



CALIFORNIA COUNCIL on BASE SUPPORT and RETENTION

**STATEMENT OF THE HONORABLE LEON E. PANETTA
BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
MONTEREY, CALIFORNIA
MONDAY, AUGUST 8, 2005**

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MR. CHAIRMAN AND MEMBERS OF THE COMMISSION:

I WANT TO WELCOME YOU TO CALIFORNIA AND PARTICULARLY TO MY HOME TOWN OF MONTEREY. I WANT TO THANK YOU FOR THIS VISIT TO ONE OF OUR CROWN JEWELS - THE MILITARY COMPLEX AT MONTEREY CONSISTING OF FIVE COMMANDS - THE NAVAL POSTGRADUATE SCHOOL, THE DEFENSE LANGUAGE INSTITUTE, THE PRESIDIO OF MONTEREY, THE NAVY FLEET NUMERICAL METEOROLOGY AND OCEANOGRAPHY CENTER, AND THE NAVAL RESEARCH LABORATORY.

THIS AREA IS PROUD OF ITS LONG MILITARY HISTORY DATING BACK TO JUNE OF 1770 WITH THE ESTABLISHMENT OF ONE OF THE FIRST MILITARY POSTS IN CALIFORNIA. THIS IS ALSO A COMMUNITY THAT HAS SURVIVED THE CLOSURE OF ONE OF THE LARGEST MILITARY BASES IN THE HISTORY OF THE PAST BRAC ROUNDS, WITH THE CLOSURE OF FORT ORD, WHICH REPRESENTED 25% OF OUR LOCAL ECONOMY. AS YOU CAN SEE, THE PEOPLE OF THIS AREA HAVE PROUDLY SUPPORTED THE MILITARY AND THIS NATION THROUGH GOOD TIMES AND BAD.

I HAVE THE HONOR OF APPEARING BEFORE YOU IN SEVERAL CAPACITIES: AS CO-CHAIRMAN OF THE CALIFORNIA COUNCIL ON BASE SUPPORT AND RETENTION; AS A FORMER CHAIRMAN OF THE HOUSE BUDGET COMMITTEE, DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET AND CHIEF OF STAFF TO THE PRESIDENT; AND AS SOMEONE BORN AND RAISED IN THIS AREA WHO HAD THE HONOR OF REPRESENTING THE PEOPLE OF THE CENTRAL COAST FOR 16 YEARS IN THE UNITED STATES HOUSE OF REPRESENTATIVES. IN ALL OF THESE CAPACITIES, I AM VERY FAMILIAR WITH THE BRAC PROCESS AND THE DIFFICULT RESPONSIBILITIES YOU HAVE TO DETERMINE WHAT IS IN THE BEST INTERESTS OF OUR NATIONAL SECURITY.

AS CO-CHAIR OF THE CALIFORNIA COUNCIL APPOINTED BY THE GOVERNOR, WE HAD ELEVEN SENIOR FLAG OFFICERS FROM EVERY BRANCH OF THE MILITARY AND EIGHT BUSINESS EXECUTIVES WITH BUDGET AND DEFENSE EXPERIENCE REVIEW THE IMPORTANT MILITARY ASSETS OF CALIFORNIA. OUR RECOMMENDATIONS ARE CONTAINED IN A REPORT THAT WE PRESENTED TO THE GOVERNOR AND TO YOUR COMMISSION. IT IS FAIR TO SAY THAT CALIFORNIA WAS EXTREMELY GRATIFIED AT THE CONFIDENCE PLACED IN OUR FACILITIES BY SECRETARY RUMSFELD'S INITIAL RECOMMENDATION. HIS

RECOGNITION OF OUR EXCELLENT FACILITIES, STRATEGIC LOCATION, AND OUTSTANDING CAPACITIES FOR FUTURE TRAINING AND OPERATIONAL ACTIVITIES WERE ALL STRONG JUSTIFICATIONS FOR HIS INITIAL RECOMMENDATIONS SUPPORTING THE MISSION AND LOCATION OF THE MONTEREY FACILITIES.

AS MEMBERS OF THE BRAC COMMISSION, YOU HAVE THE DUTY AND RESPONSIBILITY TO LOOK AT ALL OPTIONS THAT CAN ACHIEVE SAVINGS WITHOUT JEOPARDIZING NATIONAL SECURITY. I AM CONFIDENT THAT, AT THE END OF YOUR REVIEW PROCESS, YOU WILL AGREE THAT THE IMPORTANT MILITARY MISSIONS PERFORMED BY THE DEFENSE LANGUAGE INSTITUTE AND THE NAVAL POSTGRADUATE SCHOOL SIMPLY CANNOT BE REPLICATED ANYWHERE ELSE IN THE UNITED STATES AND THAT TO TRY AND DO SO CAN IRREPARABLY DAMAGE AND DISRUPT THE OPERATIONAL SUPPORT THEY PROVIDE OUR COMBAT FORCES.

