this lessons-learned report, our objectives were to determine (1) how the Department of Defense (DOD) estimated the cost and savings for base realignment and closure (BRAC) 2005 and the extent to which its estimating methodology could be improved; (2) the extent to which the Office of the Secretary of Defense (OSD) provided high-level leadership over the planning and management of the BRAC 2005 round, and what opportunities, if any, exist to enhance planning and management of any future BRAC round; and (3) what legislative changes, if any, could Congress make that would enhance the oversight of a future round of BRAC.

To determine how DOD estimated the costs and savings that would result from BRAC 2005 and the extent to which its methodology could be improved, we reviewed key documents related to BRAC 2005, such as DOD's May 2005 base realignment and closure report, and BRAC business plans that laid out the cost and savings estimates for the actions required to implement the recommendations. We analyzed DOD's cost-estimating model, the Cost of Base Realignment Actions (COBRA), and its supporting documentation. We analyzed the model's inputs and standard factor assumptions and reviewed documentation on scenario data calls. We discussed with the military services and officials from OSD the process for identifying requirements for facilities and other necessary items for implementing BRAC recommendations and including them in the cost estimates produced by COBRA. We reviewed numerous federal guidance documents related to cost estimating, accounting standards, economic analysis, and budgeting and identified key principles that we believe are applicable to effectively evaluating cost estimates. These principles are

- there should be an appropriate level of detailed documentation such that a reasonably informed person could easily recreate, update, or understand the cost estimate;
- all significant costs and key assumptions should be included;
- the reliability of the data used to develop the estimate should be verified or validated; and
- the accuracy of the calculations performed should be verified or validated.

The guidance documents we reviewed include: *GAO Cost Estimating and Assessment Guide*, [GAO-09-3SP](#); Office of Management and Budget Circular No. A-11, *Preparation, Submission and Execution of the Budget* (August 2011, superseded by an August 2012 issuance); Federal Accounting Standards Advisory Board, *Statement of Federal Financial Accounting Standards 4* (June 2011); DOD Instruction 7041.3, *Economic Analysis for Decisionmaking* (Nov. 7, 1995); and DOD Financial Management Regulation 7000.14-R, volume 4, chapter 22, *Cost Finding* (May 2010). We believe that these documents collectively contain broad themes that are applicable to evaluating cost analyses. To apply these key principles, we interviewed officials in the Office of the Deputy Under Secretary of Defense's (Installations and Environment) Basing Directorate, the office responsible for overseeing BRAC implementation. In addition, we analyzed the 2005 BRAC Commission's September 2005 report to the President and DOD's BRAC 2005 budget submissions to Congress to track changes in cost and savings estimates. Further, we reviewed our prior work related to costs and savings from BRAC 2005, including multiple reports updating costs and savings estimates from BRAC 2005 and discussing the reasons for variances from earlier estimates. For a list of our reports related to BRAC 2005, see the Related GAO Products section at the end of this report.

To determine the extent to which OSD provided high-level leadership over the planning and management of BRAC 2005, and what opportunities, if any, exist to enhance planning and management of any future BRAC round, we reviewed OSD policy memorandums and guidance on conducting BRAC 2005, documents discussing security procedures specific to BRAC 2005 and results-oriented reporting requirements, the results of prior BRAC rounds, meeting minutes of the BRAC 2005 Infrastructure Executive Council, and the 2005 BRAC Commission Report to the President. In addition, we interviewed the Chairman of the 2005 BRAC Commission, members of the Commission's executive staff, and the former Deputy Under Secretary of Defense (Installations and Environment) who oversaw BRAC 2005 between April 2001 and November 2004, to obtain their insights on the BRAC 2005 process. We also spoke with OSD and military service officials knowledgeable about efforts to provide supporting documents to the BRAC Commission for analysis and review, and we discussed efforts to develop outcome-oriented performance measures for BRAC rounds with officials from OSD.

To determine what, if any, legislative changes Congress could make that would enhance the oversight of a future round of BRAC, we reviewed the

process for developing, reviewing, and implementing BRAC 2005 recommendations, and compared it to processes used in prior rounds of BRAC. Specifically, we reviewed the Secretary of Defense's policy statements related to the goals of BRAC 2005 and compared them to the goals of prior BRAC rounds. We reviewed meeting minutes from DOD's Infrastructure Executive Council and from DOD's Infrastructure Steering Group, and documents produced in consultation with DOD's "Red Team," which was charged with evaluating DOD proposals prior to their submission to the BRAC Commission for review.⁷⁶ We reviewed the goals of BRAC 2005 and the statutorily mandated BRAC criteria using key principles we derived from documents related to program evaluations, and identified key principles that we believe can be applied to establishing BRAC goals and criteria for use in evaluating BRAC recommendations. The key principles we discuss here are included in documents such as *Designing Evaluations: 2012 Revision*, [GAO-12-208G](#); *Performance Measurement and Evaluation: Definitions and Relationships*, [GAO-05-739SP](#); *Government Reform: Goal Setting and Performance*, [GAO/AIMD/GGD-95-130R](#); *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#); and *Defense Business Transformation: Status of Department of Defense Efforts to Develop a Management Approach to Guide Business Transformation*, [GAO-09-272R](#). We identified certain recommendations that the BRAC Commission either added or modified that were contingent on events occurring outside the BRAC process, and analyzed those recommendations to determine how they could affect congressional visibility and oversight. We interviewed officials from the OSD Basing Directorate, OSD General Counsel, and the BRAC Commission to obtain their views on any changes that could enhance oversight.

⁷⁶In the later stages of the BRAC analysis, the department engaged a small group of executive-level former government officials, called the "Red Team," to provide an independent assessment of candidate recommendations. The Red Team met with each military department and joint cross-service group. It reviewed candidate recommendations, report drafts, and supporting materials. The team's insights provided feedback and suggestions for improving the quality of the candidate recommendations submitted to the BRAC Commission for review.

In the course of our review, we interviewed the following specific personnel and entities:

- former Chair and executive staff members from the BRAC 2005 Commission;
- former Deputy Under Secretary of Defense for Installations and Environment;
- former Deputy Assistant Secretaries for BRAC—Army, Navy, and Air Force;
- former DOD BRAC “Red Team” Leader;
- Office of the Under Secretary of Defense (Comptroller);
- OSD Basing Directorate;
- OSD BRAC General Counsel;
- OSD Office of Economic Adjustment;
- former members of the following BRAC 2005 joint cross-service groups:
 - Headquarters and Support Activities,
 - Industrial,
 - Medical,
 - Supply and Storage, and
 - Technical; and
- military-service BRAC offices:
 - Army,
 - Navy, and
 - Air Force.

We began this performance audit in March 2011, but suspended the review at various points to respond to three congressional hearings

related to BRAC (two testimonies on how a BRAC-like process may be useful for disposing of excess federal real property in April 2011⁷⁷ and June 2011,⁷⁸ and a testimony on BRAC 2005 results in March 2012⁷⁹) and to issue a separate report updating the costs and savings associated with BRAC 2005 in June 2012.⁸⁰ We reinstated this review in August 2012, and completed it in March 2013. We conducted this performance audit 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁷⁷GAO, *Federal Real Property: Progress Made on Planning and Data, but Unneeded Owned and Leased Facilities Remain*, [GAO-11-520T](#), (Washington, D.C.: April 6, 2011).

⁷⁸GAO, *Federal Real Property: Proposed Civilian Board Could Address Disposal of Unneeded Facilities*, [GAO-11-704T](#) (Washington, D.C.: June 9, 2011).

⁷⁹GAO, *Military Base Realignments and Closures: Key Factors Contributing to BRAC 2005 Results*, [GAO-12-513T](#) (Washington, D.C.: Mar. 8, 2012).

⁸⁰GAO, *Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005*, [GAO-12-709R](#) (Washington, D.C.: June 29, 2012).

