DCN 1341

HEARING AGENDA
APRIL 17, 1995
RM 216, HART SENATE OFFICE BUILDING

8:00AM - 10:00AM GENERAL ACCOUNTING OFFICE

Witnesses: Mr. Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs, GAO

Mr. David Warren, Director, Defense Management and NASA Issues, GAO

Mr. Barry W. Holman, Assistant Director, Defense Management and NASA Issues, GAO

10:00AM - 4:00PM DOD JOINT CROSS SERVICE GROUPS

10:00AM-12:00PM Depot Maintenance Joint Cross Service Group:
Mr. James Klugh, Deputy Under Secretary of Defense for Logistics

12:00PM-1:00PM Lunch: SD-212

1:00PM - 2:00PM Undergraduate Pilot Training Joint Cross Service Group:
Mr. Louis C. Finch, Deputy Under Secretary of Defense for Readiness

2:00PM - 3:00PM Medical Joint Cross Service Group:
Dr. Edward D. Martin, M.D., Principal Deputy Assistant Secretary of Defense for Health Affairs

3:00PM - 4:00PM Labs, Test and Evaluation Joint Cross Service Groups:
Mr. Philip E. Coyle, Director, Operational Test and Evaluation
Mr. John A. Burt, Director, Test, Systems Engineering and Evaluation
Dr. Craig Dorman, Deputy Director (Laboratory Management)

Military Departments and Defense Agencies:

Witnesses: Brigadier General James E. Shane, Jr., Director of Management, Office of the Chief of Staff of the Army

Mr. Charles Nemfakos, Vice Chairman, Navy Base Structure Evaluation Committee

Major General Jay D. Blume, Jr., Special Assistant to the Chief of Staff of the Air Force for Base Realignment and Transition

Ms. Marge McManamay, Chief, Defense Logistics Agency BRAC Working Group

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

ALAN J. DIXON, CHAIRMAN

COMMISSIONERS:
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REBECCA COX
GEN J. B. DAVIS, USAF (RET)
S. LEE KLING
RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

OPENING REMARKS OF CHAIRMAN DIXON

GAO & DOD JOINT CROSS SERVICE GROUPS

APRIL 17, 1995

GOOD MORNING, LADIES AND GENTLEMEN, AND WELCOME TO TODAY'S HEARING OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION.

I AM ALAN J. DIXON, THE COMMISSION CHAIRMAN, AND WITH US TODAY ARE MY FELLOW COMMISSIONERS AL CORNELLA, REBECCA COX, GENERAL J.B. DAVIS, S. LEE KLING, ADMIRAL BEN MONTOYA, GENERAL JOE ROBLES AND WENDI L. STEELE.

THIS IS THE NINTH INVESTIGATIVE HEARING THE COMMISSION HAS HELD IN WASHINGTON SINCE RECEIVING THE RECOMMENDATIONS OF THE SECRETARY OF DEFENSE ON CLOSURES AND REALIGNMENTS ON FEBRUARY 28.

IN ADDITION, SINCE MARCH 22, WE HAVE CONDUCTED FIVE REGIONAL HEARINGS AROUND THE COUNTRY AND IN GUAM, AND COMMISSIONERS AND STAFF HAVE MADE MORE THAN 60 VISITS TO INSTALLATIONS ON THE SECRETARY'S LIST. WE HAVE REGIONAL HEARINGS THIS WEEK IN DALLAS AND ALBUQUERQUE, AND THERE ARE 13 BASE VISITS SCHEDULED THIS WEEK, AS WELL. SO WE ARE HARD AT WORK.

WE HAVE A FULL SCHEDULE TODAY, SO LET ME TELL YOU HOW WE WILL PROCEED. OUR FIRST PANEL, FROM NOW UNTIL 10 A.M., WILL CONSIST OF REPRESENTATIVES OF THE GENERAL ACCOUNTING OFFICE, WHO WILL REPORT TO US ON THEIR ANALYSIS OF THE METHODOLOGY USED BY THE DEPARTMENT OF DEFENSE IN REACHING ITS RECOMMENDATIONS FOR CLOSURES AND REALIGNMENTS.

