

May 2004

# MILITARY BASE CLOSURES

## Assessment of DOD's 2004 Report on the Need for a Base Realignment and Closure Round



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Highlights of [GAO-04-760](#), a report to congressional committees

## Why GAO Did This Study

The Defense Base Realignment and Closure Act of 1990, as amended, required the Department of Defense (DOD) to address several base realignment and closure (BRAC) issues in 2004 for the 2005 BRAC round to proceed. The requirements included reporting on a 20-year force structure plan, an inventory of military installations, and separately adopting selection criteria for the upcoming round. The legislation also required DOD to certify whether an additional BRAC round was needed, and, if so, that annual net savings would be realized not later than fiscal year 2011. If the certifications were provided, GAO was required to evaluate DOD's submissions and report to Congress. DOD reported on March 23, 2004, and provided the certifications.

In this report GAO evaluates (1) DOD's responsiveness to legislative requirements; (2) the force structure plan, infrastructure inventory, and selection criteria; (3) other key issues included in DOD's report; and (4) DOD's certification regarding the need for an additional BRAC round.

## What GAO Recommends

This report includes a recommendation for executive action by DOD and a matter for congressional consideration to strengthen the BRAC process.

In commenting on a draft of this report, DOD agreed with the report contents.

[www.gao.gov/cgi-bin/getrpt?GAO-04-760](http://www.gao.gov/cgi-bin/getrpt?GAO-04-760).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Barry W. Holman at (202) 512-8412 or [holmanb@gao.gov](mailto:holmanb@gao.gov).

# MILITARY BASE CLOSURES

## Assessment of DOD's 2004 Report on the Need for a Base Realignment and Closure Round

### What GAO Found

DOD's report to Congress generally addressed all legislative reporting requirements in section 2912 of the Defense Base Realignment and Closure Act of 1990, as amended, and separately complied with requirements under Section 2913 in adopting selection criteria to guide BRAC decision making. The degree of coverage on some reporting requirements was limited to avoid prejudging the ongoing analytical process for the 2005 round.

As directed, GAO analyzed DOD's worldwide installation inventory, force structure plan, and selection criteria. While all three are important in setting a framework for the BRAC process, the latter two figure prominently in guiding DOD's analyses for the 2005 round. The unclassified portion of the 20-year force structure plan, extending through 2009, provides a macro-level focus (e.g., number of Army divisions), and reflects limited changes across the military services, even though the services have initiatives under way that could affect future force structure and infrastructure requirements. Today's security environment is evolving, as are force structure requirements along with technology advancements, and defense transformation efforts. The department must consider these factors in its BRAC analyses with appropriate allowances for future uncertainties. DOD's selection criteria closely parallel criteria used in previous rounds, while incorporating the provisions required by legislation authorizing the 2005 round. The analytical sufficiency of the criteria will best be assessed through their application in the ongoing BRAC process.

GAO addressed other BRAC-related issues such as excess defense infrastructure capacity and BRAC savings because of their importance to DOD's certification of need for the 2005 BRAC round. DOD's excess capacity analysis, completed for the 2004 report, has some limitations that could result in either overstating or understating excess capacity across various functional areas, and make it difficult to project a total amount of excess capacity across DOD. While the analysis gives some indications of excess capacity within the department, the issue warrants a more complete assessment in the BRAC process. That process will also consider joint base use with the potential for better identifying excess capacity. DOD's historical financial data suggest that, assuming conditions similar to those in the 1993 and 1995 rounds, each of the military departments could achieve annual net savings by 2011, as stipulated by the mandate. While the potential exists for substantial savings from the upcoming round, it is difficult to conclusively project the expected magnitude of the savings because there are too many unknowns at this time. Additionally, improvements are needed in DOD's accounting for savings after BRAC decisions are made.

GAO found no basis to question DOD's certification of the need for an additional BRAC round. While clear limitations exist in DOD's assessment of excess capacity, it does point to some areas that warrant additional analysis-and the current BRAC process is an appropriate forum for doing so.

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## **Abbreviations**

BRAC	base realignment and closure
CBO	Congressional Budget Office
DLA	Defense Logistics Agency
DOD	Department of Defense
OSD	Office of the Secretary of Defense

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United States General Accounting Office  
Washington, DC 20548

May 17, 2004

Congressional Committees

While the Department of Defense (DOD) continues its work in preparing for the upcoming base realignment and closure (BRAC) round in 2005, legislation<sup>1</sup> required DOD to report to Congress on several BRAC-related issues in 2004 in order for the 2005 round to proceed. The legislation 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. Of particular importance was the requirement that the Secretary of Defense certify the need for additional base realignments and closures and, if such a need exists, certify that annual net savings would be realized by each military department not later than fiscal year 2011. DOD published its final selection criteria on February 12, 2004, and reported on the other legislative requirements, including the necessary certifications, on March 23, 2004.<sup>2</sup> The legislation also directed 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 legislatively required submissions.

In this report, we evaluate (1) DOD's responsiveness to the legislative reporting requirements; (2) the force structure plan, infrastructure inventory, and final selection criteria for the 2005 BRAC round, including, as appropriate, observations on the relative analytical sufficiency and accuracy of each; (3) other key BRAC-related issues included in DOD's report, such as excess infrastructure capacity, estimated savings, and the economic impact of BRAC on nearby communities; and (4) the Secretary's

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<sup>1</sup> The National Defense Authorization Act of Fiscal Year 2002 (P.L. 107-107, Title XXX, Dec. 28, 2001) authorized a defense base realignment and closure round for 2005 by amending the Defense Base Closure and Realignment Act of 1990 (P.L. 101-510, Title XXIX, Nov. 5, 1990). Provisions in Section 2912 and 2913 of the 1990 Act, as amended, require DOD to address various BRAC-related issues in order for the 2005 round to continue.

<sup>2</sup> Department of Defense, *Report Required by Section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended through the National Defense Authorization Act for Fiscal Year 2003*, (Washington, D.C., March 2004).

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certification regarding the need for an additional BRAC round. While the mandate did not direct us to address the third objective, we chose to include this information because of widespread interest in the 2005 BRAC process among Congress and the public and its relevance to the Secretary's certification of the need for the 2005 BRAC round.

In performing our review, we conducted work at the BRAC Office in the Office of the Deputy Under Secretary of Defense for Installations and Environment and the Army, Navy, and Air Force BRAC offices. We also relied on our previous and ongoing work on BRAC-related issues. Because we were required to report within 2 months after DOD issued its report, we did not have time to fully assess the accuracy of all data used in the report; but we did perform limited reliability assessments of key data contained in DOD's report and determined that the data were sufficiently reliable for the purposes of this report with relevant limitations noted in our report. We performed our work from March to May 2004 in accordance with generally accepted government auditing standards. Further information on our scope and methodology appears in appendix I.

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## Results in Brief

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. According to DOD officials, the degree of coverage on some reporting requirements, such as the impact of joint basing and the extent of excess capacity, was limited in order to avoid preempting or prejudging the ongoing analytical process for the 2005 BRAC round.

While the worldwide military installation inventory, 20-year force structure plan, and selection criteria are important in setting a framework for the BRAC process, the latter two figure prominently in guiding DOD's analyses for the 2005 round. The worldwide inventory extends well beyond that required for the domestic BRAC process,<sup>3</sup> which focuses on a smaller subset of the inventory. The unclassified portion of the 20-year force structure plan covers only the 2005 through 2009 time period and provides more of a macro-level focus (e.g., number of Army divisions). The

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<sup>3</sup> The BRAC legislation for the 2005 round applies to military installations in the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, Guam, the U.S. Virgin Islands, American Samoa, and any other commonwealth, territory, or possession of the United States.

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plan depicts little change in the force structure through that period, even though the services have a number of initiatives underway that could affect force structure and infrastructure requirements. DOD's ongoing BRAC analysis, however, will need to consider the impact of this and other potential future force structure changes on infrastructure requirements. Further, as provided in the legislation, DOD has an opportunity to update the plan with its fiscal year 2006 budget submission in February 2005, which would be expected prior to the Secretary's announcement of his proposed closure and realignment recommendations in May 2005. DOD's selection criteria for the 2005 round, while incorporating the requirements required by legislation authorizing the 2005 round, closely parallel the criteria that provided a solid foundation for BRAC analyses conducted in previous rounds. Even so, the analytical sufficiency of the criteria will best be assessed through their application, as DOD completes its data collection and analyses for the upcoming round.

Other BRAC-related issues—excess defense infrastructure, estimated savings, and community impact from BRAC actions—have historically been and continue to be areas of widespread interest to Congress and the public in considering the need for another BRAC round. DOD's analysis of excess infrastructure capacity, which was completed for the 2004 report outside the BRAC process, has some limitations that could result in either overstating or understating the amount of excess capacity across various functional areas, and make it difficult to project a total amount of excess capacity across DOD. While the analysis gives some indication of excess capacity within the department, the issue warrants a more complete assessment in the official BRAC process. Moreover, in completing this analysis, the military services assessed their bases as though they were being used for a single function, and did not consider existing or the potential for increased multi-functional/joint use that is expected to be considered in the 2005 BRAC round—and provides the potential for better identifying excess capacity. As to estimated savings, DOD's historical financial data suggest that, assuming conditions similar to those in the 1993 and 1995 rounds, each of the military departments could achieve annual net savings in the 2005 round by fiscal year 2011, as stipulated by the mandate. While the potential exists for substantial savings and efficiencies to result from the BRAC 2005 round, it is difficult to conclusively project levels of expected savings from the 2005 round. There are too many unknowns at this time, such as the timing of individual closure or realignment actions, and the implementation costs that may be required. Further, important differences exist in the upcoming round, compared with prior rounds that could affect costs and savings. For example, this round has a greater focus on supporting force

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transformation and the potential need to support stateside redeployment of some forces currently based overseas as a result of separately ongoing overseas basing reviews. Additionally, we have previously noted the need for improvements in DOD's tracking and periodic updating of savings estimates from BRAC recommendations once they have been approved and are being implemented. DOD needs to firm up plans to implement previously proposed improvements as it moves forward with the 2005 BRAC round. As to economic impact, the department's report recognized that BRAC actions can affect the local economies of the surrounding communities but also notes that it has sought to minimize any adverse local impacts with a coordinated program of federal assistance from both DOD and domestic agencies. Our work has shown that many communities surrounding closed bases from the previous rounds have fared better than the national average, in terms of changes in unemployment rates and per capita income, with more mixed results recently, allowing for some negative impact from the economic downturn in recent years.

Although we identified some limitations with DOD's assessment of excess capacity and factors that could affect the timing and amount of savings from a future BRAC round, we found no basis to question DOD's certification of the need for an additional BRAC round. As directed by DOD, the upcoming round is expected to encompass more than a capacity-reduction and cost-savings effort; rather, it is also an effort to align the defense infrastructure with the transformation of its forces. Further, the need for an additional BRAC round has long been recognized by various defense officials and studies—and noted in several of our products since the time of the 1995 BRAC round.