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
GAO-13-134—DOD Joint Bases: Management Actions Needed to Achieve Greater Efficiencies (Nov. 16, 2012)		
<p>Develop and implement a plan that provides measurable goals linked to achieving savings and efficiencies at the joint bases and provide guidance to the joint bases that directs them to identify opportunities for cost savings and efficiencies. The Department of Defense (DOD) should at a minimum consider the items identified in its recommendation to the 2005 Base Realignment and Closure (BRAC) Commission as areas for possible savings and efficiencies, including:</p> <ul style="list-style-type: none"> • paring unnecessary management personnel, • consolidating and optimizing contract requirements, • establishing a single space management authority to achieve greater utilization of facilities, and • reducing the number of base support vehicles and equipment. 	<p>Did not concur. DOD said such targets would burden and restrict the authority of local commanders to manage the merger of the formerly stand-alone bases into joint bases while implementing new organizational structures, which would unnecessarily risk negative impacts to mission support when operational effectiveness of the bases is paramount. DOD stated that the department should continue its patient approach to obtaining savings and efficiencies at joint bases because it is working. All of the Air Force-led joint bases reduced civilian positions, and the Navy chose to not fill all of their civilian vacancies. Finally, the creation of the joint bases is equivalent to the mergers of corporations with very different financial systems, management structures, operating procedures, and cultural differences. DOD stated the importance of empowering each joint base commander to design, implement, and adapt cost efficient and effective approaches to their unique situations while adopting new and cross-cutting business practices, as incubators of innovation. DOD decided to allow for an extended transition period and defer near-term savings.</p>	<p>DOD actions not expected.</p>
<p>Continue to develop and refine the Cost Performance and Visibility Framework in order to</p> <ul style="list-style-type: none"> • eliminate data reliability problems, • facilitate comparisons of joint basing costs with the cost of operating the separate installations prior to implementing joint basing, and • identify and isolate the costs and savings resulting from actions and initiatives specifically resulting from joint basing and excluding DOD- or service-wide actions and initiatives. 	<p>Partial concur. DOD stated that its Cost Performance and Visibility Framework already provides a method to collect quarterly data on performance towards the Common Output Level Standards, annual data on personnel assigned, and funds obligated for each joint base. However, DOD is addressing inconsistencies in the current data captured in the Framework and is improving its data reliability with considerable investment and the expectation to begin assessing joint base efficiencies by the end of fiscal year 2012. DOD stated it would be able to make several comparisons, such as the current fiscal year financial and performance data to the baseline and previous year's obligations; and the joint base's baseline data with the costs of operating the separate installations prior to implementing joint basing. DOD acknowledged that the comparison of the costs of operating</p>	<p>DOD actions pending.</p>

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
	<p>separate installations would not identify cost savings resulting solely from joint basing and asserted the impracticality of isolating and distinguishing joint basing cost savings from the savings that result from DOD- or Service-wide actions using the data contained in its Framework. Further, DOD pointed out that it did not believe that accounting systems are designed to track savings, rather they are designed to track expenses and disbursements.</p>	
<p>Direct the joint bases to compile a list of those common standards in all functional areas needing clarification and the reasons why they need to be clarified, including those standards still being provided or reported on according to service-specific standards rather than the common standard.</p>	<p>Partial concur. DOD stated that a quarterly feedback process on the joint base common standards and an annual review process that incorporates input from the joint bases already exist. Further, standards may need changing as priorities change and missions evolve, but the current process strikes an appropriate balance between the analytical burden of repeated reviews with the need for clarity and refinement. DOD also stated that it believes that reviewing all the standards simultaneously does not allow for the depth of analysis required to make sound decisions, and suggested that GAO conduct a qualitative assessment of the standards because the findings appear to be based on an anecdotal assessment.</p>	<p>DOD actions pending.</p>
<p>Amend the Office of the Secretary of Defense (OSD) joint standards review process to prioritize review and revision of those standards most in need of clarification within this list.</p>	<p>Partial concur. See above.</p>	<p>DOD actions pending.</p>
<p>Develop a common strategy to expand routine communication between the joint bases, and between the joint bases and OSD, to encourage joint resolution of common challenges and sharing of best practices and lessons learned.</p>	<p>Partial concur. DOD stated that it believed there are already mechanisms in place to facilitate routine communication between the joint bases, as well as between OSD and the joint bases, and that it is increasing those opportunities. DOD listed the various opportunities it has for sharing joint basing information, including yearly joint base site visits and an annual management review meeting with the joint base commanders.</p>	<p>DOD actions pending.</p>
<p>Develop guidance to ensure all the joint bases develop and provide training materials to incoming personnel on how installation services are provided on joint bases.</p>	<p>Partial concur. DOD stated that it will ensure each of the services is providing training materials to incoming personnel; however, joint base commanders need flexibility to tailor training to the needs of their installation.</p>	<p>DOD actions pending.</p>

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
<i>GAO-12-770R—Military Base Realignments and Closures: The National Geospatial-Intelligence Agency’s Technology Center Construction Project (June 29, 2012)</i>		
No recommendations were included in this report. We reported that National Geospatial-Intelligence Agency (NGA) officials modified the original scope of work for the center during construction by not outfitting one of the two floors of the new building originally planned for data storage because they believed both floors would have provided more storage than required, beyond the intent of the BRAC recommendation to consolidate existing capability. We found a lack of clarity regarding responsibility for oversight of this project. The decision to change the scope was not communicated to OSD, to the project’s business manager—the Department of the Army—or to Congress. These stakeholders were unable to participate in the decision; however, the NGA provided them with information regarding the decision at a later date.	N/A	N/A
<i>GAO-11-814—Excess Facilities: DOD Needs More Complete Information and a Strategy to Guide Its Future Disposal Efforts (Sept. 19, 2011)</i>		
Develop and implement a methodology for calculating and recording utilization data for all types of facilities, and modify processes to update and verify the accuracy of reported utilization data to reflect a facility’s true status.	Partial concur. DOD has already begun some efforts to improve its utilization data and will continue the development and implementation of appropriate procedures. DOD did not specify what actions it has completed to date or the time frames for completion.	DOD actions pending.
Develop strategies and measures to enhance the management of DOD’s excess facilities after the current demolition program ends, taking into account external factors that may affect future disposal efforts.	Concur. DOD stated it will work with the military departments to continue to develop and implement the most effective and efficient methods to eliminate excess facilities and excess capacity, but did not provide any details or specific time frames for these efforts.	DOD actions pending.

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
GAO-11-165—Defense Infrastructure: High-Level Federal Interagency Coordination Is Warranted to Address Transportation Needs Beyond the Scope of the Defense Access Roads Program (Jan. 26, 2011)		
<p>Update regulations and clarify guidance for the Defense Access Roads certification and funding process; develop working-level guidance for potential program users; and effectively communicate the regulations and working-level guidance to all federal, state, and local stakeholders.</p>	<p>Partial concur. DOD stated that although it will work with the Department of Transportation to update Defense Access Roads regulations and clarify guidance, they believe sufficient guidance for and awareness of the program exists.</p>	<p>DOD actions pending. In January 2012, the Deputy Under Secretary of Defense for Installations and Environment stated that the office issued a coordination memorandum that was awaiting signature. The memorandum asks the military departments to coordinate on a draft policy change to the Defense Access Roads criteria. The Deputy Under Secretary of Defense did not have a projected date by which the coordination memorandum would be signed, nor did the office know whether it would be signed. In July 2012, DOD stated that updating the Defense Access Roads regulation involves multiple stakeholders within DOD and outside of DOD (e.g., the Department of Transportation, Congress, and local elected officials), and that efforts to modify the regulation to add a criterion that may increase the number of road projects that are eligible for funding must be balanced against an environment of declining resources. As such, the office leadership has elected to proceed cautiously in determining the best path forward to address the Defense Access Roads issue. In May 2012, DOD officials met with Department of Transportation officials to discuss next steps and how to improve interaction between the two departments. DOD further stated that given the need to proceed cautiously, it is likely that changes would not be completed until after DOD submits a Defense Access Roads report to the congressional defense committees in February 2013 as required by the Senate Appropriations Military Construction and Veterans Affairs subcommittee report (Report 112-168).</p>
<p>Routinely coordinate with the Secretary of Transportation to meet regularly, identify all existing federal transportation funding resources, and develop a strategy for affording priority consideration for the use of those funds and other resources for the benefit of communities most severely affected by DOD.</p>	<p>Partial concur. DOD stated that the department would continue to work closely with the Department of Transportation to assist communities affected by DOD actions but that the Department of Transportation does not have discretionary funds that it can use to target defense-impacted communities, and instead, state and local communities must advance defense-related transportation projects.</p>	<p>DOD action complete. In April 2011, DOD stated that the department will continue to work with Department of Transportation to provide technical and financial assistance to communities affected by DOD actions.</p>

