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National Security and
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September 8, 1995

The Honorable Conrad Burns
Chairman
The Honorable Harry M. Reid
Ranking Minority Member
Subcommittee on Military Construction
Committee on Appropriations
United States Senate

This correspondence responds to the requirement contained in Senate Report 102-355, dated July 31, 1992. In that report, the Senate Appropriations Committee requires us to perform an annual review of the Base Realignment and Closure (BRAC) accounts¹ and provide the results to the Committee prior to markups on the annual appropriations bill.

As agreed with your office, on June 29, 1995, we provided information about first round BRAC (BRAC I) funds. We also provided information on potential funding changes that could better ensure BRAC funds are used for the highest priority closure needs. This letter summarizes the information we provided at the earlier briefings and the final results of our work.

RESULTS IN BRIEF

Substantial amounts of BRAC I funds, perhaps as much as \$200 million, may be unobligated at the end of fiscal year 1995. Also, it appears that more funds are being allocated for environmental cleanup than requirements suggest are currently needed. For example, funds required for operations and maintenance as well as military construction costs are significantly lower than originally estimated, and the Department of Defense (DOD) already has

¹There are two BRAC accounts. Public Law 100-526 established the Department of Defense Base Closure Account (BRAC I account) to fund base closures in the 1988 BRAC round. Public Law 101-510 established the Department of Defense Base Closure Account (BRAC II account) to fund base closures in the 1991, 1993, and 1995 closure rounds.

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\$124 million more in its BRAC I environmental subaccount than requested in its fiscal year 1996 budget. Further, BRAC I funds amounting to \$51 million are undistributed or were programmed for projects that were canceled.

Because BRAC I funds can be used only to fund BRAC I base closures, they are unavailable for potentially higher priority requirements in the three subsequent BRAC rounds. If Congress were to pass legislation transferring BRAC I funds into the BRAC II account, the funds would be available to help meet closure costs in other rounds. This would not adversely affect BRAC I closures because DOD is authorized to use funds from the BRAC II account to pay for future BRAC I environmental restoration, property management, and property disposal.

STATUS OF BRAC I ACCOUNT

As of April 30, 1995, \$855 million of the \$2.7 billion appropriated for BRAC I closures and realized from land sales² was unexpended. Of this amount, \$388 million was unobligated. If DOD continues to obligate at the same rate for the remainder of the fiscal year, about \$200 million could remain unobligated at the end of the current fiscal year.

DOD is reprogramming unused funds from its BRAC I military construction and operations and maintenance subaccounts, where requirements have declined 44 percent from original estimates (\$3 billion to \$1.7 billion) into its environmental subaccount. The amount allocated to the environmental subaccount on March 31, 1995, was \$944 million, \$124 million more than what was in DOD's fiscal year 1996 budget estimate for environmental costs.

SOME BRAC I FUNDS UNDISTRIBUTED OR PROGRAMMED FOR CANCELLED PROJECTS

During our review, we identified about \$51.4 million that either was not yet distributed (unobligated) by the military services to subordinate organizations or was obligated for projects that were later canceled. As of the end of May 1995, specific requirements did not exist for these funds.

²\$2.6 billion was appropriated and \$56.8 million was realized from land sales.

- Funds appropriated for base closures are distributed by the military services to the commands responsible for the closures when they are needed. According to DOD officials, as of June 1995, \$30.2 million remained undistributed and was thus not yet available for obligation.
- In May 1995, the Air Force canceled a project to construct temporary covers on landfill sites at Chanute Air Force Base, Illinois. At the time of the cancellation, \$8.2 million in obligated funds was available for the project.
- In 1987, as part of a joint service agreement between the Army and the Air Force, the Army assumed responsibility for providing air base ground defense training to Air Force personnel. However, in May 1995, agreement was reached to return responsibility for this training to the Air Force. The Army had programmed \$13 million to construct replacement facilities at Fort Knox because Fort Dix, the location of the Army air base defense training facility, was closing. As a result of the Army decision to discontinue air base ground defense training, it no longer has to construct new training facilities at Fort Knox.

DIFFERENCES EXIST BETWEEN
BRAC I AND II ACCOUNTS

Uses of BRAC I account funds are different than uses of funds appropriated for subsequent rounds. The funds appropriated to the BRAC I account can be used only to pay first round base closure costs, whereas funds appropriated to the BRAC II account can be shifted among the rounds by DOD to fund higher priority requirements as they arise.³ Also, DOD can use BRAC II funds to pay for environmental restoration, property management, and property disposal related to BRAC I closures after September 30, 1995, when the authority of the Secretary of Defense to close bases in the first round expires.

The Defense Authorization Amendments and Base Closure and Realignment Act, which authorized the first BRAC round, precluded DOD from obligating BRAC I funds after September 30, 1995. In the fiscal year 1995 Defense Authorization Act (P.L. 103-337), Congress authorized DOD to use

³Legislative action would be needed to enable DOD to use remaining BRAC I funds for BRAC II costs.

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untransferred unobligated BRAC I funds, remaining after September 30, 1995, for environmental restoration, waste management, and property disposal costs.

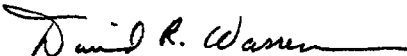
DOD COMMENTS

We did not obtain written comments from DOD. However, we discussed the report's contents with DOD officials, and they pointed out that environmental requirements exceed available BRAC I funds. While we did not assess the validity of BRAC I environmental requirements, we observed that some of these requirements were long term and as yet not supported by specific project cost estimates. Moreover, the amount in the environmental subaccount exceeded DOD's fiscal year 1996 budget estimate for BRAC I environmental cleanup.

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We are sending copies of this correspondence to the Chairmen, Senate Committee on Armed Services; Senate Committee on Governmental Affairs; Subcommittee on Defense, Senate Committee on Appropriations; House Committee on Government Reform and Oversight; House Committee on National Security; and Subcommittees on Military Construction and on National Security, House Committee on Appropriations.

Should you need further assistance, please contact me at (202) 512-8412. Major contributors to this work were John Klotz, Tom Monahan, and Karl Gustafson.


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