THEN, FROM 10 A.M. UNTIL 4 P.M., WITH A ONE HOUR LUNCH BREAK AT NOON, WE WILL HEAR TESTIMONY FROM THE FOUR D-O-D JOINT CROSS SERVICE GROUPS THAT PREPARED RECOMMENDATIONS FOR THE MILITARY DEPARTMENTS IN THE AREAS OF DEPOT MAINTENANCE, UNDERGRADUATE PILOT TRAINING, MEDICAL SERVICES AND LABS AND TEST & EVALUATION.

SENIOR OFFICIALS FROM THE ARMY, NAVY, AIR FORCE AND DEFENSE LOGISTICS AGENCY WILL SIT WITH EACH OF THE CROSS SERVICE PANELS TO FURTHER INFORM US AS TO WHY THE DEPARTMENTS DECIDED TO ACCEPT OR REJECT VARIOUS RECOMMENDATIONS OF THE CROSS SERVICE GROUPS.

LET US BEGIN, THEN WITH THE GENERAL ACCOUNTING OFFICE. THE BASE CLOSURE LAW REQUIRES THE G-A-O TO REPORT BY APRIL 15 TO CONGRESS AND THIS COMMISSION REGARDING THE RECOMMENDATIONS AND SELECTION PROCESS USED BY THE DEPARTMENT OF DEFENSE.

WE ARE HONORED TO HAVE WITH US TODAY:

* MR. HENRY L. HINTON, JR., THE ASSISTANT COMPTROLLER GENERAL FOR NATIONAL SECURITY AND INTERNATIONAL AFFAIRS;

* MR. DAVID WARREN, DIRECTOR FOR DEFENSE MANAGEMENT AND NASA ISSUES FOR GAO; AND,

* MR. BARRY W. HOLMAN, THE ASSISTANT DIRECTOR FOR DEFENSE MANAGEMENT AND NASA ISSUES.

MR. HINTON, ON BEHALF OF ALL THE COMMISSIONERS, I WANT TO THANK G-A-O AND YOU PERSONALLY FOR YOUR SUPPORT OF THE COMMISSION'S WORK. THIS SUPPORT IS EVIDENT IN YOUR TESTIMONY THIS MORNING, AS WELL AS IN THE FACT THAT YOU HAVE DETAILED TEN EXCELLENT G-A-O EMPLOYEES TO THE COMMISSION STAFF TO HELP US CARRY OUT OUR REVIEW AND ANALYSIS.

ALL THE COMMISSIONERS HAVE HAD AN OPPORTUNITY TO REVIEW MR. HINTON'S TESTIMONY AND G-A-O'S REPORT. MR. HINTON HAS AGREED TO LIMIT HIS OPENING REMARKS TO 10 MINUTES, AND THEN WE WILL BEGIN QUESTIONS FROM THE COMMISSIONERS.

BUT FIRST, LET ME SAY THAT THE BASE CLOSURE LAW ALSO REQUIRES ALL WITNESSES TESTIFYING BEFORE US TO DO SO UNDER OATH, SO I MUST ASK YOU ALL TO STAND AND RAISE YOUR RIGHT HANDS.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

DoD SELECTION CRITERIA

1. Mr. Hinton, written guidance for the selection process was provided by the Office of the Secretary of Defense (OSD) to the Services.

What is GAO's opinion of the OSD guidance?

Did you detect instances of substantial deviation from the Secretary's guidance by the Joint Cross Service Groups or by the Services?

2. Mr. Hinton, military value remained the driving factor in the Secretary's criteria for analyzing potential closures or realignments.

Did your review highlight any instances where economic or political considerations were placed ahead of military value in the decision process?

3. Mr. Hinton, you suggest that the Commission "examine, from an equity standpoint, the Navy's exclusion of activities from closure and realignment consideration due to concerns over job losses."

To which specific activities are you referring?

Are you recommending that the Commission add them to the list for consideration?

ECONOMIC IMPACT

1. Mr. Hinton, the DoD decided not to choose a threshold at which the cumulative economic impact becomes the determining factor in removing a base for consideration of closure or realignment.

In your view, how was cumulative economic impact used in DoD's assessments, and what weight did economic impact have in its deliberations?

2. Mr. Hinton, the DoD substantially revised the economic "multipliers" used to measure the indirect and induced employment impacts of base closures in this round of recommendations. In general, the changes result in lower estimates. The DoD still maintains, however, that their methodology results in estimates of "worst case" job impacts.