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
<i>GAO-10-725R—Military Base Realignments and Closures: DOD Is Taking Steps to Mitigate Challenges but Is Not Fully Reporting Some Additional Costs (July 21, 2010)</i>		
Take steps to capture and appropriately report to Congress any BRAC-related implementation costs that are funded from outside the BRAC process.	Concur. DOD noted that it is in the process of drafting new BRAC guidance that, among other items, will direct the services and defense agencies to provide a final accounting for all BRAC costs (both inside and outside of the account).	DOD action complete. On August 5, 2010, the Deputy Under Secretary of Defense (Installations and Environment) issued a guidance memo to the military services and DOD agencies requiring all BRAC business plan managers to fully capture the costs and savings of BRAC 2005 by submitting a final BRAC financial display that captures all BRAC-related expenditures (both inside and outside of the BRAC account).
<i>GAO-10-602—Defense Infrastructure: Army Needs to Improve Its Facility Planning Systems to Better Support Installations Experiencing Significant Growth (June 24, 2010)</i>		
Develop and implement guidance that requires the Army Criteria Tracking System to be updated as changes to facility design and criteria are made.	Concur. DOD stated that the Army has already taken action to enhance the accuracy of its planning systems to better respond to changing requirements.	DOD action complete. In May 2010, the Army incorporated the functionality of the Army Criteria Tracking System into its web-based Real Property Planning and Analysis System, thereby linking the two systems and ensuring that as one is reviewed the other is reviewed and as one is updated the other is updated. Because the Real Property Planning and Analysis System is web-based, changes can be made in real time. Similarly, because the Army Criteria Tracking System is now incorporated into the Real Property Planning and Analysis System, the Army Criteria Tracking System is now web-based and changes to it can be made in real time.
Develop and implement policies and procedures for linking other systems, such as the Army Range Requirements Model and the Army Health Planning Agency's system, to the Real Property Planning and Analysis System in order to eliminate any potential confusion as to the correct range and medical facility requirements.	Concur. DOD stated that it plans to partly address our recommendation by fielding a comprehensive range planning tool.	DOD action complete. The Army stated that, as of June 2010, the Army Range Requirements Model was now being used to generate the range requirements in the Real Property Planning and Analysis System and that because the Army Health Facility Planning Agency does not have an automated system to generate requirements, the Army was manually obtaining hospital requirements and inputting them into the Real Property Planning and Analysis System. These actions eliminate two sets of requirements for ranges and hospitals, reducing any potential confusion.

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
Develop a streamlined mechanism to expedite the flow of stationing information to installations.	Concur. DOD stated that the Army has already initiated improvements in its process and is evaluating additional streamlining measures.	DOD action complete. In January 2012, DOD reported that the Army continues to enhance the flow of stationing information. All unit moves are now combined by installation by fiscal year, significantly reducing the number of actions being processed. In August 2010, the Army staff issued guidance to the field (Installation Management Command) that clarified formal lines of communication and established protocol to differentiate between official and unofficial taskings, enabling installation commanders to focus on approved official actions. All stakeholders are better involved in the early stages of force structure actions, force design updates, concept plans, and leadership direction. In April 2012, DOD reported that a copy of the August 2010 Army staff guidance that clarified formal lines of communication was provided to the field (Installation Management Command).
Modify existing guidance to enhance communication between decision makers and installations so that installation facility planners are notified when stationing actions are changed.	Concur. DOD stated that the Army has already initiated improvements in its communication process and that the department is evaluating additional measures to ensure that data integrity and transparency are achieved.	DOD action complete. See above.
<i>GAO-10-98R—Military Base Realignments and Closures: Estimated Costs Have Increased While Savings Estimates Have Decreased Since Fiscal Year 2009 (Nov. 13, 2009)</i>		
No recommendations were included in this report, but the report noted DOD’s estimated one-time costs to implement the 2005 BRAC round increased by almost \$2.5 billion from fiscal year 2009 to fiscal year 2010, bringing the total implementation cost estimate to \$34.9 billion. In addition, net annual recurring savings for fiscal year 2012 and beyond will have decreased by almost \$94 million to about \$3.9 billion, and BRAC savings DOD expects to generate over a 20-year period from 2006 through 2025 have declined to \$10.9 billion in constant fiscal year 2005 dollars.	Concur. DOD concurred with the findings of our report, and stated that the report accurately characterizes the cost growth that has occurred from the fiscal year 2009 President’s Budget to the fiscal year 2010 President’s Budget. However, DOD noted that as it has stated previously, even though the BRAC 2005 round is costing more and savings are less than originally estimated in 2005, implementation of these recommendations is an important element of the department’s ongoing effort to reshape its infrastructure to respond to global challenges.	N/A

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GAO recommendation	Original DOD response	DOD actions
<i>GAO-09-703—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 (July 9, 2009)</i>		
Remove savings estimates that are not clearly the direct result of 2005 BRAC actions (including savings sometimes referred to as “BRAC enabled”).	Concur. DOD stated that such savings will be removed from savings estimates reported in the August 2009 business plan submission.	DOD action complete. In DOD’s 2009 biannual Business Plan, the Defense Logistics Agency had removed those savings from its estimates.
Update its 4-year-old data to reflect the most recent estimate of inventory levels available for consolidation.	Concur. DOD stated that it will use the most recent estimate of inventory levels available and update the savings calculations for inventory reductions in its August 2009 business plan.	DOD action complete. In DOD’s 2009 biannual Business Plan, the Defense Logistics Agency used updated inventory levels in its current estimate for savings related to this BRAC recommendation.
Apply current information on the timing of inventory consolidations (specifically, when they will begin and how long they will take) and exclude projected savings for consolidating Army and Marine Corps inventories with the Defense Logistics Agency.	Concur. DOD stated that savings calculations for projected inventory reductions will reflect the current schedule of consolidating materiel, be updated in the August 2009 business plan, and show that no Army or Marine Corps inventory is available for consolidation.	DOD action complete. In DOD’s August 2009 biannual Business Plan, the Defense Logistics Agency used current information regarding a later timetable for inventory consolidations and eliminated any savings from the Army and Marine Corps inventories since there will not be any available to consolidate.
Revise and finalize an approved methodology which implements these steps and can be consistently followed by all the services and the Defense Logistics Agency over time.	Concur. DOD stated that the new calculations will be documented in the August 2009 business plan and updates and revisions will be incorporated and staffed by the end of calendar year 2009.	DOD action complete. According to DOD, in 2010 and 2011, the department documented updates and revisions to the methodologies for projecting or tracking, or both, BRAC savings associated with the supply, storage, and distribution functions and inventories in the Cost and Savings Tracking Plan, which was in its second coordination cycle. DOD stated that the Cost and Savings Tracking Plan will be updated to reflect cost and savings calculation changes for other supply and storage recommendations.
<i>GAO-09-336—Defense Infrastructure: DOD Needs to Periodically Review Support Standards and Costs at Joint Bases and Better Inform Congress of Facility Sustainment Funding Uses (Mar. 30, 2009)</i>		
Periodically review the installation support standards as experience is gained with delivering installation support at the joint bases and make adjustments, if needed, to ensure that each standard reflects the level of service necessary to meet installation requirements as economically as possible.	Partial concur. DOD stated that further action to implement the recommendation was not necessary because the joint base memorandum of agreement template already requires periodic reviews to ensure that installation support is delivered in accordance with appropriate, common, output-level standards.	DOD action complete. In January 2011, DOD stated that the department now reviews the standards annually on a regular schedule for appropriateness, applicability, and performance. In addition to the annual review, the department implemented a cost and performance visibility framework under which the joint bases report how well the standards are being met. DOD stated that the reported information can assist in determining whether any adjustments need to be made to the standards.

