MILITARY BASE REALIGNMENTS AND CLOSURES

Key Factors Contributing to BRAC 2005 Results

What GAO Found

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

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