This report contains a recommendation to the Secretary of Defense to strengthen the BRAC analytical process, documenting allowance for future force structure and surge requirements, and a matter for congressional consideration to ensure steps are taken by DOD to improve the accounting for savings from BRAC decisions. In commenting on a draft of this report, DOD agreed with the report contents.

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## Background

The National Defense Authorization Act for Fiscal Year 2002<sup>4</sup> extended the authority of the 1990 BRAC legislation, with some modifications, to authorize an additional BRAC round in 2005. Under section 2912 of the

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<sup>4</sup> P.L. 107-107, Title XXX, (Dec. 28, 2001).

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1990 Act and as part of its fiscal year 2005 budget submission, DOD was required to submit a 20-year force structure plan, an infrastructure inventory, and a certification that additional closures and realignments were needed and that annual net savings would be achieved for each military department by fiscal year 2011. The force structure plan was to be based on assessments by the Secretary of Defense of the probable threats to national security between fiscal years 2005 and 2025. Furthermore, the plan was to be based on the probable end strengths and major military force units (land divisions, carrier and other major combatant vessels, and air wings) needed to meet these threats. DOD was also required to prepare a comprehensive inventory of military installations worldwide that indicated the number and type of facilities in the active and reserve forces of each military department.

Using the force structure plan and the infrastructure inventory, the Secretary of Defense's submission to Congress was required to address (1) the inventory necessary to support the force structure, (2) the categories of excess infrastructure and infrastructure capacity, and (3) an economic analysis of the effect of the closure or realignment of military installations to reduce excess capacity. In analyzing the infrastructure requirements, DOD was to consider the continuing need for and availability of military installations outside the United States and any efficiency that may be gained from joint tenancy by more than one branch of the Armed Forces on military bases. On the basis of the force structure plan, the infrastructure inventory and the economic analysis, the Secretary was required to certify whether the need existed for further closures and realignments and, if so, that an additional round would result in annual net savings for each military department, beginning not later than 2011. Collectively, these requirements were to be addressed in a report to Congress at the time it submitted its fiscal year 2005 budget justification documentation. The legislation also stipulated that if the certifications were provided in DOD's report to Congress, we were to evaluate the force structure plan, infrastructure inventory, and the final selection criteria, and the need for an additional BRAC round. We were required to issue a report not later than 60 days after DOD submitted its report to Congress.

Section 2913 of the 1990 Act, as amended, also required the Secretary of Defense to publish in the Federal Register the selection criteria for use in the BRAC 2005 round and to provide an opportunity for public comment. The legislation required that military value be the primary criteria for making recommendations to close or realign military installations, and directed inclusion of a number of considerations in formulating the selection criteria. The proposed selection criteria were published on

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December 23, 2003, with a public comment period ending January 30, 2004. The final criteria were published on February 12, 2004. We were also required by the legislation to evaluate the final selection criteria as part of our overall assessment of DOD's reporting on BRAC issues in 2004. This is in keeping with GAO's longstanding role as an independent, objective observer of the BRAC process.

Legislation authorizing the 2005 round continued the previous legislative requirement, applicable to earlier BRAC rounds that we review the Secretary's recommendations and selection process; it requires us to report to the congressional defense committees no later than July 1, 2005, 45 days after the last date by which the Secretary must transmit to the congressional defense committees and the BRAC Commission his recommendations for closures and realignments.<sup>5</sup> To make an informed and timely assessment, we have consistently operated in a real-time setting and have had access to significant portions of the process as it has evolved, thus affording the department an opportunity to address any concerns we raised on a timely basis. From our vantage point, we are looking to see to what extent DOD follows a clear, transparent, consistently applied process, where we can see a logical flow between DOD's analysis and its decision making.

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## DOD's Report Generally Addressed All of the Legislatively Required Information

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. In some instances, according to DOD officials there were limitations in the data provided in DOD's Section 2912 report in order to avoid preempting or prejudging the ongoing analytical process for the 2005 BRAC round. Table 1 details the legislative requirements for DOD's Section 2912 report, indicates the pages in DOD's report where the issues are addressed, and provides our observations on the extent to which DOD provided the information required by each subsection in the legislation.

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<sup>5</sup> See app. II for other key BRAC dates.

**Table 1: GAO Assessment of DOD’s Responsiveness to Legislative Requirements in its Section 2912 Report to Congress**

Section 2912 citation	Legislative requirement	DOD report citations	GAO assessment of information provided
<b>Force structure plan and worldwide installation inventory</b>			
(a)(1)(A)	A force structure plan for the Armed Force based on an assessment by the Secretary of the probable threats to national security during the 20-year period beginning with fiscal year 2005, the probable end strengths and major military force units (including land force divisions, carrier and other major combatant vessels, air wings, and other comparable units) needed to meet these threats, and the anticipated levels of funding that will be available for national defense purposes during such period.	Section 2, pp. 17-23	DOD provided an unclassified force structure plan through fiscal year 2009 and a separate classified force structure plan through fiscal year 2024.
(a)(1)(B)	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.	Section 3, pp. 25-35. App. B, compact disk	DOD provided a worldwide inventory of installations, but the inventory did not include all overseas installations where U.S. forces are deployed.
(a)(2)(A)	A description of the infrastructure necessary to support the force structure described in the force structure plan.	Section 6, pp. 43-54	DOD broadly compared the infrastructure required to support the force structure for certain functional areas through fiscal year 2009 (and not 2024) without specificity concerning infrastructure requirements.
(a)(2)(B)	A discussion of categories of excess infrastructure and infrastructure capacity.	Section 6, pp. 43-54	DOD provided the required information for selected functional areas, but the excess capacity methodology has some limitations.
(a)(2)(C)	An economic analysis of the effect of the closure or realignment of military installations to reduce excess infrastructure.	Section 7, pp. 55-62	DOD provided information on the savings realized from the previous BRAC rounds and the reuse of selected former bases.
(a)(3)(A)	The anticipated continuing need for and availability of military installations outside the United States, taking into account current restrictions on the use of military installations outside the United States and the potential for future prohibitions or restrictions on the use of such military installations.	Section 4, pp. 37-40	DOD provided a general discussion on the need for the availability of a worldwide network of bases, operating locations, and access arrangements, but no specific information on the continuing need for or restrictions on the use of specific bases.

Section 2912 citation	Legislative requirement	DOD report citations	GAO assessment of information provided
(a)(3)(B)	Any efficiencies that may be gained from joint tenancy by more than one branch of the Armed Forces at a military installation.	Section 5, p. 41	DOD did not identify specific efficiencies but emphasized that joint basing is a priority for the 2005 BRAC round.
<b>Certifications of need for further closures and realignments and requisite savings</b>			
(b)(1)(A)	Certification regarding whether the need exists for the closure or realignment of additional military installations.	Cover letter	DOD provided the required certification.
(b)(1)(B)	Certification that the additional round of closures and realignments would result in annual net savings for each of the military departments beginning not later than fiscal year 2011.	Cover letter	DOD provided the required certification.

Source: GAO analysis of DOD's Report Required by Section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended through the National Defense Authorization Act for Fiscal Year 2003, March 2004.

Likewise, as discussed in a subsequent section, DOD also complied with the requirements of Section 2913 in adapting its selection criteria for the 2005 BRAC round.

## Worldwide Installation Inventory, Force Structure Plan, and Selection Criteria

While DOD's worldwide military installation inventory, 20-year force structure plan, and selection criteria are all important in setting a framework for the BRAC process, the latter two figure prominently in guiding BRAC analyses for the 2005 round. Although DOD provided a worldwide inventory of installations and facilities for each military department as required by the legislation, it exceeds the needs of the 2005 BRAC process, which focuses on domestic bases.<sup>6</sup> Further, to the extent one looks to the inventory as providing a total accounting of DOD facilities worldwide, it should be noted that the inventory lacks completeness in that not all overseas installations and associated facilities where U.S. forces are deployed are included—primarily because some are considered temporary in nature. The unclassified portion of the force structure plan, extending through 2009, has more of a macro-level focus reflecting limited change across the military services, even though the services have a

<sup>6</sup> At the same time, DOD has indicated that the domestic BRAC process may be used to accommodate any decisions to relocate forces from overseas bases that may result from an ongoing but separate study of overseas basing.

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number of initiatives under way that could affect force structure and infrastructure requirements. Nevertheless, DOD's ongoing BRAC analysis will need to consider the impact of such changes on infrastructure requirements. The department's final selection criteria, although incorporating legislatively directed language, essentially follows a framework similar to that employed in prior BRAC rounds. The full analytical sufficiency of the criteria will best be assessed through their application, as DOD completes its data collection and analysis for the 2005 round.

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### Worldwide Installation Inventory Provided but Extended Beyond Requirements for 2005 BRAC Round

As required by the legislation, DOD provided a worldwide inventory of installations, which included the number and type of facilities in the active and reserve forces. While the inventory provides a detailed listing of facilities, it extends beyond the needs of the 2005 BRAC round with its focus on domestic installations. At the same time, it has some limitations in terms of a complete inventory for use beyond BRAC because it does not include all overseas installations. For example, the inventory omits various installations and associated facilities located in parts of the Middle East, such as Iraq, Afghanistan, and Kuwait. DOD and military service officials told us that these installations are considered temporary or classified in support of contingency operations, and are not included in the database used to generate the inventory. This limitation should not impact the conduct of the 2005 BRAC round since the focus is on domestic bases, and DOD has identified the domestic bases in the database to assess in the BRAC 2005 round.

The inventory of installations and facilities was derived from DOD's Facilities Assessment Database, which is updated annually from the military services' real property databases.<sup>7</sup> Because of time constraints, we performed only limited work on the accuracy of the inventory. Contractors who maintain the Facilities Assessment Database told us that since 1998 they have validated and verified facility data annually by performing data queries—such as verifying the size of buildings or the year a facility was acquired or built—to identify anomalies in the data. Contractor officials stated the queries have been successful in correcting erroneous data

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<sup>7</sup> These databases include the Army's Integrated Facilities System; the Navy's and Marine Corp's Navy Facility Assets Database; and the Air Force's Automated Civil Engineer System.

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reported by the services and that the quality of the data has improved since 1998.

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**No Major Force Structure Changes Identified through Fiscal Year 2009 in DOD's 20-Year Force Structure Plan**

As with prior BRAC rounds, DOD has provided Congress with a force structure plan that will guide or inform BRAC decisions in 2005, except legislation authorizing the 2005 BRAC round required development of a 20-year plan instead of a 6-year plan required in prior rounds. DOD's Section 2912 report contains the unclassified portion of DOD's 20-year plan extending through fiscal year 2009; the remaining years of the plan are addressed in a classified annex to the report. The unclassified report provides more of a macro-level focus (e.g., number of Army divisions) reflecting limited changes across the military services, even though the services have a number of initiatives under way that could affect force structure and infrastructure requirements, and which will need to be considered by DOD as it performs its 2005 round analyses. DOD has the option of modifying its force structure plan, as needed, with its fiscal year 2006 budget submission which would be expected prior to its issuance of BRAC recommendations.