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GAO recommendation	Original DOD response	DOD actions
Periodically review administrative costs as joint basing is implemented to minimize any additional costs and prevent the loss of existing installation support efficiencies.	Partial concur. DOD stated that further action to implement the recommendation was not necessary because it had already established a process to periodically review joint basing costs as part of DOD's planning, program, budget and execution system and that the joint base memorandum of agreement template requires periodic reviews of mission and resource impacts.	DOD actions not expected.
Complete a detailed analysis of the estimated installation support costs from the initial joint bases and report the results of the analysis to Congress in the department's documents supporting the administration's annual budget submission or another document deemed appropriate.	Partial concur. DOD stated that it is collecting estimated installation support cost information at the joint bases and that the information will be provided if Congress requests it.	DOD action complete. In July 2011, DOD stated that it had established procedures for collecting installation support costs at the 12 joint bases and, by using a cost and performance visibility framework, the joint bases report cost and manpower annually 6 weeks after the end of the fiscal year. According to DOD, the information is analyzed in conjunction with performance data reported quarterly, to get an overall assessment of how well the standards for installation support are being met and the costs associated with those standards. DOD stated that it will continue to respond to requests for information from Congress with regard to the joint basing initiative.
Increase the attention given to facility sustainment spending by summarizing and reporting to Congress the amount of budgeted sustainment funds spent on other purposes in the department's documents supporting the administration's annual budget submission or another document deemed appropriate.	Partial concur. DOD stated that it will collect and summarize the amount of budgeted sustainment funds spent on other purposes and that the information will be provided if Congress requests it.	DOD action complete. In July 2011, DOD stated that the department was monitoring the budgeting and execution of facilities sustainment in order to determine how much of the funding budgeted for sustainment is diverted to other purposes. DOD also stated that the department was currently collecting information on the sustainment tasks that are deferred in a given year at a sampling of installations across DOD and that the information would help inform decision making with regard to facilities sustainment funding. Finally, DOD previously stated that it would provide Congress with information on the amount of budgeted sustainment funds spent on other purposes if Congress requests it.

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GAO recommendation	Original DOD response	DOD actions
<i>GAO-09-217—Military Base Realignments and Closures: DOD Faces Challenges in Implementing Recommendations on Time and Is Not Consistently Updating Savings Estimates (Jan. 30, 2009)</i>		
<p>Modify the recently issued guidance on the status of BRAC implementation to establish a briefing schedule with briefings as frequently as OSD deems necessary to manage the risk that a particular recommendation may not meet the statutory deadline, but at a minimum, at 6-month intervals, through the rest of the BRAC 2005 implementation period—a schedule that would enable DOD to continually assess and respond to the challenges identified by the services and defense agencies that could preclude recommendation completion by September 15, 2011.</p>	<p>Concur. DOD noted that BRAC business managers have and will continue to provide briefings on the status of implementation actions associated with recommendations exceeding \$100 million, and that these briefings provide a forum for BRAC business managers to explain their actions to mitigate challenges.</p>	<p>DOD action complete. The Deputy Under Secretary of Defense (Installations and Environment) issued a memo in November 2008 requiring the military services and defense agencies to provide the OSD BRAC Office status briefings. According to OSD, the briefings were needed to ensure senior leadership was apprised of significant issues impacting BRAC implementation by the statutory deadline. The first round of status briefings took place in December 2008.</p>
<p>Modify the recently issued guidance on the status of BRAC implementation to require the services and defense agencies to provide information on possible mitigation measures to reduce the effects of those challenges.</p>	<p>Concur. DOD noted that BRAC business managers have and will continue to provide briefings on the status of implementation actions associated with recommendations exceeding \$100 million, and that these briefings provide a forum for BRAC business managers to explain their actions to mitigate challenges.</p>	<p>DOD action complete. According to DOD, in 2009 and 2010, the department required business managers to identify specific mitigation measures for BRAC recommendations that have construction projects that are scheduled to complete within 3 months of the statutory deadline. The purpose of these mitigation measures is to reduce the risk of not completing implementation of a recommendation by the BRAC deadline. These mitigation measures are identified and monitored in a tracking tool to help ensure they are implemented and the risk is reduced. As appropriate, the DOD basing office conducts additional follow-up meetings with business managers for specific issues or follows up by means of other contacts that occur between the routine 6-month briefing intervals. This helps to ensure DOD is making progress and implementation of recommendations is on track. As part of this process, six recommendations were identified as having particular risk. DOD briefed these six recommendations to key Senate and House staff in March 2010.</p>

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GAO recommendation	Original DOD response	DOD actions
<p>Take steps to improve compliance with DOD's regulation requiring updated BRAC savings estimates.</p>	<p>Concur. The department stated that it is emphasizing savings updates during its briefings and in all future business plan approval documentation.</p>	<p>DOD action complete. On August 5, 2010, the Deputy Under Secretary of Defense (Installations and Environment) issued a guidance memo to the military services and DOD agencies regarding BRAC 2005 Final Business Plans, and Other Reporting Requirements. Among other things, this guidance emphasized to the military services and defense agencies that it is imperative that the final financial displays for BRAC 2005 contain updated projections of recurring savings.</p>
<p>GAO-08-665—Defense Infrastructure: High-Level Leadership Needed to Help Communities Address Challenges Caused by DOD-Related Growth (June 17, 2008)</p>		
<p>Develop and implement guidance, no later than the end of fiscal year 2008, that is consistent with DOD Directive 5410.12 for the timely, complete, and consistent dissemination of DOD planning information such as estimated timelines and numbers of personnel relocating, as well as demographic data such as numbers of school-aged children, and to update this information quarterly.</p>	<p>Concur. Although DOD indicated it would continue to work with the cognizant DOD components to ensure compliance with the directive, actions taken to date have not resulted in the military services' development and implementation of guidance, which we believe is necessary for providing more complete and consistent personnel relocation planning data for impacted communities. Moreover, DOD was not explicit in its comments as to what steps it intends to take to ensure that the military services have implemented such guidance by the end of fiscal year 2008. With respect to our recommended action to provide information updates on a quarterly basis, DOD indicated that not all situations are conducive to quarterly updates.</p>	<p>DOD action complete. From January through March 2011, the military services and the head of the Defense Logistics Agency issued guidance for the timely, complete, and consistent dissemination of DOD planning information such as military and civilian personnel changes and school-age children increases and decreases in accordance with DOD Directive 5410.12. Although DOD missed our recommendation deadline, issuing this guidance facilitates the preparation of effective plans to minimize the economic effects on communities resulting from changes in defense programs.</p>
<p>Implement Executive Order 12788 by holding regular meetings of the full executive-level Economic Adjustment Committee and by serving as a clearinghouse of information for identifying expected community impacts and problems as well as identifying existing resources for providing economic assistance to communities affected by DOD activities. In addition, this information should be updated at least quarterly and made easily available to all interested stakeholders at the local, state, and federal levels.</p>	<p>Concur. DOD stated that it will develop an information clearinghouse that will identify federal programs and resources to affected communities, present successful state and local responses, and provide the Economic Adjustment Committee members with a basis to resource their assistance programs. Based on DOD's comments, it is unclear whether DOD, as chair of the Economic Adjustment Committee, intends to call and periodically hold meetings of the full executive-level committee to provide the high-level federal leadership that we believe is necessary to more effectively coordinate federal agency assistance to impacted communities.</p>	<p>DOD action complete. DOD regularly reconvened the full executive-level Economic Adjustment Committee meetings from February 25, 2009, to September 2, 2010, and completed actions that met the intent of our recommendation by establishing a clearinghouse website in December 2009 to support states and communities undertaking local economic adjustment activity and federal agencies working to support efforts. By reconvening the full executive-level Economic Adjustment Committee and setting up the clearinghouse website, DOD increased its ability to engage other federal agencies at a high level to promote interagency and intergovernmental cooperation and share information on a continual basis. DOD activated a publicly accessible website in December 2008 (www.eaclearinghouse.gov), managed by the Office of Economic Adjustment, containing</p>

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GAO recommendation	Original DOD response	DOD actions
<p>GAO-08-315—Military Base Realignments and Closures: Higher Costs and Lower Savings Projected for Implementing Two Key Supply-Related BRAC Recommendations (Mar. 5, 2008)</p>	<p>Revise its business plans to exclude all expected savings that are not the direct result of BRAC actions.</p>	<p>information such as service migration information, federal agency assistance programs, community profiles, and community redevelopment plans.</p>
	<p>Did not concur. DOD stated that while the \$172 million in potential savings for implementing the supply, storage, and distribution recommendation and the \$71 million in potential savings for implementing the depot-level reparable recommendation were not directly the result of BRAC actions, the estimated savings were enabled by BRAC actions and should be attributable to the recommendations. According to DOD, enabled savings are savings initiatives that were enhanced in some way by the BRAC implementation actions (e.g., increased scope, more aggressively pursued, or moved in new directions).</p>	<p>DOD actions not expected.</p>
<p>Implement methodologies for periodically monitoring and updating net savings for the supply, storage, and distribution and depot-level reparable recommendations throughout the implementation period. Such methodologies, at a minimum, should include:</p> <ul style="list-style-type: none"> • clear metrics for measuring the magnitude of actual costs and savings, • a comparison of the actual costs and savings to the prior estimates to coincide with the required semiannual business plan updates, and • explanations for actual cost and savings variances from estimates presented in the business plans. 	<p>Concur.</p>	<p>DOD action complete. According to DOD, in 2009, the Office of the Under Secretary of Defense (Acquisition, Technology and Logistics) established a standard DOD format for measuring the magnitude of actual costs and savings, and required DOD Components to submit business plans in February and August that compared current costs and savings with prior estimates, and justify any changes by funding category. The Defense Logistics Agency has since updated cost and savings for BRAC recommendations on a semiannual basis synchronized with the programming and budget cycles, and compared actual costs and savings to prior year estimates. The magnitude of actual costs and savings are collected in a relational database developed to compare actual costs and savings to prior-year estimates. The database has data on BRAC Recommendation 176, Depot Level Reparable Management, and BRAC Recommendation 177, Supply, Storage, and Distribution Reconfiguration. For example, in the February 2009 business plans for BRAC Recommendation 176 and BRAC Recommendation 177, the Defense Logistics Agency compared costs and savings to prior estimates for each funding category, and when there was a variance in a funding category, it included an explanation for the change in cost and savings.</p>