IT IS OUR VIEW THAT THERE IS NO CREDIBLE EVIDENCE THAT MOVING OR OUTSOURCING THESE FUNCTIONS WILL RESULT IN AN EQUIVALENT PRODUCT ON BEHALF OF OUR NATIONAL SECURITY. MUCH OF DLI'S MILITARY VALUE IS TEACHING THE WORLD'S MOST DIFFICULT AND STRATEGICALLY IMPORTANT LANGUAGES - FROM ARABIC TO MANDARIN TO RUSSIAN AND FARSI - TO OVER 3600 STUDENTS FROM EVERY BRANCH OF THE MILITARY IN TOTAL IMMERSION COURSES WITH 1100 FACULTY, 98% OF WHOM ARE NATIVE SPEAKERS FROM OVER FORTY COUNTRIES. THERE IS NO SCHOOL IN THE NATION THAT CAN REPLICATE THAT MISSION.

THE SAME IS TRUE FOR NPS. THE OUTSTANDING FACULTY WITH DOCTORATES IN EVERYTHING FROM ELECTRICAL ENGINEERING AND ASTRONAUTICS TO METEOROLOGY AND OCEANOGRAPHY ARE FOCUSED ON NOTHING ELSE BUT WINNING THE WAR ON TERRORISM. THE COURSES ON TERRORISM, THE RESEARCH ON SURVEILLANCE, RECONNAISSANCE AND TARGETING, THE INTERNATIONAL EDUCATION OF OVER 5000 STUDENTS FROM 92 NATIONS, ALL ARE AIMED AT IMPROVING OUR DEFENSE CAPABILITIES IN THEATRE.

IN SUPPORT OF THIS MISSION, I WOULD LIKE TO INTRODUCE AN IMPORTANT LETTER FROM A DISTINGUISHED INDIVIDUAL WHO HAS PROVIDED OUTSTANDING SERVICE TO THIS NATION IN KEY DIPLOMATIC AND DEFENSE POSITIONS: FORMER SECRETARY OF STATE GEORGE P. SHULTZ. TO QUOTE IN PART FROM SECRETARY SHULTZ'S LETTER: "I'M WRITING TO UNDERLINE THE IMPORTANCE OF THE NAVAL POSTGRADUATE SCHOOL TO OUR NATIONAL SECURITY. ... NO OTHER SCHOOL, INCLUDING STANFORD, COULD REASONABLY REPLICATE WHAT GOES ON AT THE NAVAL POSTGRADUATE SCHOOL."

FINALLY, THERE IS NO CREDIBLE EVIDENCE THAT THERE ARE COST EFFICIENCIES TO BE ACHIEVED THROUGH REALIGNMENT. TO REBUILD THIS CAPACITY ELSEWHERE WOULD NOT ONLY BE EXTREMELY EXPENSIVE, IT WOULD BE RISKY TO OUR DEFENSE PREPAREDNESS.

THE DEVELOPMENT OF THESE FACILITIES AT MONTEREY HAS NOT OCCURED OVERNIGHT. REACHING BACK TO BEFORE WORLD WAR TWO, THESE FACILITIES WERE STRATEGICALLY IMPORTANT TO MILITARY PLANNERS. GIVEN TODAY'S CHALLENGES AND THE RAPIDITY WITH WHICH WE MUST ASSIMILATE NEW THEORIES OF ARMED CONFLICT AND ADAPT OURSELVES TO HOSTILE PHYSICAL, LINGUISTIC, AND TACTICAL ENVIRONMENTS, THE ASSETS IN PLACE HERE IN MONTEREY, ESPECIALLY AT THE NAVY'S POSTGRADUATE SCHOOL AND THE DEFENSE LANGUAGE INSTITUTE, MAKE IT EVEN MORE CRITICAL THAT THEIR LEVELS OF PROFESSIONALISM, PRODUCTIVITY AND COST EFFICIENCIES NOT BE TINKERED WITH AT THIS CRUCIAL TRANSFORMATION JUNCTURE.

EARLIER LAST YEAR, THE THEN NAVY SECRETARY GORDON ENGLAND FEARED CLOSING NPS BECAUSE THE "THE VALUE WE HAD BUILT UP IN THOSE INSTITUTIONS WE COULD NOT REPLICATE."

