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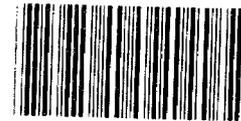
Testimony

For Release  
On Delivery  
Expected at  
9:00 a.m. EDST  
Thursday  
July 7, 1988

Base Realignment and Closure

Statement of  
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Before the  
Defense Secretary's Commission on  
Base Realignment and Closure



136265

C-12639

Mr. Chairmen and Members of the Commission:

I am pleased to be here today to share our experiences and views on matters facing the Commission. Secretary Carlucci's initiative in forming the Commission and his selection of Commission members are commendable and represent a step in the right direction if we are to realign or close bases that are no longer needed.

In recent testimony before the Legislation and National Security Subcommittee of the House Committee on Government Operations, we stated that we are in basic agreement with the thrust of H.R. 4481. The bill would allow the Secretary of Defense to realign or close installations that are no longer needed by the Department of Defense (DOD) based on recommendations from this Commission. Today I would like to discuss some of the challenges facing the Commission.

#### BACKGROUND

According to the Commission's charter, the Commission is to determine by November 15, 1988, (1) the best process, including necessary administrative changes, for identifying bases to be realigned or closed, (2) how to improve and best use federal government incentive programs to overcome the negative impact of base realignments or closures, and (3) the criteria for realigning and closing bases. The charter offers nine study

elements that could be used in developing base realignment and closure criteria.

The Commission is to then review the current and planned military base structure in light of force structure assumptions and the criteria it has developed, and identify which bases should be realigned or closed. Its findings and recommendations are to be reported to the Secretary of Defense by December 31, 1988.

#### CHALLENGES FACING THE COMMISSION

Given the tasking in the charter and the fact that about 890 military bases exist in the United States and its territories, the Commission is faced with formidable challenges. These challenges include (1) paring down the list of 890 bases so that useful and timely studies could be performed over the next 6 months, (2) making decisions that will produce savings and still be acceptable to the military and the Congress, (3) keeping all data confidential so that preliminary studies are not misinterpreted, (4) deciding how to provide economic assistance, and (5) developing costs and savings data to support base realignment and closure decisions.

Commission needs to reduce  
list of bases to be studied

We believe that the most immediate challenge to the Commission is to reduce the list of 890 bases to a more manageable size. We believe that any list of base realignment and closure actions that is eventually produced will be closely reviewed. Therefore, it is important that the recommendations be based on analyses using sound criteria.

We believe that the Secretary of Defense is in the best position to exercise the military judgment needed to decide which bases are essential for national security reasons. Accordingly, as a first step in paring down the list of bases, we believe the Secretary of Defense should identify such bases and the applicable criteria for identifying these bases. H.R. 4481, if enacted into law, would require that the Secretary realign or close all or none of the bases recommended by the Commission for realignment or closure. Hence, having the Secretary identify essential bases could increase the probability that the Secretary would realign or close all bases identified by the Commission for realignment or closure. This could also substantially reduce the number of bases to be studied.

We believe that major base realignment or closure proposals should make sense economically as well as operationally. We also believe that, in general, realignments that eliminate missions

have quicker payoffs than those that transfer missions to a new location. At issue here is the fact that if missions and forces must be transferred to another base, then additional costs such as transportation costs and military construction costs would be involved.

In performing our prior work on DOD's base realignment and closure actions, we noted that bases were nominated for closure because they were examples of single mission bases. Single mission bases might be easier to close than multimission bases because although some missions at multimission bases could be transferred, other missions may not be easily transferred, leaving the base open.

Still another possibility for paring down the list is to look for bases in or near metropolitan areas where the land and facilities could be quickly sold and converted to economic use. This would hopefully provide early budget benefits and benefit the local community and tax base.

Need to work with  
military services

Another challenge facing the Commission is to eventually produce a list of base realignment and closure recommendations that will produce real savings and still be acceptable to the military and the Congress. We have already addressed some of the economic

considerations. We would assume that the Commission would work closely with the military departments to ensure that potential recommendations do not disrupt the national defense. On the other hand, the Commission must guard against the potential tendency to use the process to close bases that DOD has wanted to close for a long time but was unable to do so because it could not justify the decision with sound analyses.

Need to avoid premature  
release of study data

Another challenge facing the Commission is to maintain some level of confidentiality over its process. We are not suggesting that the studies be classified. However, we recognize that there will be political and media pressure on the Commission, and we are suggesting that the Commission will have to guard against premature release of study data that could be misinterpreted and jeopardize the Commission's efforts.

On the other hand, the Commission should anticipate that the base realignment and closure process will be stressful to employees who potentially could be adversely affected by the outcome of a base closure study. Our work in other areas, such as hazardous waste cleanup and contracting out under OMB Circular A-76, indicates that precautions can be and should be taken to minimize this stress. Contracting out guidance offers some helpful hints on personnel considerations, which could be appropriate in the

base realignment and closure process. This guidance suggests, among other things, that employees should be notified as soon as possible of an impending study and that they should be periodically kept informed of progress.

Need to study budget impact  
of economic assistance

Another challenge for the Commission is to determine, as required by the charter, how to improve and best use federal government incentive programs to overcome the negative impact of base realignments and closures. In prior base closure work we have found that when a large base closes or its activities are substantially reduced, local communities may lose civilian jobs and the military payroll. Home prices may drop for military and civilian personnel who have to move from the area. The communities' tax receipts may fall (real estate, sales, etc.). Stores, banks, and other commercial operations could lose business. Welfare payments may rise. A ripple effect may follow, and unemployment may increase.

Economic impact is an important factor of consideration in any decision to realign or close a base. Since 1970, adjustment assistance has been rendered to effected individuals and communities through the President's Economic Adjustment Committee, composed of 18 federal departments and agencies and chaired by the Secretary of Defense. We would assume that the

Commission would consider prior efforts in economic assistance. We would also assume that when a decision is made to realign or close a base the following actions would be taken:

- Maximum effort would be made to find positions for effected employees.
- Reasonable costs for training and relocation would be paid.
- Effected employees would be informed of services available through the Office of Personnel Management.

The number of bases that are realigned or closed could have a significant impact on the budgets of the 18 departments and agencies that belong to the Economic Adjustment Committee.

Need for good costs  
and savings data

Over the years, we have reviewed and issued reports on planned realignments and closures. In these reviews we found the computations of costs and savings made by military services or DOD agencies were incorrect because they were overly optimistic about the benefits or failed to fully recognize costs. Some of the problems identified by us in the justifications are as follows:

- The costs and savings associated with a base realignment were not based on detailed analyses of costs and staffing at the closing base and the receiving bases.
  
- The study supporting the realignment did not consider all factors affecting personnel savings and contained errors or inconsistencies in estimating one-time and recurring facility costs and savings.
  
- The service's realignment study did not contain a comparative analysis of the costs, savings, and management efficiencies for the alternatives considered. Therefore, a determination could not be made on whether the least costly method of operation or greatest management efficiency had been chosen.

These kinds of problems should be avoided in arriving at future base realignment or closure decisions.

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In closing, let me reiterate my view that the work of the Commission and this overall effort to realign or close bases that are no longer needed is extremely timely and important.