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GAO recommendation	Original DOD response	DOD actions
Ensure that necessary funding to meet implementation milestones is reflected in all respective service and Defense Logistics Agency budget submissions for the remainder of the implementation period ending in fiscal year 2011.	Concur.	DOD action complete. According to DOD, the BRAC decision memorandums provide the resources to fully fund implementation during the 6-year BRAC implementation statutory period. Annually the DOD BRAC office goes through an extensive analysis to compare each business plan requirement to program funding (Program Review). If funding shortfalls are identified, the components are directed by means of a Program Decision Memorandum to fully fund. The office of the Under Secretary of Defense (Acquisition, Technology and Logistics) issued a June 22, 2007, memorandum directing DOD Components to fully fund BRAC implementation during the 6-year statutory period. To properly inform the Planning, Programming, Budgeting, and Execution process during the statutory BRAC implementation period, each military department and defense agency responsible for overseeing business plans, will submit updated business plans to the DOD BRAC office in February and August until completion of the implementation actions. The August submission will be used to inform the next Planning, Programming, Budgeting, and Execution cycle. The components must ensure that the program and budget submissions during the annual DOD Program and Budget Review incorporate all changes in the August business-plan submissions.

GAO-08-244R—Defense Infrastructure: Realignment of Air Force Special Operations Command Units to Cannon Air Force Base, New Mexico (Jan. 18, 2008)

No recommendations were included in the report. DOD will incur additional costs to establish a new mission at Cannon; however, these costs were not considered as part of the BRAC process because the decision to relocate Air Force Special Operations Command was made after the BRAC Commission was disestablished and the President’s report of the BRAC recommendations was sent to Congress. In addition, because these costs were not part of the BRAC process, Congress did not have visibility at the time of approval over the Cannon recommendation and its effect on the total costs and savings from implementing the BRAC 2005 recommendations.	N/A	N/A
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GAO recommendation	Original DOD response	DOD actions
<i>GAO-08-341T—Military Base Realignments and Closures: Estimated Costs Have Increased and Estimated Savings Have Decreased (Dec. 12, 2007)</i>		
<p>No recommendations were included in this report. We reported that DOD plans to spend more and save less than originally estimated for the 2005 BRAC round. DOD's cost estimates to implement the 2005 recommendations, as reported in its fiscal year 2008 BRAC budget submission, have increased by 48 percent, from \$21 billion to \$31 billion, for the 6-year implementation period. While projected costs have increased, projected net annual recurring savings have decreased about 5 percent, from \$4.2 billion to \$4.0 billion annually. As a result of the increases in costs and decreases in savings, GAO's analysis shows that accumulated savings are projected to offset accumulated costs in 2017 rather than 2013 as projected by the BRAC Commission.</p>	N/A	N/A
<i>GAO-08-159—Military Base Realignments and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve (Dec. 11, 2007)</i>		
<p>Explain, in DOD's BRAC budget submission to Congress, the difference between annual recurring savings attributable to military personnel entitlements and annual recurring savings that will readily result in funds available for other defense priorities.</p>	<p>Concur. DOD noted that military personnel reductions attributable to a BRAC recommendation as savings are as real as savings generated through end strength reductions. DOD also stated that while it may not reduce overall end strength, its reductions in military personnel for each recommendation at a specific location are real and these personnel reductions allow the department to reapply these military personnel to support new capabilities and improve operational efficiencies.</p>	<p>DOD action complete. The fiscal year 2009 DOD budget estimates for BRAC 2005 included language that stated, "To the extent that savings generated from military personnel reductions at closing or realigning installations are immediately used to fund military personnel priorities, these resources are not available to fund other Defense priorities." Such language was not included in the prior year (fiscal year 2008) budget submittal to Congress. OSD stated that the insertion of this language would provide a better explanation of its BRAC estimated annual recurring savings to Congress.</p>

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GAO recommendation	Original DOD response	DOD actions
<i>GAO-08-121R—Military Base Realignments and Closures: Transfer of Supply, Storage, and Distribution Functions from Military Services to Defense Logistics Agency (Oct. 26, 2007)</i>		
<p>No recommendations were included in this report. We reported that the Defense Logistics Agency and the services have taken several actions in an effort to reach agreement on which supply, storage, and distribution functions and related positions and inventories are to transfer to the Defense Logistics Agency as a result of implementing the 2005 BRAC supply, storage, and distribution recommendation. Although the services have reached agreement with the Defense Logistics Agency on the specific functions to be transferred, officials from all of the services have expressed concerns in four key areas regarding the transfers. The Defense Logistics Agency is developing plans to minimize the risk of disrupting depot maintenance, but it faces several challenges. Our analysis of the BRAC Commission cost and savings estimates and Defense Logistics Agency’s planning documents shows that over the fiscal year 2006 to 2011 BRAC implementation period, estimated costs have increased by about \$45 million and estimated savings have decreased—by about \$1 billion—for transferring the supply, storage, and distribution functions and associated inventories from the military services’ industrial depots to the Defense Logistics Agency.</p>	<p>Concur. DOD concurred in principle with our findings and conclusions.</p>	<p>N/A</p>
<i>GAO-07-1040—Military Base Realignments and Closures: Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers (Sept. 13, 2007)</i>		
<p>Develop a plan for routinely bringing together the various stakeholders as a group, to include the state Army National Guard when appropriate, to monitor for and develop steps to mitigate implementation challenges should they occur. These steps should include ways to monitor and mitigate the effects of potential challenges on BRAC completion time frames, project cost and scope, construction quality, and capacity of the facility to meet changing mission requirements.</p>	<p>Partial concur. DOD believes that GAO overlooked the various groups, forums, or plans that the Army has in place to assist with BRAC execution and management. DOD stated that the Army already has a plan in place to bring the various stakeholders together; however, Army BRAC headquarters officials acknowledged that they could be more proactive in outreaching and communicating with the stakeholders on how to deal with and mitigate particular challenges associated with constructing 125 AFRCs. DOD also stated that the Army BRAC office will begin quarterly BRAC program reviews with the Assistant Secretary of the Army for Installations and Environment, which will</p>	<p>DOD action complete. The Army BRAC Office has taken several steps to implement the recommendation over the last several years. In March 2009, the Army BRAC Office provided a BRAC 2005 program updated to the Army Vice Chief of Staff with representation from the Army National Guard and Reserves. In addition, the Army BRAC Division Reserve Component Branch, the Army Reserve Division, and the full time Army National Guard and Army Reserve liaisons assigned to the Army BRAC Office have collaborated at BRAC summits in October 2009 and April 2010 where issues affecting U.S. Army Reserve Command were discussed with Army National Guard and Army</p>

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GAO recommendation	Original DOD response	DOD actions
	further provide a forum for discussing and vetting issues affecting the BRAC program.	Reserve Command, presenting their concerns. Furthermore, the Army BRAC division chief discusses implementation issues with BRAC stakeholders including the Army National Guard and Reserve on a monthly basis.
GAO-07-1007—Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth (Sept. 13, 2007)		
Determine why there are differences between headquarters and gaining bases with respect to the number of arriving and departing personnel.	Partial concur. DOD stated that the Army had determined the cause of the differences and taken corrective action by establishing the Army Stationing and Installation Plan (ASIP) as the single, unified source of installation planning population data to be used Army-wide.	DOD action complete. In January 2007 the Army designated the ASIP as the single, unified source of installation planning population data to be used Army-wide. In May 2008, the Army issued guidance that helped reduce the differences between the populations reported by headquarters and the installations by ensuring that ASIP population data be used for reporting external to the Army and allowing predecisional unit moves to be used for internal planning. Lastly, in a memorandum of agreement signed in May 2009 the Army established the responsibilities to conduct an ASIP quarterly edit cycle to resolve discrepancies between Army official force structure data and “on the ground” situation. According to the ASIP Program Manager, there will always be differences between the data in the ASIP and what is available at the installation level because installations get predecisional information that is not yet in the ASIP. The actual moves have not yet been approved by the Army’s Vice Chief of Staff, but the quarterly ASIP edit cycle is in place to resolve discrepancies, which are vetted by the Department of the Army Headquarters G3/517 for review. This reconciliation process has resolved the problems that were apparent, and once the discrepancies are discussed, the ASIP and force structure documents are updated to reflect any necessary changes.