Table 2 summarizes DOD's force structure plans at the macro-level through 2009 by service force units and by end strength. It depicts limited changes in force units and end strength for active and reserve components of most services. Exceptions include the Navy, which expects to reduce personnel but increase the number of ships in its inventory, and the Air Force, which plans a slight increase in reserve personnel end strength.

**Table 2: DOD's 20-year Force Structure Plan (unclassified portion through fiscal year 2009)**

Service force units		Fiscal year		Change
		2005	2009	
Army divisions	Active	10	10	–
	Reserve	8	8	–
Aircraft carriers		12	12	–
Carrier air wings	Active	10	10	–
	Reserve	1	1	–
Battle force ships		332	347	15
Air and Space Expeditionary Forces		10	10	–
Marine Corps divisions	Active	3	3	–
	Reserve	1	1	–
<b>End strength (in thousands)</b>				
Army	Active <sup>a</sup>	482	482	–
	Reserve	555	555	–
Navy	Active	366	357	(9)
	Reserve	83	76	(7)
Marine Corps	Active	175	175	–
	Reserve	40	40	–
Air Force	Active	360	360	–
	Reserve	183	184	1

Source: DOD Report Required by Section 2912 of the Defense Base Closure and Realignment Act of 1990, as amended through the National Defense Authorization Act for Fiscal Year 2003, March 2004.

<sup>a</sup>The Army end strength figures do not reflect the temporary increase of 30,000 spaces for fiscal year 2004 through fiscal year 2007 to accelerate the Army transformation process while remaining fully engaged in worldwide operations.

While the Army showed no force structure changes through 2009, Army officials told us that they have a number of initiatives under way that may affect the force structure and related infrastructure requirements. Specifically, the Army is restructuring the way it organizes its forces to achieve greater flexibility by increasing the number of brigade combat teams from 33 to 43 or more. To achieve these goals while maintaining global commitments, the Army has been authorized by the Secretary of Defense to temporarily increase its end strength by 30,000 personnel through fiscal year 2007. Congress is considering legislation to permanently authorize this increase. In addition, the Army is in the process of rebalancing capabilities between the active and reserve components by moving certain early-deploying and high-demand

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capabilities such as military police and civil affairs from the reserve components into the active force. Although the BRAC statute allows DOD to submit a revised force structure plan with the fiscal year 2006 budget submission, Army officials told us that many of the details about this restructuring would not be completed by this timeframe.

Navy officials told us that their plans include the commissioning of 17 new ships (13 Arleigh Burke destroyers, 2 submarines, 1 amphibious ship, and 1 littoral combat ship) while decommissioning 2 older ships. Navy officials indicated that the projected reductions in the number of active personnel result primarily from decommissioning ships and air squadrons and changes to crew requirements on some ships, and the projected reduction in reserve personnel is caused primarily by plans to deactivate 7 maritime patrol squadrons. Navy officials also noted plans to increase the number of ships in its inventory in future years but also have efforts under way to reduce average crew size per ship. Although the force structure plan shows a planned increase in the number of ships, available information indicates some uncertainty over the total number of ships the Navy may expect for its future force structure.

Air Force end strength levels shown in the force plan reflect authorized levels and not the current over-strength levels, reflecting Air Force expectations of reducing the current levels to those authorized. While the Air Force showed minimal force structure changes through 2009, an Air Force official stated that the service plans to increase the number of aircraft per squadron as well as increase crew ratios to make more effective use of fewer but more capable aircraft, which would most likely reduce future infrastructure requirements. We have previously reported<sup>8</sup> that the Air Force could not only reduce infrastructure by increasing the number of aircraft per fighter squadron but could also save millions of dollars annually by doing so.

We recognize that developing a 20-year force structure plan is a challenging task for the department, given a host of uncertainties about the future security environment, potential technology advances and their application to the future force, and ongoing departmental transformation efforts. The uncertainties are evident in various ongoing defense programs. While increased use of unmanned aerial vehicles, for example,

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<sup>8</sup> See U.S. General Accounting Office, *Air Force Aircraft: Consolidating Fighter Squadrons Could Reduce Costs*, [GAO/NSIAD-96-82](#) (Washington, D.C.: May 6, 1996).

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could have far-reaching effects for future defense force structure, we noted in a recent report that DOD's approach to planning for developing and fielding this capability does not provide reasonable assurance that its investment will facilitate the integration of these vehicles into the force structure efficiently.<sup>9</sup> Further, DOD officials told us that another challenging aspect of its force structure planning resides in the longer term (those years beyond 2009) of the plan. In addition to the uncertainties cited above, these longer-term years are characterized by additional unknowns regarding future funding levels that could impact the future force structure and associated requirements, such as the total number of ships for the Navy. Despite these inherent uncertainties, however, the department must factor in relevant assumptions about potential future force structure changes and surge requirements as it performs its analyses for the upcoming BRAC round.

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### Final Selection Criteria Address Legislative Requirements and Provide Sound Framework for Follow-on BRAC Analyses

The department's final selection criteria essentially follow a framework similar to that employed in prior BRAC rounds, with specificity added in selected areas in response to requirements contained in legislation authorizing the 2005 BRAC round. The Defense Base Closure and Realignment Act of 1990, as amended in 2002, required DOD to give priority to selection criteria dealing with military value, including (1) the impact on joint war fighting, training, and readiness; (2) the availability and condition of training areas suitable for maneuver by ground, naval, or air forces throughout diverse climates and terrains and staging areas for use by the Armed Forces in homeland defense missions; and (3) the ability to accommodate contingency, mobilization, and future force requirements. The legislation also required DOD to give special consideration to other criteria, many of which parallel those used in prior BRAC rounds. Furthermore, the legislation required DOD to consider cost impacts to other federal entities as well as to DOD in its BRAC decision making. Additionally, the National Defense Authorization Act for Fiscal Year 2004<sup>10</sup> requires DOD to consider surge requirements in the 2005 BRAC process. Table 3 compares the 1995 BRAC criteria with that adopted for 2005, with changes highlighted in bold.

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<sup>9</sup> U.S. General Accounting Office, *Force Structure: Improved Strategic Planning Can Enhance DOD's Unmanned Aerial Vehicles Efforts*, [GAO-04-342](#) (Washington, D.C.: Mar. 17, 2004).

<sup>10</sup> P.L. 108-136, section 2822, (Nov. 24, 2003).

**Table 3: Comparison of BRAC Criteria for the 1995 Round and Those Adopted for the 2005 Round**

<b>Criteria for 1995 Round</b>	<b>Criteria for 2005 Round</b>
<b>Military Value</b>	<b>Military Value</b>
1. The current and future mission requirements and the impact on operational readiness of DOD's total force	The current and future mission capabilities and the impact on operational readiness of the Defense Department's total force, <b>including the impact on joint warfighting, training, and readiness</b>
2. The availability and condition of land, facilities, and associated airspace at both the existing and potential receiving locations	The availability and condition of land, facilities, and associated airspace— <b>including training areas suitable for maneuver by ground, naval, or air forces throughout diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions</b> —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	The ability to accommodate contingency, mobilization, and future total force requirements at both existing and potential receiving locations <b>to support operations and training</b>
4. Cost and manpower implications	The cost <b>of operations</b> and the manpower implications
<b>Return on Investment</b>	<b>Other Considerations</b>
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	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
<b>Community Impacts</b>	
6. The economic impact on communities	The economic impact on <b>existing communities in the vicinity of military installations</b>
7. The ability of both the existing and potential receiving communities' infrastructures to support forces, missions, and personnel	The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel
8. The environmental impact	The environmental impact, <b>including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities</b>

Source: DOD.

Note: Bolding added by GAO to denote changes from 1995.

Our analysis of lessons learned from prior BRAC rounds 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.<sup>11</sup> Notwithstanding our endorsement of the criteria framework, in a January 27, 2004, letter to DOD, we identified two areas in which we believed the draft selection

<sup>11</sup> See U.S. General Accounting Office, *Military Bases: Lessons Learned From Prior Base Closure Rounds*, GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

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criteria needed greater clarification to fully address special considerations called for in the legislation (see app. III). Specifically, we noted that the criterion related to cost and savings does not indicate the department's intention to consider potential costs to other DOD activities or federal agencies that may be affected by a proposed closure or realignment recommendation. Also, we pointed out the criterion on environmental impact does not clearly identify to what extent costs related to potential environmental restoration, waste management, and environmental compliance activities would be included in cost and savings analyses of individual BRAC recommendations. We suggested that DOD could address our concerns by incorporating these considerations either directly, in its final criteria, or through later explanatory guidance. DOD indicated it would address our concerns through clarifying guidance rather than a change to the criteria. We have not yet seen that guidance.

DOD also received a variety of other comments on the draft criteria from members of Congress, other elected representatives, and the general public but did not make any changes before issuing the final criteria. Most of these comments involved the military value criteria (see table 3: 1-4) and centered on the maintenance of adequate surge capacity; the roles military installations fulfill in homeland defense missions; the unique features of research, development, test, and evaluation facilities; and the preservation of vital human capital in various support functions. In responding to those comments, DOD expressed the view that the draft criteria adequately addressed these issues and did not see the need to make any changes to its draft criteria. For example, DOD said that surge requirements will be addressed under criterion one, which requires the department to consider "current and future mission capabilities," and criterion three, which requires DOD to consider an installation's ability to "accommodate contingency, mobilization, and future total force requirements" to support operations and training. Furthermore, DOD noted that the National Defense Authorization Act for Fiscal Year 2004 requires the Secretary of Defense to "assess the probable threats to national security" and determine "potential, prudent, surge requirements" as part of BRAC 2005. DOD also noted that criterion two recognizes the role of military installations as staging areas for forces conducting homeland defense missions.

Collectively, in our view, many of the public comments on DOD's criteria expressed concern that the criteria for the 2005 BRAC round focused more on assessing military value based on military missions and operational capabilities without recognizing important support capabilities such as research, development, test, and evaluation. Although modifications to the

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criteria might have been made to address some of these concerns, the absence of such changes does not necessarily mean that these issues will not be considered in applying the criteria during the BRAC process. For example, the department has established a variety of joint cross-service groups<sup>12</sup> to analyze various support functions during the upcoming round and each group will have to adapt the final criteria for its particular support area to assess military value related to each functional area. While our monitoring of the ongoing BRAC process indicates this is occurring, the effectiveness of these efforts will best be assessed as these groups complete their work.