IN MARCH OF 2004, BEFORE THE HOUSE MILITARY APPROPRIATIONS SUBCOMMITTEE, GEN. JOHN P. ABIZAID, COMMANDER, U.S. CENTRAL COMMAND STATED: "WHAT WILL WIN THE GLOBAL WAR ON TERRORISM WILL BE PEOPLE THAT CAN CROSS THE CULTURAL DIVIDE, REACH OUT TO THOSE WHO WANT OUR HELP, AND FIGURE OUT HOW TO MAKE THAT HAPPEN. THAT IS HOW WE WILL WIN THIS THING. SO, WE IGNORE THE DLI'S AND OTHER INSTITUTIONS OF MILITARY EDUCATION AT OUR OWN PERIL. I VERY MUCH ASK THIS COMMITTEE TO CONTINUE TO KEEP THOSE PLACES FUNCTIONING. THEY ARE NATIONAL TREASURES."

EVERY ONE OF THE POSTGRADUATE SCHOOL'S PROGRAMS IS FOCUSED ON MILITARY STRATEGY AND NEEDS IN TIMES OF WAR, PEACE, AND DURING THE RECONSTRUCTION AND STABILIZATION OF NATION STATES. THE STUDENT OFFICERS HERE RECEIVE A TOP-NOTCH EDUCATION, AN EDUCATION WITHIN A STRONG OPERATIONAL CONTEXT.

AT THE SAME TIME, THE DEFENSE LANGUAGE INSTITUTE ADDS SIGNIFICANT VALUE TO OUR NATION'S MILITARY AND INTELLIGENCE AGENCIES BY THE IMMEDIACY WITH WHICH THEY RESPOND TO EMERGING LINGUISTIC CHALLENGES IN SHIFTING OPERATIONAL ENVIRONMENTS.

THESE ARE CRITICAL DEFENSE MISSIONS THAT NEED TO BE CARRIED OUT EFFECTIVELY AND EFFICIENTLY WITHOUT INTERRUPTION. IF THERE IS TO BE ANY FOCUS ON CHANGE, IT SHOULD BE ON HOW TO INCREASE THE MILITARY VALUE AND COST EFFECTIVENESS OF THESE DEFENSE MISSIONS IN THEIR CURRENT LOCATIONS. IF WE LOOK TO THE FUTURE, THE NATIONAL SECURITY OF THIS NATION WITH ALL OF ITS CURRENT TECHNOLOGICAL, CULTURAL, AND GOVERNMENTAL CHALLENGES WILL DEMAND AN EDUCATED AND WELL-INFORMED MILITARY WAR FIGHTER. THAT IS THE REALITY, AND THIS IS GROUND ZERO FOR PERFORMING THAT MISSION TODAY. I URGE YOU TO DO NOTHING THAT WILL DAMAGE THAT ESSENTIAL MISSION.

WITH REGARD TO THE NAVY BROADWAY COMPLEX IN SAN DIEGO, THE COUNCIL SUPPORTS THE DEFENSE DEPARTMENT AND NAVY DEPARTMENT DECISION NOT TO INCLUDE IT ON THE INITIAL BRAC LIST FOR CLOSURE OR REALIGNMENT. WE HAVE SEEN NOTHING IN THE ADDITIONAL INVESTIGATIONS OR SITE VISITS SINCE THE TIME THE COMMISSION MADE ITS INQUIRY TO THE SECRETARY TO CHANGE THAT VIEW. ACCORDINGLY, WE RECOMMEND THAT THE COMMISSION REFRAIN FROM LISTING THE BROADWAY COMPLEX FOR CLOSURE OR REALIGNMENT, INSTEAD, LETTING THE SERVICE DEAL WITH ITS DISPOSAL PURSUANT TO ONGOING NEGOTIATIONS.

I WANT TO PERSONALLY THANK YOU FOR YOUR SERVICE TO THE NATION BOTH PAST AND PRESENT, AND I AM CONFIDENT THAT IN THE END YOU WILL DO WHAT IS RIGHT FOR CALIFORNIA AND FOR THE NATIONAL SECURITY OF THE NATION.

I WILL REMAIN WITH THE MONTEREY PANEL AND WILL BE HAPPY TO RESPOND TO ANY OF YOUR QUESTIONS.

AGAIN, THANK YOU FOR COMING. ENJOY YOUR STAY IN MONTEREY.