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GAO recommendation	Original DOD response	DOD actions
<p>Ensure that Army headquarters and base officials are collaborating to agree on Army personnel movement plans so that base commanders and surrounding communities can effectively plan for expected growth. This collaboration to reach agreement should continue as expected personnel movement actions are revised over time.</p>	<p>Partial concur. DOD stated that the Army had already taken corrective action. The Army stated that in May 2007 it issued guidance that allowed installations to plan for anticipated unit moves that may not be reflected in the ASIP and to discuss these plans with local communities as long as they are appropriately qualified as predecisional and subject to change. Army officials also stated that in June 2007, they would ensure that installations forward all population or stationing, or both, issues to the Department of the Army headquarters for resolution.</p>	<p>DOD action complete. In May 2007, the Army issued guidance that allowed installations to plan for anticipated moves that may not be reflected in the ASIP and to discuss these plans with local communities as long as they are appropriately qualified as predecisional and subject to change. In addition, the Army issued a memorandum of agreement between the Office of the Deputy Chief of Staff G-3/5/7 in May 2009 to close information gaps and improve timely reconciliation of disparate data between installation planners, force planners, and headquarters. The memorandum established an ASIP quarterly edit cycle to resolve discrepancies between Army official force structure data and the “on the ground” situation. According to the ASIP Program Manager at the time of the review, there will always be differences between the data in ASIP and what is available at the installation level because installations get predecisional information that is not yet in ASIP. The actual moves had not yet been approved by the Army’s Vice Chief of Staff but the quarterly ASIP edit cycle is in place to resolve discrepancies, which are vetted with the Department of the Army Headquarters G3/5/7 for review. This reconciliation process has resolved the problems that were apparent. Once the discrepancies are discussed, the ASIP and force structure documents are updated to reflect any necessary changes.</p>

GAO-07-641—Military Base Closures: Management Strategy Needed to Mitigate Challenges and Improve Communication to Help Ensure Timely Implementation of Air National Guard Recommendations (May 16, 2007)

<p>Develop a mitigation strategy to be shared with key stakeholders that anticipates, identifies, and addresses related implementation challenges. At a minimum, this strategy should include time frames for actions and responsibilities for each challenge, and facilitate the ability of Air National Guard headquarters officials to act to mitigate potential delays in interim milestones.</p>	<p>Partial concur. DOD suggested a modification to the recommendation to clarify that the director, Air National Guard, is normally tasked by the Chief, National Guard Bureau. DOD also stated that mitigation plans cannot be released until they have been thoroughly vetted with all of the key stakeholders.</p>	<p>DOD action complete. The National Guard Bureau implemented a Strategic Communication Plan that provides affected units with the information they need to successfully complete BRAC actions and develop opportunities for follow-on missions at BRAC-affected locations. The Air National Guard Strategic Planning process, which is based on state involvement at all levels of the planning process, is the cornerstone and allows states to provide input to the Air National Guard Strategic Plan and ensures that states have the necessary information to implement those plans. The National Guard Bureau Strategic Communication Plan also</p>
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GAO recommendation	Original DOD response	DOD actions
Expand the Strategic Communication Plan to include how the Air National Guard headquarters will provide the affected Air National Guard units with the information needed to implement the BRAC-related actions.	Partial concur. DOD stated it is incumbent upon the Air National Guard and all affected units to maximize established chains of leadership and communication to effectively manage and execute BRAC actions. The Director, Air National Guard, acknowledges that there are challenges in communicating with the units and that some unit commanders may not have the information that they feel they need to implement the BRAC recommendation and their new missions.	incorporates Air Force communications. Finally, the National Guard Bureau is engaging in high-level communication with the state Adjutants General. DOD actions not expected.
Report in the Air Force annual BRAC budget submission the costs and source of funding required to establish replacement missions for the Air National Guard units that will lose their flying missions as a result of BRAC 2005.	Did not concur. DOD does not believe these costs are BRAC-related because establishment of replacement missions was not part of the recommendations. DOD stated that BRAC funds cannot be used to establish these missions and that the costs in question have been appropriately programmed and budgeted in the Air Force's regular military construction account.	DOD actions not expected.
GAO-07-304—Military Base Closures: Projected Savings from Fleet Readiness Centers Are Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges (June 29, 2007)		
Update the business plan for the fleet readiness centers (1) to reflect only savings that are directly related to implementing the recommendation, and (2) update projected onetime savings when data are available.	Concur. DOD stated it considers military personnel reductions attributable to BRAC recommendations as savings that are just as real as savings generated through end-strength reductions. While the department may not reduce overall end strength, the reductions in military personnel for each recommendation at a specific location are real.	DOD action complete. The Commander, Fleet Readiness Centers, updated the business plan in August 2009 to reflect savings directly related to the BRAC action to establish fleet readiness centers. The Navy updated projected savings directly related to implementing the recommendation, showing that overall savings projections of \$1.151 billion from the August 2007 version of the business plan should not change since changes to projected savings targets in some of the six fleet readiness center locations that exceeded savings targets in some years were offset by the inability to meet savings targets at other locations or in other years. The Navy updated projected onetime savings when data became available by changing some savings projected in the 2009 version of the business plan (from a GAO recommendation to recategorize approximately \$25 million per year from recurring savings) to onetime savings.

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GAO recommendation	Original DOD response	DOD actions
Monitor implementation of the recommendation to determine the extent that savings already taken from the Navy budget are actually achieved.	Concur.	DOD action complete. The Navy has demonstrated sustained leadership devoted to implementing the BRAC recommendation for establishing fleet readiness centers, as evidenced by successive leaders who have developed implementation plans and completed each phase of implementation over time. In addition, the Navy's implementation guidance for fleet readiness centers specifies that key measures include, in part, achieving savings targets. As such, the Navy's monthly report to the fleet readiness center commanders includes an analysis of the variance between savings projected and those actually achieved at the six fleet readiness centers. These reports provide objective, outcome-oriented metrics for improving readiness and detailing six separate savings categories. Commanding Officers or Officers-in-Charge of specific centers are evaluated for their results and held accountable for achieving savings targets. Management tools developed by the implementation team for fleet readiness centers have supported the identification of additional opportunities to realize savings. Continuing efforts to monitor implementation, and develop mechanisms to improve performance and accountability have allowed the Navy to determine the extent to which savings already taken from the Navy budget for aircraft maintenance are actually achieved.