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## Observations on Other Key BRAC-Related Issues Included in DOD's Report

Other BRAC-related issues included in DOD's report—excess infrastructure capacity, estimated savings for the 2005 round, and the economic impact of prior BRAC actions on communities—are of widespread interest to Congress and the public and important to DOD's certification regarding the need for a BRAC round. Although the methodology DOD employed to identify excess capacity has some limitations, DOD's report does provide a rough indication that excess base capacity exists. Further, historical financial data would suggest that, assuming conditions similar to those in the 1993 and 1995 round, each of the military departments could achieve annual net savings by 2011. As to economic impact, our work has shown that many communities surrounding closed bases from the previous rounds have fared better than the national average, in terms of changes in unemployment rates and per capita income, with more mixed results recently, allowing for some negative effect from the economic downturn in recent years.

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## DOD Analysis Indicates Excess Infrastructure Capacity Exists

While DOD's analysis of its infrastructure capacity for the 2004 report, which was completed outside the 2005 BRAC process, gives some indication of excess capacity across certain functional areas through fiscal year 2009, the methodology for that analysis has some limitations that could cause the results to be either overstated or understated, and raises questions about use of the methodology to project a total amount of excess capacity across DOD. At the same time, DOD's methodology did not consider any additional excess capacity that might occur by analyzing

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<sup>12</sup> DOD has established seven joint cross-service groups to examine the following defense functional support areas—industrial, technical, medical, headquarters and support activities, supply and storage, education and training, and intelligence—during the 2005 BRAC process.

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facilities or functions on a joint or cross-service basis, a priority for the 2005 round. A more complete assessment of capacity and the potential to reduce it must await the results of the current BRAC analyses being conducted by DOD.

To estimate excess capacity, the military services and the Defense Logistics Agency (DLA) compared the capacity for a sample of bases in 1989 with the projected capacity of a sample of bases in 2009. The services and DLA categorized the bases according to their primary function, and they identified a variety of indicators, or metrics, to measure capacity for each functional category. For example, they used total maneuver acres per brigade to establish capacity for Army training bases, total square feet of parking apron space to establish capacity for active and reserve Air Force bases, and total direct labor hours (versus budget or programmed direct labor hours) to establish capacity for Navy aviation depots. See app. IV for additional information on how DOD computed excess capacity.

This methodology has some limitations as we reported<sup>13</sup> in 1998 when DOD used it to project excess capacity in supporting the need for a future BRAC round. DOD's use of 1989 as a baseline did not take into account the excess base capacity that existed in that year prior to base closures in the 1988, 1991, 1993, and 1995 BRAC rounds. As a result, the percentage of increased excess capacity reported understated actual excess capacity by an unknown amount for some functional categories, and may have overstated excess capacity for other categories. The Congressional Budget Office (CBO) also reported<sup>14</sup> that the department's use of 1989 as a baseline did not take into account the excess capacity that might have existed in 1989. Furthermore, CBO reported that the approach could understate the capacity required if some types of base support are truly a fixed cost, regardless of the size of the force. The methodology also did not consider any additional excess capacity that might occur by analyzing facilities or functions on a cross-service basis, a priority for the 2005 round. In addition, capacity for some functions was measured differently for each service. For example, the Army and Air Force measured capacity for test and evaluation facilities in terms of physical total square feet of space, while the Navy measured its capacity for these facilities in terms of

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<sup>13</sup> See U.S. General Accounting Office, *Military Bases: Review of DOD's 1988 Report on Base Realignment and Closure*, [GAO/NSIAD-99-17](#) (Washington, D.C.: Nov. 13, 1998).

<sup>14</sup> See Congressional Budget Office: *Review of the Report of the Department of Defense on Base Realignment and Closure* (Washington, D.C.: July 1, 1998).

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work years. Finally, as we recently noted, the variety of metrics and differences across the military services makes it difficult to be precise when trying to project a total amount of excess capacity across DOD.<sup>15</sup>

Military service officials told us that they typically use most of the capacity metrics included in DOD's report, along with other measures, to assess excess capacity. For example, these officials stated that the metrics for depots, industrial, shipyards, logistics bases, and supply are used, along with other measures, as indicators of excess capacity. However, we found that some of the metrics used in DOD's report were less reliable than others as indicators of excess capacity. For example, the metric for Marine Corps bases compared the acres at five Marine Corps bases to the total authorized military personnel for the Marine Corps, and not just the authorized personnel at the five bases. Marine Corps officials acknowledged that this was not a requirements-based metric to measure excess capacity at Marine Corps bases. Likewise, the metric for administrative space in the Air Force was based on the administrative space at only one Air Force base. Air Force officials stated that this occurred because under the methodology each Air Force base could only be considered in one functional area.

While prior BRAC rounds have focused primarily on reducing excess capacity, DOD officials have stated this is not the sole focus of the 2005 BRAC round. These officials noted that the 2005 round aims to further transform the military by rationalizing base infrastructure to the force structure, enhance joint capabilities by improving joint utilization, and convert waste to war-fighting capability by eliminating excess capacity. This approach has the potential to identify greater excess capacity than previously identified. However, a true assessment of excess capacity must, of necessity, await the completion of DOD's ongoing official analyses under BRAC 2005.

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## Extent of Savings from 2005 Round Are Unknown but Could Be Achieved by 2011

DOD's financial data would suggest that, assuming conditions similar to those of the 1993 and 1995 rounds, the net annual savings for each of the military departments for the 2005 round could be achieved by 2011, as certified by the Secretary in DOD's report. DOD estimated that it would

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<sup>15</sup> U.S. General Accounting Office, *Military Base Closures: Observations on Preparations for the Upcoming Base Realignment and Closure Round*, GAO-04-558T (Washington, D.C.: Mar. 25, 2004).

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accrue net annual savings of \$3 billion to \$5 billion departmentwide by 2011. While we believe that the potential exists for significant savings to result from the 2005 BRAC round, it is difficult to conclusively project the expected magnitude of the savings because there simply are too many unknowns, such as the specific timing of individual closure or realignment actions and the extent to which DOD's efforts to maximize joint utilization and further its transformation efforts, would impact savings. Finally, to what extent forces that are currently based overseas may be redeployed to the United States and what effect that redeployment may have on BRAC and subsequent savings remains an unknown as well.<sup>16</sup>

The Secretary's estimate of \$3 billion to \$5 billion in net annual savings by 2011 was based in part on savings achieved from the 1993 and 1995 BRAC rounds. The lower estimate assumes that the actions in the 2005 round would reduce infrastructure by about 12 percent, comparable to the reduction that occurred in the 1993 and 1995 rounds combined. The higher estimate assumes that infrastructure would be reduced by 20 percent, which is about 67 percent higher than the previous two rounds combined. While we believe the potential for significant savings exists, a more reliable estimate of savings is not practical until the department has developed actual closure and realignment proposals.

While DOD's report estimated net annual savings of \$3 billion to \$5 billion could be achieved departmentwide, it did not explicitly indicate the amount of savings that each service would achieve by 2011. Our analysis of the savings from the 1993 and 1995 BRAC rounds, however, indicates that each department accrued net annual savings by the sixth year of implementation, as seen in table 4.

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<sup>16</sup> As previously noted, the Secretary of Defense has already undertaken a comprehensive study of global basing and presence—the Integrated Global Presence and Basing Strategy (IGPBS). DOD has indicated that it expects that BRAC will accommodate any decisions from that study that relocate forces to the U.S. and that DOD will incorporate its global basing strategy into a comprehensive BRAC analysis, thereby ensuring that any overseas redeployment decisions inform its recommendations to the BRAC Commission. See Analysis of Public Comments in 69 F.R. 6948, Feb. 12, 2004: DOD Final Selection Criteria for Closing and Realigning Military Installations Inside the United States.

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**Table 4: Net Annual Savings In the Sixth Year of Implementation for BRAC 1993 and 1995 Rounds by Military Department**

Dollars in millions

Department	Net Annual Savings	
	1993 BRAC round	1995 BRAC round
Army	\$62	\$22
Navy	1,099	297
Air Force	168	120

Source: GAO Analysis of DOD's Fiscal Year 2005 Budget Estimates, February 2004.

Another way of looking at net savings is to consider the point at which cumulative savings exceed the cumulative costs of implementing BRAC decisions over a period of years. Experience has shown that the department incurs significant upfront investment costs in the early years of a BRAC round, and it takes several years to fully offset those cumulative costs and begin to realize cumulative net savings. The difference in the terminology is important to understand because it has a direct bearing on the magnitude and assessment of the savings at any given time. As previously discussed, each military department achieved net annual savings during the 1993 and 1995 rounds by the sixth year of implementation. However, with the exception of the Navy in 1995, the military departments did not achieve cumulative net savings for both the 1993 and 1995 rounds until after the sixth year of implementation.

Notwithstanding the issues we raise that could affect savings, we continue to believe that it is vitally important for DOD to improve its mechanisms for tracking and updating its savings estimates. We have previously noted that DOD's BRAC savings estimates have been imprecise for a variety of reasons such as weaknesses in DOD's financial management systems that limit the ability to fully account for the cost of its operations; the fact the DOD's accounting systems like other accounting systems are oriented to tracking expenses and disbursements, not savings; the exclusion of BRAC-related costs incurred by other government agencies; and inadequate updating of the savings estimates that are developed. Improvements can and should be made to address this issue. In its 1998 report to the Congress on BRAC issues, DOD proposed efforts that, if adopted, could provide for greater accuracy in the estimates. Specifically, DOD proposed developing a questionnaire that would be completed annually by each base affected by BRAC rounds during the 6-year implementation period. The questionnaire would request information on costs, personnel reductions, and changes in operating and military

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construction costs in order to provide greater insight into the savings created by each BRAC action. DOD suggested that developing such a questionnaire would be a cooperative effort involving the Office of the Secretary of Defense, the military services, the defense agencies, the Office of the DOD Inspector General, and the service audit agencies. This proposal recognizes that better documentation and updating of savings will require special efforts parallel to the normal budget process. DOD has not yet initiated actions to implement this proposal. We strongly endorse such action. If DOD does not take steps to improve its estimation of savings in the future, then previous questions about the reliability, accuracy, and completeness of DOD's savings estimates will likely continue. We intend to examine DOD's progress in instituting its proposed improvements during our review of the 2005 BRAC process.

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### Many Affected Communities Are Recovering from BRAC Actions in Prior Rounds

The department's report recognized that BRAC actions can affect the local economies of the surrounding communities. It noted that from 1988 through 1995, realignment or closure actions were approved at 387 locations; and that, in implementing the actions, the department had sought to minimize any adverse local impacts with a coordinated program of federal assistance from both DOD and domestic agencies.

Our own work has shown that while the short-term impact can be very traumatic, several factors, such as the strength of the national and regional economies, play a role in determining the long-term economic impact of the base realignment or closure process on communities. Our work has also shown that many communities surrounding closed bases from the previous rounds have fared better than the national average, in terms of changes in unemployment rates and per capita income, with more mixed results recently, allowing for some negative effect from the economic downturn in recent years.