GOVERNOR ARNOLD SCHWARZENEGGER

August 8, 2005

The Honorable Anthony J. Principi
Chairman
Defense Base Closure and Realignment Commission
2521 South Clark Street, Suite 600
Arlington, Virginia 22202

Dear Chairman Principi,

I am pleased to welcome you and the other Commissioners to California for this hearing, and I regret that I cannot be there in person today. I have asked my Cabinet Secretary to deliver this letter on my behalf as part of today's testimony.

Last month I appeared before your public hearing in Los Angeles, and I provided you with our comprehensive statewide report on the value of California's military bases. Let me review the key findings of that report with you this afternoon.

1. We provide unique and mission-critical capabilities for the military here in California.
2. We are working closely with you and with the Defense Department to preserve and strengthen those mission-critical capabilities.
3. We are seeing the results of those efforts right here in Monterey and in San Diego, where you have visited last Friday and this morning.

While our report covers every base in the state, today I would like to focus on just the specific bases that are on the agenda, but I would like to connect my comments back to that report I presented to you in July.



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In that report, we note that California has enormous strengths in technological expertise and resident human capital. These strengths support top research universities and defense industry throughout the state, and they also provide the support for our key military institutions of higher learning, the Defense Language Institute and the Navy's Postgraduate School.

First, there is the Defense Language Institute, or DLI, which trains each year thousands of military and intelligence staff in foreign language proficiency. After September 11, they shifted quickly to fill the gaps in our national capability, and they did so far faster than any public or private college or university could have done. The faculty at DLI is unmatched anywhere. They are dedicated to their mission, but they are also wedded to living in and around Monterey. We found this out when DoD tried to close DLI in 1993 to move it to Arizona. None of the faculty would transfer, and it would be nearly impossible to recruit new ones. This difficulty in recruiting new faculty would create a huge hole in our national language training, and all America would suffer. Any savings that might be created would not matter if we lost the capability to operate in foreign lands or handle the intelligence we intercept.

But there are few savings available anyway. Thanks to an innovative agreement between the City of Monterey and the DLI, many of the base operating costs are already offset by the city support, and this is saving DoD over \$40 million. It will be hard to produce greater savings than that under any other scenario.

Then there is the Navy's Postgraduate School, which educates and trains graduate military students not just from the Navy but also from all branches of the services and from dozens of foreign allied and friendly nations. The Postgraduate School is not like any other graduate university, because it combines technical and military disciplines in a truly unique, one-of-a-kind institution that has taken decades to build.

The Postgraduate School is more than an educational institution. For example, it applied those technical and military capabilities very quickly in response to September 11. Within a few months, the School had America's first master's program in homeland security. This kind of responsiveness just did not and could not occur in any other graduate program, public or private. If you were to outsource graduate education, you would never be able to get that kind of response to new requirements. Other colleges have put homeland security degree programs together – none were as quick as the Postgraduate School, which had graduates heading out the door by the time others put their initial courses together.

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The Postgraduate School also applies the research that it incorporates. For example, I am told that they took the lead on developing unmanned aerial vehicle technology solutions for our ongoing war on terrorism. Because of the combination of this technology here in Monterey and the available air and sea test ranges down the coast at Camp Roberts, the Postgraduate School was able to move quickly and help the war fighters in Asia. No other school in America offers that combination of technology along with nearby access to training and test ranges. If you were to move any of that technology and military instruction from here, you would lose that capability.

And you would not save any money. With regard to the Postgraduate School, the Defense Department's BRAC cost numbers contained numerous errors and mistakes. The Navy calculated the costs wrong, they underestimated the number of students, and they did not account for reimbursements from other nations.

However, even with those flawed cost calculations, the Navy still did not propose closing the Postgraduate School, or realigning it, or outsourcing it. Last May, when you asked Navy Secretary Gordon England about closing the Postgraduate School, he said to you that "this has such value to the nation" that "at the end I said I didn't think we should do this", meaning close the school. On that point, I agree completely with the Secretary of the Navy. I agree with him when he says this school has "more value now, in this kind of war, than ever in the past." I also agree with the Defense Department's position, taken in their July 14 response to you, that "maintaining graduate education is a core competency of the Department." There is no place in America that can better execute that core competency than the Postgraduate School.

I would also like to provide our views on the proposed move in San Diego. From my perspective, we agree with the Navy and the Defense Department that the actions to move from the Broadway complex to another Navy center in San Diego should be undertaken outside of the BRAC process, through ongoing negotiations between the City of San Diego and the Navy.