GAO-07-166—Military Base Closures: Opportunities Exist to Improve Environmental Cleanup Cost Reporting and to Expedite Transfer of Unneeded Property (Jan. 30, 2007)

Report all costs (Defense Environmental Restoration Program and non-Defense Environmental Restoration Program)—past and future—required to complete environmental cleanup at each BRAC installation and to fully explain the scope and limitations of all the environmental cleanup costs DOD reports to Congress. We suggest including this information in the annual BRAC budget justification documentation since it would accompany information Congress considers when making resource allocation decisions.	Concur. DOD concurred with our basic recommendation; however, DOD's comments reflect only a partial concurrence because DOD did not agree with our suggestion to include this information in the annual BRAC budget justification documentation. DOD stated its belief that this would be counterproductive and that Congress has prescribed the types of environmental information it wants presented in the budget documentation, which DOD complies with.	DOD action complete. DOD stated that in October 2008, the Assistant Deputy Under Secretary of Defense for the Environment, Safety, and Occupational Health determined that the Annual Report to Congress is the appropriate and best format to provide Congress with cleanup information on the DOD BRAC environmental programs. The annual report data is updated annually, by means of the electronic reporting system from the DOD components to the Deputy Under Secretary of Defense for Installations and Environment. The 2007 annual report provided BRAC site cost data through fiscal year 2007 and the estimated cost to complete for fiscal year 2008. The annual
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Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
<p>Require that the military services periodically report to OSD on the status and proposed strategy for transferring unneeded BRAC properties and include an assessment of the usefulness of all tools at their disposal. We suggest placing this information in an easily shared location, such as a Web site, so that each service, and even the local communities and private sector, can share and benefit from lessons learned.</p>	<p>Concur. DOD concurred with our recommendation to require the military services to periodically report to OSD on the status and proposed strategy for transferring BRAC properties and include an assessment of the usefulness of all tools at their disposal. Although DOD did not comment on our suggestion to accomplish this through a shared Web site in order to maximize the lessons learned, DOD officials embraced the idea as something easily doable in comments made during our exit interview with the agency.</p>	<p>report is a comprehensive document designed to answer the many stakeholder questions that have developed over the many years of executing BRAC cleanup. The cost and budget data that appear in the annual report are also in the annual budget justification submitted to Congress in support of the President's Budget Request. The fiscal year 2007 annual report states that the "BRAC account provides funding for restoration, closure-related compliance, and planning activities at closing or realigned military installations in the U.S. and its territories. Unlike other appropriations, Congress provides BRAC funding according to BRAC rounds and allows it to remain available until expended—there are no expiration dates for these funds. Over the past 10 years, Congress has provided \$5.8 billion for environmental activities at BRAC installations. Fiscal year 2006 through fiscal year 2009 funding levels reflect funding for restoration at BRAC rounds I-IV, as well as BRAC 2005 installations. The estimated Congressional appropriation for BRAC environmental activities in fiscal year 2008 is \$550.6 million, and DOD is requesting \$454.8 million for fiscal year 2009.</p> <p>DOD action complete. According to DOD, military departments are required to now report on the status of all excess real property to include the available acreages, and under which authority the land was transferred, conveyed, or otherwise disposed of. In June of 2011, we contacted the responsible OSD office and were provided sufficient evidence that all four of the military services are now (within the last 2 years) reporting the status of excess real property to OSD. In addition, the DOD Inspector General's written response of February 25, 2011, when they closed out the GAO recommendation stated that the Deputy Under Secretary of Defense (Installations and Environment) continually reviews the need for new authorities and changes to existing authorities.</p>

Appendix II: List of Prior GAO Reviews Related to BRAC 2005, Related Recommendations, and DOD Actions to Date

GAO recommendation	Original DOD response	DOD actions
<i>GAO-05-785—Military Bases: Analysis of DOD’s 2005 Selection Process and Recommendations for Base Closures and Realignments (July 1, 2005)</i>		
Establish mechanisms for tracking and periodically updating savings estimates in implementing individual recommendations, with emphasis both on savings related to the more traditional realignment and closure actions as well as those related more to business process reengineering.	Concur. No written comments provided. In providing oral comments on a draft of this report, the Deputy Under Secretary of Defense for Installations and Environment concurred with our recommendation.	DOD action complete. The Joint Action Scenario Team, a joint team DOD set up to develop and propose various joint reserve component recommended actions, incorporated GAO’s suggestions of specific information in its summary reports and supporting documentation in order to withstand scrutiny and provide a clear understanding to outside parties, including GAO and the military service audit agencies, of the process leading to the ultimate decisions regarding recommended BRAC actions.
<i>GAO-04-760—Military Base Closures: Assessment of DOD’s 2004 Report on the Need for a Base Realignment and Closure Round (May 17, 2004)</i>		
Include in the Secretary of Defense’s May 2005 report on recommendations for base closures and realignments a full discussion of relevant assumptions, and allowances made for potential future force structure requirements and changes, including the potential for future surge requirements.	Concur.	DOD action complete. The Secretary of Defense’s May 2005 report to the BRAC Commission addressed several of these factors. For example, the report contained a discussion about current and future national security threats the department considered during its deliberations. In addition, the report included a copy of the Secretary of Defense’s January 2005 “Policy Memoranda Seven—Surge” which outlined five steps DOD would take to meet the statutory requirements to consider surge in the development of BRAC recommendations. Further, some of the military departments and joint cross-service groups discussed the steps they took to incorporate the possibility of future surge requirements during their analyses.

Source: GAO, DOD, and GAO analysis of DOD information.
 Note: N/A = not applicable.

Appendix III: Comments from the Department of Defense



ACQUISITION,
TECHNOLOGY
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OFFICE OF THE UNDER SECRETARY OF DEFENSE

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FEB 12 2013

Mr. Brian Lepore
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Lepore:

This is the Department of Defense (DoD) response to the GAO Draft Report, GAO-13-149, "Military Bases: Opportunities Exist to Improve Future Base Realignment and Closure Rounds," dated December 17, 2012 (GAO Code 351593).

While the Department appreciates GAO's continuing effort to evaluate BRAC, we fundamentally disagree with two assertions: 1) savings goals should drive the BRAC process rather than military value, and 2) the difference between the actual and projected costs are a fault of modeling rather than the imposition of subsequent requirements. The following address concerns with the overall report, while the enclosure contains comments on the report's recommendations.

First and foremost, I am concerned with the report's emphasis on establishing goals, measurements of effectiveness, and capacity reduction targets. The premise that we should be required to close a particular number of bases or eliminate a particular number of civilian jobs is arbitrary, counterproductive, and would undermine military capability. While the overall rationale for BRAC is driven by the presence of excess infrastructure and the need to optimize the allocation of infrastructure to support military forces, individual recommendations should be based primarily on optimizing military value.

Second, the implication of the report is that the mismatch between the actual cost and initial estimates reflects flaws in the cost estimating model rather than the impact of subsequent decisions. While any process could benefit from improvement, the GAO has indicated in previous reports (e.g. GAO-12-709R) that the drivers of this increased cost were dominated by new military construction requirements within a small subset of the recommendations. That recent (2012) GAO report found that most of the cost increase could be tied to only 14 of 182 recommendations. These increases are attributable to new requirements imposed after the initial estimates (e.g. requiring all medical facilities to meet "world class" standards), and are specific rather than systemic.

We look forward to continuing to work with the GAO on these important issues.

John Conger
Acting Deputy Under Secretary of Defense
(Installations and Environment)

Enclosure: As stated

**GAO DRAFT REPORT DATED DECEMBER 17, 2012
GAO-13-149 (GAO CODE 351593)**

**“MILITARY BASES OPPORTUNITIES EXIST TO IMPROVE FUTURE BASE
REALIGNMENT AND CLOSURE ROUNDS”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Under Secretary of Defense (Acquisition, Technology and Logistics) to “improve the process for fully identifying recommendation-specific military construction requirements and ensuring that those requirements are entered in the COBRA model and are not understated in implementation costs estimates” (See page 56 GAO Draft Report for complete recommendation.)

DoD RESPONSE: Non Concur. While the Department cannot disagree with a general statement to “improve the process” and will, as it has in the past, continually make efforts to do so, it does disagree with the rationale set out by GAO to support the need for improvement. As stated in various meetings and interviews with GAO, the draft report does not properly contextualize the principle causes for post-Commission implementation cost growth.

Rather than being the result of “understating” or “failing to include” costs in the recommendation development process as characterized by GAO (which implies a deliberate effort to lower costs), the cost growth is largely attributable to the Department making specific and deliberate implementation investment decisions, in particular the Department of Army and Defense Agencies, and to congressional direction to take particular implementation actions. Congress reviewed and subsequently approved these investment decisions. The largest growth came in the FY 2008 budget (submitted in February 2007). Moreover, cost changes to individual military construction projects were submitted to Congress continuously throughout the implementation process in the form of 200 formal notifications. The Congressional requirement to construct world class medical facilities is an example of externally driven cost growth. As such, the GAO draft report does not provide sufficient discussion about the Congress’ oversight that occurs during BRAC implementation.