Our analysis of selected economic indicators has shown that over time the economies of BRAC-affected communities compare favorably with the overall U.S. economy. We used unemployment rates and real per capita income rates as broad indicators of the economic health of those communities where base closures occurred during the prior BRAC rounds. Our analysis included 62 communities surrounding base realignment and closure sites from all four BRAC rounds for which government and contractor civilian job losses were estimated to be 300 or more.

We previously reported that as of September 2001, of the 62 communities surrounding these major base closures, 44 (71 percent) had average

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unemployment rates lower than the (then) average 9-month national rate of 4.58 percent.<sup>17</sup> We are currently updating this analysis and attempting to assess the impact of the recent economic downturn on these communities. Our preliminary results indicate that, in keeping with economic downturn in recent years, the average unemployment rate in 2003 had increased for 60 of the 62 communities since 2001. However, the 2003 unemployment figures indicated that the rates for these 62 communities continue to compare favorably with the overall U.S. rate of 6.1 percent; that is, 43 (or 69 percent) of the communities had unemployment rates at or below the U.S. rate.

In our previous work, we had also reported that annual per capita income growth rate of affected communities for these 62 BRAC-affected communities compared favorably with national averages. We found that from 1996 through 1999, 33 (or 53 percent) of the 62 communities had an estimated annual real per capital income growth rate that was at or above the average of 3.03 percent for the nation at that time. Our recent analysis has also noted that changes in the average per capita income growth rate of these communities over time compared favorably with corresponding changes at the national level. This analysis indicates that 30 (48 percent) of the 62 areas examined had average income growth rates higher than the average U.S. rate of 2.2 percent, a drop from the rate during the previous time period.

In our previous report,<sup>18</sup> we identified a number of factors that affected economic recovery, based on our discussions with various community leaders. These factors included

- robustness of the national economy,
- diversity of the local economy,
- regional economic trends,
- natural and labor resources,
- leadership and teamwork,
- public confidence,
- government assistance, and
- reuse of base property.

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<sup>17</sup> See U.S. General Accounting Office, *Military Base Closures: Progress in Completing Actions from Prior Realignment and Closures*, [GAO-02-433](#) (Washington, D.C.: Apr. 5, 2002).

<sup>18</sup> [GAO-02-433](#).

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If history is any indication, these factors are likely to be equally applicable in dealing with the effects of closures and realignments under BRAC 2005.

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## Certification of the Need for an Additional BRAC Round

In transmitting the 2004 report to Congress, the Secretary of Defense certified the need for an additional BRAC round. The certification was predicated on the force-structure plan and infrastructure inventory included with the report and was reinforced by the department's assessment of excess capacity, economic impact, and a certification that net annual savings from a 2005 round could be achieved by 2011. The Secretary's certification of need for the 2005 BRAC round was echoed by a separate March 22, 2004, memorandum to the Secretary from the Chairman of the Joint Chiefs of Staff. It stated that the Joint Chiefs unanimously agree that additional base realignments and closures are necessary if DOD is to transform the armed forces to meet the threats to national security and execute national strategy. The Chairman also noted that "(d)uring this period of transition, we are fundamentally reconfiguring our forces to meet new security challenges. The military value requirements that flow from future force structure and future strategy needs will differ in character and shape from those of today. BRAC offers a critical tool to turn transformational goals into reality." We found no basis to question DOD's certification of the need for an additional BRAC round. The need for an additional BRAC round has long been recognized by various defense officials and studies—and noted in various GAO products since the time of the 1995 BRAC round. (See app. V for a summary of key points from selected GAO products.)

The Secretary's certification of the need for a 2005 BRAC round is underscored by the department's desire to realize broader objectives in the 2005 round, including fostering jointness, transformation, assessing common business oriented functions on a cross-service basis, and accommodating the potential redeployment of some forces from overseas bases back to the United States. Analyses conducted in these areas could identify opportunities to achieve consolidations and reduce capacity not previously identified. Having said that, we believe the efficacy and sufficiency of DOD's BRAC analyses now under way—considering the force structure plan, inventory, and selection criteria—can best be assessed as the BRAC process unfolds.

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## Conclusion

While we found no basis to question the Secretary's certification of the need for an additional BRAC round, we identified some limitations with the department's assessment of excess capacity, completed outside the

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BRAC process, to meet the 2004 reporting requirement. While clear limitations exist in DOD's assessment of excess capacity, it does nonetheless point to some areas that warrant additional analysis—and the current BRAC process is an appropriate forum for doing so.

Today's security environment is evolving, as are force structure requirements along with technology advancements, and defense transformation efforts. The department must consider ongoing force transformation initiatives in its BRAC analyses as well as factor in relevant assumptions about the potential for future force structure changes—changes that likely will occur long after the timeframes for the 2005 BRAC round. This includes consideration of future surge requirements. Assuring Congress and the public that this analysis has been done and that appropriate allowances for future force structure changes have been incorporated into the process will be key to building public confidence in the soundness of 2005 closure and realignment recommendations. Full discussion of these issues by the department in its report accompanying its BRAC recommendations in 2005 is warranted. At the same time, consideration of these longer term issues should not detract from opportunities available to DOD in the upcoming BRAC round to achieve greater economies and efficiencies in support capabilities and use of infrastructure through cross-servicing and joint utilization of bases.

Finally, many questions have previously existed about the accuracy and precision of DOD's estimates of savings from prior BRAC rounds. Weaknesses in DOD's financial management systems have contributed to this problem and are not likely to be resolved in the near term. At the same time, we have previously recommended, and DOD has agreed that improvements can and should be made to the accounting for and periodic updating of BRAC savings. That notwithstanding, DOD has not made sufficient efforts to address this issue. DOD needs to provide assurance that it has plans in place for improvements in this area before it begins implementing any closure and realignment decisions from the upcoming BRAC round.

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## Recommendation for Executive Action

We recommend that the Secretary of Defense include in his 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.

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## Matter for Congressional Consideration

To ensure that the Department of Defense and the military services improve their tracking and updating of BRAC savings estimates associated with implementing closure and realignment decisions for the upcoming BRAC round, Congress may want to consider requiring DOD and the military services to provide certification that actions have been taken to implement previously planned improvements for tracking and updating its BRAC savings estimates. This certification should be submitted with its fiscal year 2006 budget request documentation.

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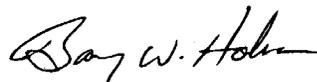
## Agency Comments

In commenting on a draft of this report, the Deputy Under Secretary of Defense (Installations and Environment) agreed with our report. DOD's comments are included in appendix VI of this report.

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We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force; and the Director, Office of Management and Budget. The report will also be available to others upon request and can be accessed at no charge on GAO's Web site at <http://www.gao.gov>. In addition, a list of our key prior reports on base realignments and closures is included in appendix VII and these reports can be accessed on our Web site as well.

Please contact me on (202) 512-8412 if you or your staff have any questions regarding this report. Additional contacts and staff acknowledgments are provided in appendix VIII.



Barry W. Holman, Director  
Defense Capabilities and Management

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*List of Congressional Committees*

The Honorable John W. Warner  
Chairman  
The Honorable Carl Levin  
Ranking Minority Member  
Committee on Armed Services  
United States Senate

The Honorable Ted Stevens  
Chairman  
The Honorable Daniel K. Inouye  
Ranking Minority Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate

The Honorable John Ensign  
Chairman  
The Honorable Daniel K. Akaka  
Ranking Minority Member  
Subcommittee on Readiness and Management Support  
Committee on Armed Services  
United States Senate

The Honorable Kay Bailey Hutchison  
Chairman  
The Honorable Dianne Feinstein  
Ranking Minority Member  
Subcommittee on Military Construction  
Committee on Appropriations  
United States Senate

The Honorable Duncan Hunter  
Chairman  
The Honorable Ike Skelton  
Ranking Minority Member  
Committee on Armed Services  
House of Representatives

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The Honorable Jerry Lewis  
Chairman

The Honorable John P. Murtha  
Ranking Minority Member  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives

The Honorable Joel Hefley  
Chairman

The Honorable Solomon P. Ortiz  
Ranking Minority Member  
Subcommittee on Readiness  
Committee on Armed Services  
House of Representatives

The Honorable Joe Knollenberg  
Chairman

The Honorable Chet Edwards  
Ranking Minority Member  
Subcommittee on Military Construction  
Committee on Appropriations  
House of Representatives

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# Appendix I: Scope and Methodology

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The scope of this report was determined by the legislative requirements imposed on us and included in sections 2912 and 2913 of the Defense Base Closure and Realignment Act of 1990, as amended. Our focus was to assess the Department of Defense's (DOD) March 24, 2004, report to Congress regarding issues associated with the need for an additional BRAC round as well as the final selection criteria for the upcoming 2005 BRAC round as published in the Federal Register on February 12, 2004. Because of time constraints, we could not fully assess the accuracy of all data used in the report but performed limited reliability assessments of key data contained in DOD's report and determined that the data were sufficiently reliable for the purposes of this report, with relevant limitations noted.

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## DOD Responsiveness to Legislative Requirements

We evaluated DOD's responsiveness to the legislative reporting requirements by comparing individual requirements as presented in the legislation with DOD's presentation of information in its report and final selection criteria. Where appropriate, we made judgments as to the extent to which DOD addressed the requirements, and discussed with DOD officials those areas where we believed the requirements were not fully addressed. In some cases, DOD officials from the BRAC Office within the Office of the Secretary of Defense (OSD) told us that the information provided was somewhat limited in order to avoid preempting or prejudging the ongoing analytical process for the 2005 BRAC round.

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## Worldwide Installation Inventory, Force Structure Plan, and Selection Criteria

To address the importance of the worldwide installation inventory, force structure plan, and selection criteria and evaluated, where appropriate, the analytical sufficiency and accuracy of each, we interviewed DOD officials to obtain their views on the relative importance and applicability of each to the BRAC 2005 process and analyzed the corresponding documentation for analytical sufficiency and accuracy where it was reasonable to do so.

More specifically, to evaluate the worldwide installation inventory, we interviewed officials from the contracting firm responsible to DOD for managing its Facilities Assessment Database, the DOD-wide database that was used to compile the worldwide inventory. Our interest was in documenting the contractor's process for validating the real property data in the database. Because the DOD-wide database draws from the services' real property databases, we reviewed the contractor's analysis of anomalies identified in the services' real property databases (i.e., the Army's Integrated Facilities System, the Navy's and Marine Corps' Navy Facility Assets database, and the Air Force's Automated Civil Engineer

System) to gain a sense of the relative accuracy of the data. We also compared the list of Army, Navy, Marine Corps, and Air Force installations receiving the recent data capacity call for the 2005 BRAC round to the installation inventory to assure ourselves that these installations were a subset of the worldwide inventory. Furthermore, to determine if the inventory included all overseas installations, we compared the listed installations by country to a list of countries where U.S. forces are currently deployed. We then interviewed a DOD official to verify and obtain rationale for the absence of some overseas installations in the inventory.