Let me close with a final statement on why the military is better off in California. We have in this state the overall capability to provide all the support needed, from vast, unencroached training and test ranges and the ideal weather to use them, to outstanding technology and academic support, to the operating forces that are the real reason we have a military in the first place. You can see that capability at work wherever you travel in the state, and we are grateful that the Defense Department

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recognized that capability in their own BRAC recommendations, by leaving so many key bases in California untouched. We ask that you consider the same strengths and capabilities as you make your own, independent evaluations, and we are confident that in a fair comparison based on accurate information, you will reach the same conclusions.

I want to thank you again for coming here for your hearing, for taking the time to visit the sites and see for yourselves what they truly have to offer, and for permitting me to submit this letter to you today. I wish you the best as you finish your tasks that are so important for our military and for our nation. Thank you.

Sincerely,



Arnold Schwarzenegger

**Senator Dianne Feinstein
Video Statement Before the
BRAC Commission Hearing**

[Official Swearing-in Statement]

Mr. Chairman, the BRAC Commission, Ladies and Gentlemen, I swear and affirm that the testimony that I am about to give will be accurate and complete to the best of my knowledge and belief.

This hearing is a key step in the BRAC process. It will help determine whether three California military installations are realigned or closed.

- **The Naval Postgraduate School;**
- **The Defense Language Institute; and**
- **The Naval Broadway Complex.**

Let me begin with the Naval Postgraduate School and Defense Language Institute. I'd like to tell you why I believe it would be a huge mistake to lose these two tremendous assets.

As a member of the Senate Intelligence Committee, I know that there are those who would do this nation great harm.

I know that the only way to prevent that harm is through intelligence and the ability to find them before they attack us.

Consider what the commander of our Central Command General John Abizaid said before a House Committee last year. And I quote:

“What will win the Global War on Terrorism will be people that can cross the cultural divide, reach out to those who want our help and figure out how to make that happen....So we ignore the Defense Language Institute and other institutions of military education at our own peril.”

These institutions are vital. They have substantial military and strategic value.

The Naval Postgraduate School, for instance, provides high-level academic training to military officers. It offers many of the same degrees as civilian institutions, but with a major difference:

Every one of the School's programs is focused on military strategy and military needs.

The students receive a top-notch education. They develop invaluable relationships. And they become better soldiers.

At the same time, the Defense Language Institute adds significant value to our nation's military and intelligence agencies.

One of the great shortcomings of our nation is the absence of speakers of Arabic, the absence of people who understand the Muslim culture and religion.

And this language school produces the great bulk of Arabic speakers for our nation. I know that Senator Boxer will go into some detail about this in her remarks.

So there is a critical defense mission that needs to be carried out -- and both these facilities are doing the job.

As a matter of fact, the Pentagon's BRAC recommendations specifically did not include either of these facilities.

It pointed to the value of the institutions and said that "sustaining a world class educational facility as a component of our military structure had long-term benefits that attracts future military leaders from other countries."

They also gave the Naval Postgraduate School the highest military value rating of all military educational institutions.

There are some who acknowledge the military value, but say that their functions could be privatized or consolidated.

But the fact is that closing these facilities school would cost anywhere from \$130 million to privatize, and hundreds of millions of dollars to move them completely to Ohio.

And many of the faculty would not move, so you would lose a great deal of your human capital as well.

The Navy estimated that it would save \$89 million by privatizing the school. But it is our belief that the cost analysis of the Navy is not accurate. It fails to take into account a number of significant factors:

- The Navy based its savings figure on the cost of privatizing education for only Navy and Marine students. The additional cost of educating members

of other branches of the service and foreign military officers is estimated to be \$26 million a year.

- The \$110 million in reimbursements for research grants and educational contracts that come in each year.
- The fact that if students go elsewhere, they will spend 3 to 6 months longer in school -- adding significantly to the cost of educating each student.

So the belief is that there would be substantial additional costs incurred through privatization – as much as \$140 million.

Additionally, the Navy does not take into account the 2,600 units of affordable housing that are currently being constructed near the facilities, which would significantly reduce the cost of living for faculty, staff, and students.

Here's the bottom line: these institutions are too valuable to be replaced – both in terms of financial cost and the education they provide.

And it is my great hope that they will not be closed or realigned.

Finally, let me just say a word about the Navy Broadway Complex. The complex serves as headquarters for Navy Region Southwest. And there have been discussions for years about moving the headquarters to a more secure location and turning the site into a district of shops, restaurants, parks and high-rise housing.

I believe – as do the City of San Diego and the Navy - - that this issue can be resolved outside the BRAC process. I offer my help to see that that the issue gets settled soon.

So in conclusion, let me thank you for the opportunity to testify today. I very much appreciate it.

And now, let me turn this over to my friend and colleague, Senator Barbara Boxer.