Do you agree that DoD's methodology results in worst case estimates of the impact on jobs?

3. Mr. Hinton, some of the functions on installations recommended for closure or realignment are operated by contractors' employees.

What is the appropriate way to count these job loses?

Have they been counted by DoD?

Have the Services been consistent in counting these job loses?

EXCESS CAPACITY / CROSS SERVICE

1. Mr. Hinton, your opening statement noted excess Defense Department capacity would remain after execution of the list, particularly within the categories of depot maintenance and lab facilities.

Did you find excess capacity problems were more prevalent in any one Service or Defense Agency?

Do you have specific recommendations for the Commission to address remaining excess capacity during this round of deliberations?

2. Mr. Hinton, one of the specific DoD responses to your 1993 recommendations was the establishment of Joint Cross Service Groups in five functional areas. Your report for this round is still critical of the results of cross service efforts.

In your view, why did the Cross Service Groups produce such poor results?

3. Mr. Hinton; the Medical Joint Cross Service Group provided some 16 separate hospital realignment and closure alternatives for Service consideration. Most of the Joint Group's alternatives are not among the DoD recommendations.

What is your assessment of the quality of the Medical Joint Cross Service Group's process and the alternatives it produced?

Did all three Services fully research cost estimates and carefully consider the Medical Group's recommendations?

4. Mr. Hinton, one early Joint Cross Service Group decision was to separate the evaluation of research and development activities (Labs) from test and evaluation activities (T&E).

What is your view on the decision to separate these functions?

To what extent did that result in retaining excess capacity / infrastructure?

HAROLD E. FORD
9TH DISTRICT, TENNESSEE

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House of Representatives

Washington, DC 20515-4209

April 13, 1995

Commissioner S. Lee Kling
Defense Base Closure and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

Dear Commissioner Kling:

We are writing to you regarding the upcoming testimony of the General Accounting Office on Monday April 17, 1995. Given your March 24 visit to the Defense Distribution Depot Memphis (DDMT) and the questions which we have shared with you about the recommendation to close DDMT, we request that you consider asking the following questions of the GAO witnesses at the Monday hearing:

Question #1:

The Department of Defense and Defense Logistics Agency created a 1,000 point ranking system to evaluate its distribution depots. Within this 1,000 point system, only 20 points related to a depot's transportation capabilities. Does the GAO believe it was appropriate to allocate only 2 percent of the evaluation of a *distribution* depot to the issue of *transportation* capabilities?

Question #2:

How can the GAO validate DLA's procedures when the installation military value rankings placed the oldest depot with the highest real property maintenance as the top installation? Shouldn't this result have sent a red flag to the GAO that mission scope was skewing the military value analysis?

Commissioner S. Lee Kling
April 13, 1995

Question #3

Did the GAO analyze DoD's process of selecting DLA depots for closure that are collocated with other service branch bases?

Again, we appreciate the time that you have devoted to our constituents and the base closure process and your consideration of this request.

Sincerely,

HAROLD FORD
Member of Congress

FRED THOMPSON
United States Senator

BILL FRIST
United States Senator

GENERAL BACKGROUND

1. Mr. Hinton, in broad terms, what was the approach methodology and sampling plan used by the General Accounting Office in analyzing the DoD selection process?

2. Mr. Hinton, legislation requires use of certified data in the decision process. In several instances, Commission visits revealed that critical, certified data are inaccurate.

What are your views on the certification process use by the Military Services?

How did you assess the accuracy of data?

What was your process to oversee data review and update as the decision cycle unfolded?

GERRY E. STUDDS
TENTH DISTRICT, MASSACHUSETTS

COMMITTEE ON MERCHANT MARINE AND FISHERIES
CHAIRMAN

SUBCOMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES
CHAIRMAN

COMMITTEE ON ENERGY AND COMMERCE

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April 14, 1995

Alan Dixon, Chairman
The Defense Base Closure
and Realignment Commission
1200 North Moore St, Suite 1425
Arlington, VA 22209

Dear Chairman Dixon:

I am writing to request that the following issues with regard to the Navy's process and recommendations in targeting NAS South Weymouth for closure be raised at next week's BRAC hearing with the Government Accounting Office (GAO).

In recommending NAS South Weymouth for closure, the Navy apparently overlooked two facilities (NAS Atlanta and NAS Fort Worth) with a lower "military value," according to the Navy's own criteria.