To evaluate the unclassified portion (fiscal years 2005 through 2009) of DOD's 20-year force structure plan as presented in DOD's 2004 report, we identified major force unit and personnel end strength changes by service over the specified time frame and sought out rationale for the increases or decreases. We discussed with service officials the nature of these changes and how these revisions would be considered in the BRAC process. We also interviewed service officials regarding a number of initiatives under way, such as the Army's efforts to increase the number of brigades in its force, that have implications for the future sizing and composition of the force structure and associated infrastructure for those respective services. We inquired as to when planned force structure changes stemming from these initiatives would be incorporated into DOD's force structure plan.

To evaluate the final selection criteria for the upcoming 2005 round, we compared the criteria as published in the Federal Register on February 12, 2004, with those used in the 1995 BRAC round. In so doing, we noted the differences and evaluated whether the legislatively directed language<sup>1</sup> regarding selection criteria was incorporated into the revised criteria for the upcoming round. In addition to discussing with DOD officials the use of these criteria as part of a framework for conducting its base analyses for the 2005 round, we relied on our prior work that reported on lessons learned from previous base closure rounds, which covered, among other topics, the analytical sufficiency of the selection criteria. We also referred to a January 27, 2004, letter we sent to the Acting Under Secretary of Defense (Acquisition, Technology & Logistics) commenting on our analysis of the draft criteria that were out for public comment at that time. Finally, we reviewed the public comments received

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<sup>1</sup> The language appeared in Section 3002 of the National Defense Authorization Act of 2002, P.L. 107-107 (Dec. 28, 2001).

on the draft selection criteria and discussed with DOD officials their rationale for not incorporating any of the suggested changes into the final selection criteria.

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## Excess Defense Infrastructure Capacity, Estimated BRAC Savings, and Economic Impact

While the mandate did not specifically require us to address excess defense infrastructure capacity, estimated BRAC savings from the 2005 round, and economic impact of communities surrounding base closures in prior rounds, as discussed in DOD's 2004 report, we chose to do so because of widespread interest in Congress and the public and its importance to DOD's certification of the need for a BRAC round. In addition to an analysis of these topics as presented in DOD's 2004 report, we relied on prior and ongoing work related to these areas of interest.

More specifically, to evaluate the analytical sufficiency of DOD's excess capacity analysis, we interviewed DOD and service officials and reviewed documentation describing DOD's methodology. We inquired about the reasonableness of the various metrics used to develop the capacity measures for the various functional support areas, such as depots, identified in the analysis in DOD's report. We verified the calculations of increases in each of the functional areas and on an aggregate basis, and partially verified the data reported by the services in making the comparisons of capacity between the 1989 baseline year and 2009. DOD's BRAC Office provided the services with the 1989 baseline numbers for the various metrics used to measure capacity. We were unable to verify the 1989 baseline data in DOD's report for the Army and Department of the Navy, which had accepted the numbers, because supporting documentation from DOD's development of that data had not been retained from the time that data were first developed in 1998 for an earlier DOD report. However, we did verify the Air Force's 1989 baseline numbers because it revised the DOD-provided 1989 baseline numbers using available data. We also selectively verified the projected 2009 data in the analysis.

To evaluate whether DOD's estimates for expected savings from the upcoming 2005 round were reasonable, we interviewed a DOD official in the Office of the Secretary of Defense (OSD) BRAC Office and examined the methodology, to include assumptions and the underlying basis employed by DOD in deriving the estimates. Because a key assumption for building the estimates focused on the probable range of reductions for aggregate plant replacement value reductions (i.e., the scope of the infrastructure reduction) that had occurred across a combination of the 1993 and 1995 rounds, we were not in a position to question whether this

assumption would be valid for the 2005 round, given that the analysis for the 2005 round has not yet been completed. As to whether DOD can achieve the net annual savings for each military department by 2011, we reviewed DOD's historical financial data for the 1993 and 1995 round to ascertain if the military departments achieved net annual savings by the final or sixth year of implementation for these rounds. This would correspond to the year 2011 for the 2005 round and again would assume that the 2005 round would be similar to that of the 1993 and 1995 rounds.

To evaluate the economic recovery of communities affected by the BRAC process in the prior rounds, we first performed a broad-based economic assessment of 62 communities where more than 300 civilian jobs were eliminated during the prior closure rounds.<sup>2</sup> This work was essentially an update of similar work we had performed and reported on in April 2002.<sup>3</sup> We used two key economic indicators—unemployment and real per capital growth rates—as measures to analyze changes in the economic condition of communities over time in relation to the national averages. We chose unemployment and real per capital income as key performance indicators because (1) DOD used these measures in its community economic impact analysis during the BRAC location selection process and (2) economists commonly use these measures in assessing the economic health of an area over time. While our assessment does provide an overall picture of how these communities compare with the national averages, it does not necessarily isolate the condition, or the changes to the condition, that may be attributed to the BRAC action.

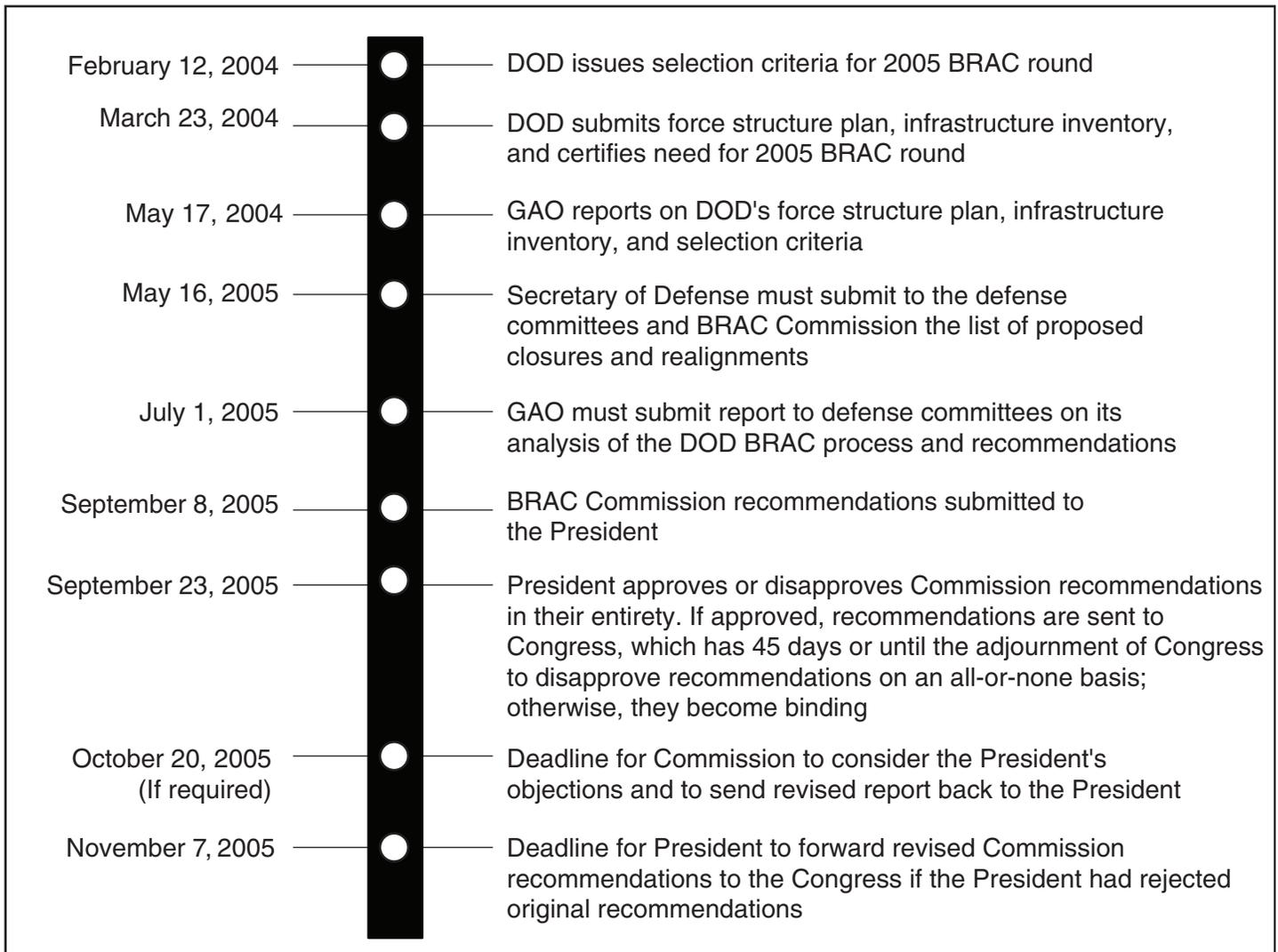
We conducted our work from March to May 2004 in accordance with generally accepted government auditing standards.

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<sup>2</sup> The impact areas for communities were defined by using standard definitions for metropolitan and nonmetropolitan statistical areas and reflected the impact areas used in the 1995 round.

<sup>3</sup> See [GAO-02-433](#).

# Appendix II: BRAC 2005 Timeline



Source: P.L. 107-107.

# Appendix III: GAO's Letter on Draft Selection Criteria for the 2005 Base Closure Round



January 27, 2004

The Honorable Michael W. Wynne  
Acting Under Secretary of Defense (Acquisition, Technology & Logistics)  
Department of Defense

Subject: *Draft Selection Criteria for the 2005 Base Closure Round*

Dear Mr. Wynne:

The National Defense Authorization Act for Fiscal Year 2002<sup>1</sup> extended the authority of the 1990 Defense Base Closure and Realignment Act, authorizing another round of base realignment and closures in 2005. The 2002 legislation continued the requirement enacted in 1990 requiring the Secretary of Defense to publish in the *Federal Register* the selection criteria proposed by the Department of Defense (DOD) for use in base realignment and closure (BRAC) recommendations and to provide the opportunity for public comment, while stipulating specific areas of emphasis for 2005. The proposed selection criteria were published on December 23, 2003, with a public comment period ending January 28, 2004. The Act requires the Secretary of Defense to publish the final selection criteria no later than February 16, 2004, and allows for congressional disapproval of those criteria by an Act of Congress until March 15, 2004. Given GAO's longstanding role in monitoring the BRAC process, I am providing GAO's observations on the draft criteria with our suggestions for clarification in two areas for the department's consideration either in finalizing the criteria or in subsequent implementing guidance to ensure consistent understanding and application of the criteria.