Using phrases such as “underestimated” and “not included” when discussing COBRA cost estimates shows a misunderstanding of the purpose of COBRA. The primary advantage is to provide real time comparison of scenarios to aid analysis and decision maker review not to develop budget quality estimates. This real time quality of COBRA is a critical component of the Department’s and the Commission’s decision process particularly in treating all bases equally.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense direct the USD (AT&L) to “establish a process for ensuring that information technology requirements associated with candidate recommendations that are heavily reliant on such technology have been identified...” (See page 56 of the GAO Draft Report)

DoD RESPONSE: Partially concur. The Department recognizes that information technology costs should be better estimated, but believes a separate process is not necessary. IT technology has evolved at a faster pace than other analytical factors; therefore, a future BRAC analysis should accommodate this fact. The Department can improve IT estimation by reevaluating the information technology standard factors used in COBRA and providing additional guidance as appropriate.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense direct the USD (AT&L) to “ensure that, during the development and comparison of BRAC scenarios, all anticipated BRAC implementation costs – such as relocating personnel and equipment – are considered and included in the COBRA model when comparing alternatives and generating cost estimates (See page 56 of the GAO Draft Report)

DoD RESPONSE: Non concur. Training can always be improved and lessons from 2005 will be incorporated in future guidance and training as appropriate. Examples may include increased emphasis on footnoting rationale for personnel changes and having multiple reviews of anticipated military construction projects. However, as pointed out in the response to recommendation 1, the analysis used in COBRA is not designed to be detailed budget quality estimates nor can it reflect future implementation investment decisions made after the recommendations become a legal obligation on the Department. Moreover, we will not be able to include “all” costs because to do so would require the inclusion, for example, of environmental restoration costs which create a perverse incentive to retain polluted sites and close clean sites.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense direct the USD (AT&L) to “take steps to ensure that COBRA’s standard factor for information technology is updated and based on technological developments since the most recent COBRA update.” (See page 56 of the GAO Draft Report)

DoD RESPONSE: Concur. The Department will take steps to update the COBRA standard factor for information technology as appropriate.

RECOMMENDATION 5: The GAO recommends that the Secretary of Defense direct the USD (AT&L) to update COBRA guidance to require users to provide a narrative explaining the process, sources, and methods used to develop the data entered into COBRA to develop military personnel position elimination savings.” (See page 56 of the GAO Draft Report)

DoD RESPONSE: Concur. While the elimination of personnel positions was documented in a variety of processes and supporting material, the Department will update

the COBRA guidance documentation (such as the user checklist) to emphasize the importance of footnoting the source documentation for personnel changes.

RECOMMENDATION 6: The GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to “identify appropriate measures of effectiveness and develop a plan to demonstrate the extent to which it achieved its intended results from the implementation of the BRAC round.” (See page 56 of the GAO Draft Report)

DoD RESPONSE: Non Concur. We believe that military value, based on force structure and mission needs, should continue to be the key driver for DOD’s recommendations for base closures and realignments. As recognized in GAO’s draft report, to ensure that the benefits of the recommendations were achieved the Department directed that the DoD Components develop business plans that establish the requisite actions, timing of those actions, and the costs and savings associated with implementing each recommendation. Business Plans served as the foundation for the complex program management necessary to ensure BRAC 2005 recommendations were implemented efficiently and effectively. The plans were revised and reviewed every six months throughout the implementation period to ensure effective implementation of the BRAC 2005 recommendations. GAO noted this benefit in the draft report “Service officials told us that the business plans were a good managerial decision that facilitated needed OSD oversight given the complexity of the BRAC round. Through the business plans, OSD officials were able to provide comprehensive, centrally-managed oversight of the BRAC program, monitoring the service actions, any disagreements among stakeholders, and the timing and cost of implementation.” As such, the business plan process was essential to enabling implementation to adapt to changing circumstances while meeting our legal obligation to complete the recommendations. We believe that the business plan process is the best way to measure effectiveness.

RECOMMENDATION 7: The GAO recommends that the Secretary of Defense direct the Deputy Under Secretary of Defense (Installations and Environment) to “establish a target for eliminating excess capacity in its initiating guidance to high-level department-wide leadership consistent with the BRAC selection criteria chosen for a future BRAC round.” (See page 57 of the GAO Draft Report)

DoD RESPONSE: Non Concur. As the statute appropriately requires, the development of base closure/realignment recommendations must be governed by military value and established selection criteria. The introduction of goals or overarching capacity targets would subvert the intent of the statute, constrain the analysis, and could result in decisions on the basis of other factors such as savings, capacity targets, or other goals. Goals and overarching excess capacity targets also preclude the ability of DoD and the Commission to examine a full array of closure and realignment options. This is the underpinning of the “all or none” and treating all bases equally tenants of BRAC. For example, an infrastructure target may lead the Department to pursue suboptimal recommendations that maximize square footage reduction.

RECOMMENDATION 8: The GAO recommends that the Secretary of Defense direct the USD(AT&L) to “limit the practice of bundling many potentially stand-alone realignments or closures into single recommendations.” (See page 57 of the GAO Draft Report)

DoD RESPONSE: Non Concur. The Department does not believe that bundling is problematic. The examples cited in the draft report were bundled because the recommendation shared a common mission and purpose and because it was the Department’s recommendation that all actions in the bundle should occur to maximize military value. For example, there were 38 Army Reserve and Guard recommendations affecting 38 states and Puerto Rico as well as five command and control recommendations affecting five regions that resulted in the closure of 176 reserve centers, 202 guard locations and the establishment of 125 Armed Forces Reserve Centers. Each of the recommendations had multiple subcomponents. The recommendations were logically organized by state or region to maintain the integrity of the underlying rationale for the recommendation without repeating the rationale for each subcomponent. This also enabled the Department’s decision makers and the Commission to review each recommendation by state and region vice each separate subcomponent action—Texas alone had 17 closures actions. The detailed COBRA reports break out the subcomponent actions by closing and receiving installations costs and savings.

As to the Commission’s work being more difficult, the record of their actions does not support this assertion. The Commission made numerous changes to recommendations that adjusted individual actions. For example, the assertion does not comport with the Commission’s numerous and detailed changes to the Air Force’s recommendations wherein the Commission altered the distribution of aircraft by type and location. Specifically, of the 41 Air Force recommendations, the Commission accepted only 5 as written, rejected 2 entirely, changed 37, added 1, and modified 34 including changes to the aircraft distributions at 37 locations.

RECOMMENDATION 9: The GAO recommends that “if OSD determines that bundling multiple realignments or closures into one recommendation is appropriate, [USDAT&L] itemize the costs and savings associated with each major discrete action in its report to the BRAC Commission.” (See page 57 of the GAO Draft Report)

DoD RESPONSE: Partially Concur. The Department does not believe that bundling is problematic. As pointed out in the response to Recommendation 8, the detailed COBRA reports already provide the level of information necessary for review. Furthermore, undertaking such an action would require similar effort for each of the other seven selection criteria because to do otherwise would give improper prominence to the cost and savings criteria. A recommendation is bundled because it was the Department’s intent that all actions in the bundle should occur to maximize military value. It is, therefore, the bundled action that is evaluated against the selection criteria, not the individual components. That said, where appropriate the Department could highlight cost savings associated with major actions.

RECOMMENDATION 10: The GAO recommends “that the Secretary of Defense develop a process to ensure that any data security issues are resolved in time to provide all information to the BRAC Commission in a timely manner by conducting a security review of all BRAC data during DoD’s recommendation development process, to include a review of the aggregation of unclassified data for potential security concerns and possible classification if necessary.” (See page 57 of the GAO Draft Report).

DoD RESPONSE: Concur. The Department agrees that this issue should be addressed at the beginning of any future BRAC process, but it does not concur with the assertion (elsewhere in the draft report) that the Commission was not provided all information in a timely manner. The Commission was provided access to all information in a classified reading room on May 31, 2005 only two weeks after the recommendations were provided to it.

Comments on the matters for Congressional Consideration.

The draft report states that Congress may wish to amend the BRAC legislation by requiring the Secretary of Defense to “formally establish goals that the department expects to achieve from a future BRAC round; and propose selection criteria as necessary to help achieve those goals, if necessary and appropriate.”

Non-concur. As further explained in response to recommendations 6 and 7, the Department believes that military value, based on force structure and mission needs, should continue to be the key driver for DOD’s recommendations for base closures and realignments. The 2005 BRAC statute (Section 2913) prescribed selection criteria. The inclusion of goals would hinder a comprehensive analysis to determine the appropriate basing structure required to support the Department’s force structure and mission and subvert military value.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

In addition to the contact named above, Laura Talbott, Assistant Director; Vijay Barnabas; John Beauchamp; Susan Ditto; Brandon Jones; Paulina Reaves; Greg Marchand; Charles Perdue; and John Trubey made key contributions to this report.

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Military Base Realignment and Closures: The National Geospatial-Intelligence Agency's Technology Center Construction Project. [GAO-12-770R](#). Washington, D.C.: June 29, 2012.

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