In the case of NAS Atlanta -- which is significantly lower in military value than South Weymouth and was initially considered for closure -- the Navy has argued that the area is "rich in demographics" and should remain open. Yet the Navy's own Military Value Matrix for Reserve Air Stations rates NAS Atlanta <u>last</u> and NAS South Weymouth <u>first</u> in demographics.

In its 1993 report to the BRAC, the GAO identified a "problem" with the Navy's process in instances when "a base was recommended for closure, even though its military value was rated higher than bases that remained open." I see no reason that these concerns would not be relevant to the Navy in 1995. While the GAO's 1995 report describes the Navy's recommendations as "generally sound," does the GAO continue to view the Navy's disregard for military value -- particularly in the case of NAS South Weymouth -- as a problem in its decision-making process?

Again, I respectfully request that the BRAC direct the GAO to respond to this issue during next week's hearing.

I appreciate your assistance in this matter.

With kind regards.

Sincerely,

Gerry E. Studds

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

COSTS

1. Mr. Hinton, the Secretary of Defense estimated the cost to implement his recommendations at $3.8 billion, with annual steady-state savings of $1.8 billion, and a net present value of $18.4 billion over 20 years. Your estimates validated the $1.8 billion savings, but estimated net present value at a lower $17.3 billion.

Where do your cost estimates differ from the Defense Departments?

What are the factors behind those differences?

2. Mr. Hinton, your testimony and report raise questions about the projected costs and savings from several of DoD's closure and realignment recommendations.

How confident are you that DoD will achieve the $1.5 billion in annual savings from their recommendations?

3. Mr. Hinton, GAO previously criticized DoD's decision to expend no effort capturing the total costs to government of BRAC recommendations.

Please cite examples where you determined DoD might not have captured total costs to government in this round of recommendations.

Do you have suggestions on how the Commission can calculate the total costs of DoD's recommended actions?

4. Mr. Hinton, Secretary of Defense guidance prohibits consideration of environmental restoration costs in closure cost calculations.

Did you detect any instance where this cost was included (or considered) in determining the cost to close?

Did you detect instances where installations were not recommended for closure due to unique contamination problems or restoration costs?

5. Mr. Hinton, according to the DoD closure and realignment report, the Services concluded that the need to preserve "core" test facilities precluded major closures, and that cross-servicing of T&E functions would not be cost effective.

What is GAO's view on the controversy over the "core" alternatives suggested by the T&E Joint Cross Service Group?

What happened in the process that resulted in Service non-responsiveness?

6. Mr. Hinton, in your testimony for record, you noted an example of the Air Force revisiting Rome lab at the suggestion of the Lab Joint Cross Service Group -- with the ultimate result of recommending closure. Your example infers the Air Force / DoD recommendation to close Rome Lab is valid.

Is the inference correct?

What are the factors that validate Air Force's closure recommendation prior to their determining the full cost to close the installation?

7. Mr. Hinton, the general approach to infrastructure reduction was to consolidate functions at selected installations to eliminate functional duplication. Such an approach would appear applicable with the Navy and Air Force aviation training programs and would support a broader "cross service" training system.

Did the Joint Cross Service Group consider such an approach with the Specialized Undergraduate Pilot Training program?

AIR FORCE

1. Mr. Hinton, the GAO report concludes: "The Air Force's recommendations to realign rather than close any depot maintenance activities did not appear to be well thought out or adequately supported. They do not fully address the problem of significant excess capacity in the depot system, and it is not clear that the realignments will achieve indicated savings."

Is the Air Force approach to reducing excess capacity appropriate?

Is it your recommendation that the Commission should consider the closure of Air Force depots? If so, how many?

2. Mr. Hinton, the Air Force has indicated that the cost to close one of their depots would be approximately $600 million and the cost to close two would be approximately $1.2 billion.

Did GAO review these estimates? Do you agree with them?

3. Mr. Hinton, in estimating the costs to close an Air Force depot, the Air Force assumed that a depot closure would result in the elimination of only 7 percent of the positions at that depot--the rest would be realigned to the other depots.

In your view, is this a reasonable estimate of the personnel savings that would be achieved from closure of an Air Force depot?