#### **Draft Criteria Continue Framework Used in Prior BRAC Rounds**

The department's draft criteria essentially follow a framework similar to that employed in prior BRAC rounds, with added specificity in selected areas in response to requirements contained in the 2002 legislation. The 2002 legislation required that DOD give priority to military value and consider (1) the impact on joint warfighting, training, and readiness; (2) the availability and condition of training areas suitable for maneuver by ground, naval, or air forces throughout diverse climates, terrains, and staging areas for use by the Armed Forces in homeland defense missions; and (3) the ability to accommodate contingency, mobilization, and future force requirements. The legislation also required DOD to give special consideration to other factors, many of which replicate criteria used in prior BRAC rounds. Finally, the legislation

<sup>1</sup> P.L. 107-107, Title XXX (Dec. 28, 2001).

**Appendix III: GAO's Letter on Draft Selection  
Criteria for the 2005 Base Closure Round**

required DOD to consider cost impacts to other Federal entities as well as to DOD in its BRAC decision-making. (See appendix I for a summary of the legislative provisions.) Figure 1 compares the 1995 BRAC criteria with that proposed for 2005, with changes highlighted in bold.

**Figure 1: BRAC Criteria from 1995 and Those Proposed for 2005**

Criteria for 1995 Round	Draft Criteria for 2005 Round
<p><u>Military Value</u></p> <ol style="list-style-type: none"> <li>The current and future mission requirements and the impact on operational readiness of DOD's total force</li> <li>The availability and condition of land, facilities, and associated airspace at both the existing and potential receiving locations</li> <li>The ability to accommodate contingency, mobilization, and future total force requirements at both the existing and potential receiving locations</li> <li>Cost and manpower implications</li> </ol> <p><u>Return on Investment</u></p> <ol style="list-style-type: none"> <li>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</li> </ol> <p><u>Community Impacts</u></p> <ol style="list-style-type: none"> <li>The economic impact on communities</li> <li>The ability of both the existing and potential receiving communities' infrastructures to support forces, missions, and personnel</li> <li>The environmental impact</li> </ol>	<p><u>Military Value</u></p> <ol style="list-style-type: none"> <li>The current and future mission capabilities and the impact on operational readiness of the Defense Department's total force, <b>including the impact on joint warfighting, training, and readiness</b></li> <li>The availability and condition of land, facilities, and associated airspace— <b>including training areas suitable for maneuver by ground, naval, or air forces throughout diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions</b>— at both existing and potential receiving locations</li> <li>The ability to accommodate contingency, mobilization, and future total force requirements at both existing and potential receiving locations to <b>support operations and training</b></li> <li>The cost of <b>operations</b> and the manpower implications</li> </ol> <p><u>Other Considerations</u></p> <ol style="list-style-type: none"> <li>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</li> <li>The economic impact on <b>existing communities in the vicinity of military installations</b></li> <li>The ability of both the existing and potential receiving communities' infrastructure to support forces, missions, and personnel</li> <li>The environmental impact, <b>including the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities</b></li> </ol>

Source: DOD (emphasis bolding added by GAO).

Our analysis of lessons learned from prior BRAC rounds 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.<sup>2</sup>

<sup>2</sup> U.S. General Accounting Office, *Military Bases: Lessons Learned from Prior Base Closure Rounds*, GAO/NSIAD-97-151 (Washington, D.C.: July 25, 1997).

**Areas where  
Clarification Is Needed**

There are two areas where we believe the draft selection criteria may need greater clarification to fully address the special considerations called for in the 2002 legislation. DOD could accomplish this by either incorporating these considerations directly in its final criteria or through later explanatory guidance. Specifically, the criterion related to cost and savings does not indicate the department's intention to consider potential costs to other DOD activities or federal agencies that may be affected by a proposed closure or realignment recommendation. Also, it is not clear to what extent the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities would be included in cost and savings analyses of individual BRAC recommendations.

Potential Costs to Other Federal Agencies

The proposed selection criterion does not indicate the department's intention to consider potential costs to other DOD activities or federal agencies that may be affected by a BRAC recommendation. The 2002 legislation authorizing the upcoming BRAC round stipulated that "any selection criteria proposed by the Secretary relating to the cost savings or return on investment from the proposed closure or realignment of military installations shall take into account the effect of the proposed closure or realignment on the costs of any other activity of the Department of Defense or any other federal agency that may be required to assume responsibility for activities at the military installations." The emphasis on assessing cost impacts on other federal agencies repeats the concern we expressed in prior BRAC rounds that some DOD BRAC recommendations excluded costs that might be incurred by other federal agencies as a result of BRAC actions. We then recommended that DOD at least disclose such costs.<sup>3</sup> We believe that DOD needs to clarify, either in its final criteria or in explanatory guidance, its plans for complying with this new legislative requirement.

Clarify Consideration of Environmental Costs

The proposed selection criteria makes it unclear to what extent the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities would be included in cost and savings analyses of individual BRAC recommendations. The 2002 legislation requires DOD to give special consideration to the impact of costs related to potential environmental restoration, waste management, and environmental compliance activities. DOD incorporated this language into the 2005 BRAC round's draft criterion #8. This is an expansion of criterion #8 from the 1995 round which, as implemented during that round, called for Defense components to consider the impact of BRAC actions on such environmental issues as threatened or endangered species, wetlands, flood

<sup>3</sup> U.S. General Accounting Office, *Military Bases: Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment*, GAO/NSIAD-95-133 (Washington, D.C.: April 14, 1995).

Appendix III: GAO's Letter on Draft Selection  
Criteria for the 2005 Base Closure Round

plains, water supplies, and air quality, but it did not address the issue of environmental costs. Left unstated and, likely, unclear to the public and to the Congress, is the extent to which the Department intends for environmental costs, particularly those for restoration, to be considered under criterion #5 in evaluating potential costs and savings associated with individual realignment and closure options.<sup>4</sup>

We recognize that determining the extent to which environmental restoration costs should be considered in BRAC decisionmaking (and associated costing analyses) is an issue that has elicited differing opinions among the interested parties in prior BRAC rounds. However, DOD policy guidance has historically stipulated that environmental restoration costs were not to be factored into analyses of costs and savings when examining potential bases for realignment and closure, since DOD was obligated to restore contaminated sites on military bases regardless of whether or not they were closed.<sup>5</sup> We recognize that determining such costs could be problematic in advance of a closure decision, since reuse plans for BRAC properties would not yet be determined and studies to identify restoration requirements would not yet be completed. On the other hand, budgeted costs for environmental compliance activities would be more readily available at the time when realignment and closing options were being considered. To the extent compliance costs can be identified for facilities being reviewed under the BRAC process, a more compelling case can be made for including them in the cost and savings analyses completed under criterion #5. Regardless, we believe that DOD needs to clarify, either in the final criteria or in supplemental guidance, its plans for considering environmental costs in its cost and savings analyses under criterion #5.

With the clarifications specified above, the proposed selection criteria would more clearly address the legislative requirements. Further, the draft criteria, if adopted, would add an element of consistency and continuity in approach with those of the past three BRAC rounds. The full analytic sufficiency of the final criteria will best be assessed through their application, as DOD completes its BRAC data collection and analyses. The transparency, consistency, and logic of individual closure and realignment recommendations in relation to those criteria will be important considerations as we and others assess DOD recommendations. Please contact me at (202) 512-8412 if you would like to further discuss these issues.

Sincerely yours,



Barry W. Holman, Director  
Defense Capabilities and Management

<sup>4</sup> In completing cost and savings analyses of proposed base realignment and closure actions, DOD uses the Cost of Base Realignment Actions (COBRA) model that relies on base-specific data, scenario-specific data, and standardized data to calculate cost and savings estimates that can be compared with other potential realignment and closure actions.

<sup>5</sup> Such costs were considered once BRAC decisions were final and budgets were developed to implement the decisions.

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**Appendix III: GAO's Letter on Draft Selection  
Criteria for the 2005 Base Closure Round**

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cc: Raymond F. DuBois  
Deputy Under Secretary of Defense  
(Installations and Environment)

Philip Grone  
Principal Assistant Deputy Under Secretary of Defense  
(Installations and Environment)

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Appendix I

Appendix I

**Legislation Provisions Regarding Section Criteria for 2005 Round<sup>6</sup>**

The selection criteria prepared by the Secretary shall ensure that military value is the primary consideration in making of recommendations for the closure or realignment of military installations. Military value shall include at a minimum the following:

- Preservation of training area suitable for maneuver by ground, naval, or air forces to guarantee future availability of such areas to ensure the readiness of the Armed Forces.
- Preservation of military installations in the United States as staging areas for the use of the Armed Forces in homeland defense missions.
- Preservation of military installations throughout a diversity of climate and terrain areas in the United States for training purposes.
- The impact on joint warfighting, training, and readiness.
- Contingency, mobilization, and future force requirements at both existing and potential receiving locations to support operations and training.

The selection criteria for military installations shall also address at a minimum the following:

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

Any section criteria proposed by the Secretary relating to the cost savings or return on investment from the proposed closure or realignment of military installations shall take into account the effect of the proposed closure or realignment on the costs of any other activity of the Department of Defense or any other federal agency that may be required to assume responsibility for activities at the military installations.

(305486)

<sup>6</sup> P.L. 107-107, Section 3002 (Dec. 28, 2001).

# Appendix IV: DOD's Methodology for Estimating Excess Capacity

To perform the capacity analysis, the services and the Defense Logistics Agency (DLA) compared capacity in a sample of bases in 1989 to the capacity for a sample of bases in 2009. The services then categorized the bases according to their primary missions and defined indicators of capacity, or metrics, for each category. DOD divided the metric by measures of force structure to determine a ratio and calculated the extent to which the ratio of capacity in 2009 exceeded the ratio in 1989. As an example, table 5 shows the results for the Army as shown in DOD's report. Similar tables appear for the Navy, Air Force, and DLA in DOD's report.

**Table 5: Army Analysis of Proportional Capacity**

Base category/metric	Input		Index <sup>a</sup>		Proportional capacity <sup>b</sup>	Change in capacity relative to force structure since 1989		
	Fiscal year 1989	Fiscal year 2009	Fiscal year 1989	Fiscal year 2009		Delta from 2009 capacity <sup>c</sup>	Excess 2009 capacity <sup>d</sup>	
<b>Administration</b>								
<u>Administrative space square feet (000)</u>								
Military/civilian authorized	6,627	6,121	.0813	.0948	5,251	870	14%	
<b>Depots</b>								
<u>Capacity direct labor hours (000)</u>								
Budgeted/programmed direct labor hours	29,000	16,957	1.3810	1.3219	17,715	No increase	No increase	
<b>Industrial</b>								
<u>Total facilities square feet (000)</u>								
Military/civilian authorized	34,707	24,324	1.4524	2.5610	13,795	10,529	43%	
<b>Major training active</b>								
<u>Base acres</u>								
Maneuver brigades	1,509,334	1,242,842	31,444	28,903	1,352,112	No increase	No increase	
<b>Major training reserve</b>								
<u>Base acres</u>								
End strength	258,413	330,393	0.8101	1.6117	166,065	164,328	50%	
<b>Maneuver</b>								
<u>Base acres</u>								
Maneuver brigades	3,053,623	3,361,679	63,617	78,179	2,735,537	626,142	19%	

**Appendix IV: DOD's Methodology for  
Estimating Excess Capacity**

Base category/metric	Input		Index <sup>a</sup>		Proportional capacity <sup>b</sup>	Change in capacity relative to force structure since 1989	
	Fiscal year 1989	Fiscal year 2009	Fiscal year 1989	Fiscal year 2009		Delta from 2009 capacity <sup>c</sup>	Excess 2009 capacity <sup>d</sup>
<b>Schools</b>							
<u>Instructional space square feet (000)</u>	<u>14,964</u>	<u>14,854</u>					
Military/civilian authorized	350,108	222,723	.0427	.0667	9,519	5,335	36%
<b>Test and evaluation</b>							
<u>Total facilities square feet (000)</u>	<u>48,924</u>	<u>51,321</u>					
Acquisition workforce	157,964	62,193	.3097	.8252	19,262	32,059	62%

Source: DOD.

<sup>a</sup>The index for each functional area is computed by dividing the denominator into the numerator. For example, the 1989 administration index .0813 is derived by dividing 81,518 into 6,627.

<sup>b</sup>The proportional capacity is computed by multiplying the denominator of the fiscal year 2009 input times the fiscal year 1989 index. For example, the administration proportional capacity 5,251 is computed by multiplying 64,598 times .0813.

<sup>c</sup>The delta from 2009 capacity is computed by subtracting the proportional capacity from the fiscal year 2009 index numerator. For example, the administration delta from 2009 capacity 870 is computed by subtracting 5,251 from 6,121.

<sup>d</sup>The percent of 2009 capacity is computed by dividing the delta from 2009 capacity by the fiscal year 1989 input numerator. For example, the administration percent of 2009 capacity (14 percent) is computed by dividing 6,627 into 870.

DOD then took a weighted average of all functional areas to determine the overall excess capacity for each department. The weights were computed by the number of bases in a functional area divided by the total number of bases in all functional areas. Table 6 shows the overall estimated percentage of excess capacity for each military department and the DLA.

**Table 6: Estimated Percentage of Excess Capacity**

<b>Department</b>	<b>Estimated percentage of excess capacity</b>
Army	29
Navy	21
Air Force	24
Defense Logistics Agency	17
<b>Total</b>	<b>24</b>

Source: DOD.

Likewise, DOD computed a weighted average to estimate an overall percentage of excess capacity for DOD. The weights were computed from the number of bases per department divided by the total of all bases included in the analysis.

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# Appendix V: Key Points from Prior GAO Products Regarding the Need for an Additional BRAC Round

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At the time the 1995 BRAC round was being completed and subsequently, DOD officials, including the Secretary and the Chairman, Joint Chiefs of Staff, recognized that additional excess capacity would remain following that round and that future base realignments and closures would be needed. Various GAO products have noted that issue in subsequent years. The following are selected excerpts from key GAO products.

- “Despite these recent BRAC rounds, DOD continues to maintain large amounts of excess infrastructure, especially in its support functions, such as maintenance depots, research and development laboratories, and test and evaluation centers. Each service maintains its own facilities and capabilities for performing many common support functions and, as a result DOD has overlapping, redundant, and underutilized infrastructure. DOD has taken some steps to demolish unneeded buildings on various operational and support bases; consolidate certain functions; privatize, outsource, and reengineer certain workloads; and encourage interservicing agreements—however, these are not expected to offset the need for additional actions. At the same time, DOD officials recognize that significant additional reductions in excess infrastructure requirements in common support areas could come from consolidating workloads and restructuring functions on a cross-service basis, something that has not been accomplished to any great extent in prior BRAC rounds.” U.S. General Accounting Office, *Military Bases: Lessons Learned From Prior Base Closure Rounds*, [GAO/NSIAD-97-151](#) (Washington, D.C.: July 25, 1997, p. 3).
- “Notwithstanding the results of the four recent BRAC rounds, DOD officials recognized, even while they were finishing the 1995 round, that they had missed OSD’s goal in terms of reductions needed through base closures. DOD calculated that the first three BRAC rounds reduced the plant replacement value (PRV)<sup>1</sup> of DOD’s domestic facilities by 15 percent. It established a goal for the fourth round of reducing PRV by an additional 15 percent, for a total of 30 percent. When the Secretary announced his recommendations for base closures and realignments in 1995, OSD projected that if all of the Secretary’s recommendations were adopted, the

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<sup>1</sup> PRV is defined as the cost to replace current facilities using today’s construction costs and standards. PRV is recognized as an imprecise measure, one that is calculated differently by each service. However, it was a key measure used by OSD to establish its goals for base closures.

total PRV would be reduced by 21 percent, nearly a third less than OSD's goal."<sup>2</sup> [GAO/NSIAD-97-151](#), p. 17.

- “The Secretary of Defense’s 1997 Quadrennial Defense Review, which assessed defense strategy, programs, and policies, included the issue of future base closures in the infrastructure portion of the review. In his May 19, 1997, report to Congress on the results of this review, the Secretary asked Congress to authorize domestic base closure rounds in 1999 and 2001. That recommendation was endorsed by the National Defense Panel, the independent, congressionally mandated board that is reviewing the work of the Quadrennial Defense Review and completing its own review of defense issues.” [GAO/NSIAD-97-151](#), p. 3.
- DOD’s Support Infrastructure Management has been designated as High-Risk by GAO since 1997. GAO’s January 2003 update noted that “DOD plans an additional base closure round in 2005; this could enable it to devote its facility resources on fewer, more enduring facilities. With or without base closures, DOD faces the challenge of adequately maintaining and revitalizing the facilities it expects to retain for future use. Available information indicates that DOD’s facilities continue to deteriorate because of insufficient funding for their sustainment, restoration, and modernization.” U.S. General Accounting Office, *High-Risk Series: An Update*, [GAO-03-119](#) (Washington, D.C.: Jan. 2003).
- In commenting on DOD’s investment plans for reversing the aging of its facilities, we noted that “...because of competing priorities, DOD is not likely to realize its investment objectives for facilities in the near term. More specifically, the services do not propose to fully fund all of OSD’s objectives for improving facilities or, in some instances, the services have developed funding plans that have unrealistically high rates of increase in the out-years compared with previous funding trends and other defense priorities. The base realignment and closure round authorized for fiscal year 2005, while it carries with it a significant up-front investment cost to implement realignment and closure decisions, offers an important opportunity to reduce excess facilities and achieve greater efficiencies in sustaining and recapitalizing the remaining facilities if sufficient funding levels are maintained into the future. Additionally, DOD is reexamining its worldwide basing requirements, which could potentially lead to significant changes in facility requirements over the next several years. As these

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<sup>2</sup> The 1995 BRAC Commission did not approve all of the Secretary’s recommendations and it added other bases to the closure list. Since that time, OSD has not recalculated the net reduction in PRV.

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**Appendix V: Key Points from Prior GAO  
Products Regarding the Need for an  
Additional BRAC Round**

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decisions are implemented over the next several years, this should permit DOD and the services to increasingly concentrate future resources on enduring facilities.” U.S. General Accounting Office, *Defense Infrastructure: Long-term Challenges in Managing the Military Construction Program*, [GAO-04-288](#) (Washington, D.C.: Feb. 24, 2004).

# Appendix VI: Comments from the Department of Defense



ACQUISITION,  
TECHNOLOGY  
AND LOGISTICS

## OFFICE OF THE UNDER SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

MAY 14 2004

Mr. Barry Holman, Director  
Defense Capabilities and Management  
United States General Accounting Office  
Washington, DC 20548

Dear Mr. Holman:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report 04-760, "MILITARY BASE CLOSURES: Assessment of DoD's 2004 Report on the Need for a Base Realignment and Closure Round," dated May 2004, (GAO Code 350485).

The Department agrees with the draft report's findings. In particular, the Department agrees with the report's finding that there was no basis to question the Secretary's certification of the need for an additional base realignment and closure (BRAC) round.

The Department also agrees with the report's assessment that while the analysis of excess infrastructure capacity contained in the report has limitations, the current BRAC 2005 process is an appropriate forum for conducting a thorough analysis to address the full extent of excess capacity. Regarding the comments on the necessity to periodically update savings estimates, the Department acknowledges that efforts to improve this capability must be undertaken. The Department intends to have in place for BRAC 2005 a defense-wide systematic approach.

BRAC 2005 is absolutely essential to rationalizing our infrastructure with our force structure and to convert waste to warfighting capabilities within a framework where military value is the primary factor. The Department appreciates the opportunity to comment on the draft report.

Sincerely,

Raymond F. DuBois  
Deputy Under Secretary of Defense  
(Installations and Environment)



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# Appendix VII: Key Prior GAO Reports on DOD's Base Realignment and Closures

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*Military Base Closures: Observations on Preparations for the Upcoming Base Realignment and Closure Round.* [GAO-04-558T](#). Washington, D.C.: March 25, 2004.

*Military Base Closures: Better Planning Needed for Future Reserve Enclaves.* [GAO-03-723](#). Washington, D.C.: June 27, 2003.

*Military Base Closures: Progress in Completing Actions from Prior Base Realignments and Closures.* [GAO-02-433](#). Washington, D.C.: April 5, 2002.

*Military Base Closures: DOD's Updated Net Savings Estimate Remains Substantial.* [GAO-01-971](#). Washington, D.C.: July 31, 2001.

*Military Bases: Status of Prior Base Realignment and Closure Rounds.* [GAO/NSIAD-99-36](#). Washington, D.C.: December 11, 1998.

*Military Bases: Review of DOD's 1998 Report on Base Realignment and Closure.* [GAO/NSIAD-99-17](#). Washington, D.C.: November 13, 1998.

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

*Military Bases: Closure and Realignment Savings Are Significant, but Not Easily Quantified.* [GAO/NSIAD-96-67](#). Washington, D.C.: April 8, 1996.

*Military Bases: Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment.* [GAO/NSIAD-95-133](#). Washington, D.C.: April 14, 1995.

*Military Bases: Analysis of DOD's Recommendations and Selection Process for Closures and Realignments.* [GAO/NSIAD-93-173](#). Washington, D.C.: April 15, 1993.

*Military Bases: Observations on the Analyses Supporting Proposed Closures and Realignments.* [GAO/NSIAD-91-224](#). Washington, D.C.: May 15, 1991.

*Military Bases: An Analysis of the Commission's Realignment and Closure Recommendations.* [GAO/NSIAD-90-42](#). Washington, D.C.: November 29, 1989.

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# Appendix VIII: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Michael Kennedy (202) 512-8333  
James Reifsnyder (202) 512-4166

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## Acknowledgments

In addition to the individuals named above, Nelsie Alcoser, Nancy Benco, Ray Bickert, Joel Christenson, Warren Lowman, Tom Mahalek, David Mayfield, Charles Perdue, James Reynolds, and Laura Talbott made key contributions to this report.

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