4. Mr. Hinton, the Air Force excluded F.E. Warren AFB, Wyoming, from evaluation on the rationale that DoD Force Structure requires Peacekeeper missiles throughout the BRAC 95 implementation period.

GAO found no reason to question the basis for the Secretary of the Air Force's decision to eliminate additional installations from the analysis, because no significant excess capacity existed. Given that Peacekeeper drawdown will be

well underway by the end of BRAC 95 implementation, what are your views on the Air Force excluding F.E. Warren AFB from evaluation?

5. Mr. Hinton, the Air Force made a "conditional" recommendation to inactivate the missile group at Grand Forks AFB--unless the Secretary of Defense determined that ABM Treaty considerations preclude the recommendation.

What are your views on a "conditional" recommendation to the Commission?

6. Mr. Hinton, in December 1994, GAO issued a report concerning the Newark AFB Aerospace Guidance and Metrology Center, which was closed by the 1993 Commission. The report challenged the Air Force attempts to privatize the Center's workload in place and recommended the Secretaries of the Air Force and Defense reevaluate the 1993 DoD recommendation to close and challenged the Air Force's approach to implementing the recommendation through privatization-in-place.

Mr. Hinton, what was the Air Force response to GAO's recommendation? Did GAO find that the Secretary of the Air Force and the Secretary of Defense reviewed the 1993 closure?

Mr. Hinton, given that the Air Force and the Department of Defense did not request the Commission to redirect its 1993 recommendation and given that the Air Force appears not to have fully investigated other approaches to the 1993 recommendation other than privatization in place, do you believe that the Secretary of Defense has substantially deviated from the eight Selection Criteria or the Force Structure in not requesting a redirect of the Newark AFB?

7. Mr. Hinton, GAO reported that the initial analytical phases of the Air Force process were significantly influenced by preliminary estimates of base closure costs. Some bases were removed from initial consideration based on these estimates. Specifically, which bases were taken off the list because of high cost-to-close estimates?

8. Mr. Hinton, the GAO report states "the Air Force may not have considered other issues regarding those facilities that are scheduled to remain at Kirtland." What are the "other issues"?

9. Mr. Hinton, the Air Force's Base Closure Executive Group deliberated and voted on base closures for both Active and Reserve Components.

What role did Reserve Component officials play in base closure and realignment recommendations, especially those that affect the Reserve Component?

10. Mr. Hinton, as you know, the services must consider DoD Force Structure Plan when making closure and realignment recommendations to this Commission.

How did the Air Force use the Force Structure Plan regarding the Reserve Component in making its base closure and realignment recommendations?

11. Mr. Hinton, the DoD Base Closure and Realignment Report states that Reserve Component bases were examined for cost effective relocations other bases.

Can GAO confirm the accuracy of the savings, or net present value, generated by DoD's recommendations regarding the Reserve Component?

12. Mr. Hinton, the GAO report comments that although the Air Force initially indicated an excess of eight operational aircraft bases, the Service failed to close a single such base. The further analysis of the Air Force process seems to indicate that this result was due to the lack of appropriate receiver bases due to air quality limitations and potential overseas returns.

Do you believe the Air Force was justified in not closing an operational aircraft base due to the above limitations?

In light of the environmental and overseas return limitations, did GAO calculate the actual excess capacity in the Large and Small Aircraft Categories?

13. Mr. Hinton, GAO's report again criticizes the Air Force for not objectively ranking their installations within categories but you do credit them with a more object approach to assigning "roll-up" ratings to individual criteria for each base. You also criticize the Air Force for putting too much weight on closing costs in their installation tiering process. The GAO report, on the other hand, compliments the other services for specific military value ranking procedures while noting that the lowest ranking bases were not always closed by those services due to closing cost or operational considerations.

Isn't the Air Force method another way of applying the judgment of military leadership to a system that could be driven by statistics as opposed to operational considerations and cost considerations - both of which are major factors in assessing military value?

If the Air Force had provided the secret ballot tiering votes or tally sheets for the record, would you have more of a tendency to support their process?

Would you have been more inclined to support their process if you had been allowed to sit in on their balloting sessions?

14. Mr. Hinton, the GAO report notes that the meetings of the Executive Group with the Secretary of the Air Force were not documented. Is it not true, however, that the decisions of the Secretary at those meetings, and the rationale for those decisions, are captured in subsequent minutes of the Executive Group?

15. Mr. Hinton, you note in the GAO report that "citing the high cost of closure, the Air Force recommended that none of its five maintenance depots be closed." Elsewhere in the report, GAO comments that the proposed Kirtland AFB realignment fails to achieve the stated objective of reducing laboratory capacity and that "a significant amount" of Air Force savings from this action will be offset by increased Department of Energy costs--which, incidentally, will also come from the same appropriation. As you know, the Kirtland AFB realignment was the single most costly action proposed by the Air Force with a one time cost to close of $277 million, and if this recommendation had not been included, it appears that the Air Force could have afforded to close one of its five depots.

Based on these observations, are you satisfied that DoD gave adequate consideration to the Air Force recommendations before forwarding them to the Commission without changes?

16. Mr. Hinton, GAO's report comments on the Air Force's ongoing assessment of the Reese AFB community concerns on the Air Force's application of Joint Cross-Service Group functional value scores to military value and the Air Force's subsequent tiering results.

Do you believe the Air Force application of a relatively narrow standard deviation of these scores was an appropriate method to determine criteria one color coding?

17. Mr. Hinton, in your review of the Air Force's data and analysis on projected workloads of total available capacity at Electronic Combat facilities (particularly the AFEWES and REDCAP missions) did you reach any specific conclusions as to the measurement and/or methodology the Air Force used in their projections?

NAVY

1. Mr. Hinton, the Depot Maintenance Joint Cross Service Group suggested that future nuclear submarine workload requirements in the Navy could be met even with the closure of the Portsmouth Naval Shipyard. The Navy apparently disagreed.

What are GAO's views on the issue?

Do the current recommendations result in significant excess capacity in the Navy's nuclear capable shipyards?

ARMY

1. Mr. Hinton, the Army's cost data concerning Fort McClellan, AL includes barracks construction expenditures at Fort Leonard Wood, MO to accommodate joint-service training, and costs at other bases to move basic training out of Fort Leonard Wood. None of these moves (or costs) is required by the Army's realignment recommendation.

What is your opinion regarding these specific costs in Cost of Base Realignment Actions (COBRA), and the inclusion of discretionary costs in general?

What is GAO's view of paying for discretionary moves from base closure funds?

2. Mr. Hinton, your report notes: "The Army's stationing strategy seems to suggest that only one base is needed in Alaska to support one maneuver brigade and support forces. Initial Army studies show that keeping Fort Wainwright open was the better choice and that Fort Richardson would therefore be the best candidate for closure."

You go on to note: "the Army later decided that due to strategic requirements in the Pacific and high closure costs, Fort Richardson would remain open."

Do you agree with the Army's conclusion that two maneuver installations are needed in Alaska under current stationing plans?

3. Mr. Hinton, the Army recommended realigning or closing several installations that primarily provide family housing (Price Support Center, Fort Totten, Fort Hamilton, Fort Buchanan, and Army Garrison - Selfridge). In a March 1995 interview, Defense Secretary Perry stated housing is a major problem within DoD.

In view of the Secretary's comments, are the Army's recommendations justified

4. Mr. Hinton, the Army recommended consolidating the Baltimore and St. Louis Publications Centers at St. Louis. The Commission's initial analysis indicates possible greater savings by a cross-Service consolidation of all DoD publications centers.

What are your views on this issue?

5. Mr. Hinton, in 1993, GAO was critical of the Defense Department for removing Fort Monroe, VA from the Army's closure list because of uncertainty over environmental clean-up costs. Subsequently, the Army completed a restoration cost study. The Army's 1995 list does not include Fort Monroe.

Did GAO review the reasons for excluding Fort Monroe from this round?

COST OF BASE REALIGNMENT ACTIONS (COBRA)

1. Mr. Hinton, in the 1993 GAO report on DoD's base closure process, you noted several differences in the way the various services employed the Cost of Base Realignment Actions (COBRA) model.

Did GAO discover any significant differences between the services' application of COBRA in this year's process?

BUSINESS EXECUTIVES FOR NATIONAL SECURITY REPORT

1. Mr. Hinton, in October 1994 Business Executives for National Security (BENS) issued a report, "Uncovering the Shell Game," contending "...of the 67 bases the President, Congress and the Pentagon have agreed to shut down this far, over one-third never closed or have quietly reopened under a new name or function."

Did your review of the 1995 (or previous years) DoD process detect instances that lend substance to the BENS' allegation? If so, please amplify.

2. Mr. Hinton, Secretary Perry defended his Department's decision to place 12 new Defense Finance and Accounting Service (DFAS) offices on bases previously slated to close as a result of prior base closure rounds.

What is GAO's position on DoD's decision?

CLOSING QUESTIONS

1. Mr. Hinton, the Secretary of Defense's recommendations total 146 actions across the Services and several Defense Agencies. Your statement highlighted areas where you retain unresolved questions about the Military Departments' selection process.

Do you have any additional installations you recommend for the Commission's consideration?

2. Mr. Hinton, thank you for your comments on the need for a future process assisting Defense efforts to reduce unneeded infrastructure. The Commission plans to make recommendations on such a process after this 1995 round is completed.

Do you have any specific suggestions in this area for us to consider?

QUESTIONS FROM CONGRESSMAN RICHARD GEPHARDT

1. The General Accounting Office report states that the Army "did not fully adhere to its regular process for installations in assessing military value when recommending...leased facilities for closure." It specifically notes that the " Army did not prepare installation assessments for leased facilities."

Is it true the Army's installation assessment consisted of an evaluation based on the four DoD military value criteria?

If so, were leased facilities therefore excluded from an evaluation based on these four criteria?

It is true that the base closure law requires the Army to make closure recommendations on the basis of the DoD criteria?

2. In response to a question by the Commission, the Army stated its leaders considered the military value of the Aviation and Troop Command (ATCOM) in their deliberations. The community in which ATCOM is located contends that no such consideration occurred.

Did the General Accounting Office find any evidence that the Army's leaders considered the specific military value of ATCOM in their deliberations?

3. Is it legitimate for the Army to claim that vacating leased facilities owned by the General Services Administration will result in a savings to the government?

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

8:00 a.m.

216 Hart Senate Office Building
Washington, D.C.

Monday, April 17, 1995

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COMMISSIONERS PRESENT:

Senator Alan J. Dixon, Chairman
Mr. Alton W. Cornella
Ms. Rebecca G. Cox
General J.B. Davis, USAF (Ret.)
Mr. S. Lee Kling
Rear Admiral Benjamin Montoya, USN (Ret.)
Major General Josue Robles, USA (Ret.)
Mrs. Wendi Louise Steele
Mr. Josue Robles

PANEL I:

Mr. Henry L. Hinton, Jr., Assistant Comptroller General, National Security and International Affairs, GAO

Mr. David Warren, Director, Defense Management and NASA Issues, GAO

Mr. Barry W. Holman, Assistant Director Defense Management and NASA Issues, GAO

PANEL II:

Mr. James Klugh, Deputy Undersecretary of Defense for Logistics

Brigadier General James E. Shane, Jr., Director of Management Office of the Chief of Staff of the Army

Mr. Charles Nemfakos, Vice Chairman, Navy Base Structure Evaluation Committee

Major General Jay D. Blume, Jr., Special Assistant to the Chief of Staff of the Air Force Base Realignment and Transition

PANEL III:

Mr. Louis C. Finch, Deputy Undersecretary of Defense for Readiness

1 P R O C E E D I N G S
2 (8:00 a.m.)
3 CHAIRMAN DIXON: Good morning, ladies and
4 gentlemen, and welcome to today's hearing of the Defense Base
5 Closure and Realignment Commission. I'm Alan Dixon, the
6 commission chairman. With us today are my fellow
7 commissioners: Al Cornella; Rebecca Cox; General J.B. Davis;
8 S. Lee Kling; Admiral Ben Montoya; General Joe Robles; and
9 Wendi L. Steele.
10 This is the ninth investigative hearing the
11 commission has held in Washington since receiving the
12 recommendations of the Secretary of Defense on closures and
13 realignments on February 28th of this year. In addition,
14 since March 22nd, we have conducted five regional hearings
15 around the country and in Guam. And commissioners and staff
16 have made more than 60 visits to installations on the
17 Secretary's list.
18 We have regional hearings this week in Dallas and
19 Albuquerque, and there are 13 base visits scheduled this
20 week. So we are hard at work. We have a full schedule
21 today, so let me tell you how we will proceed. Our first
22 panel, from now until 10:00 a.m., will consist of

PANEL IV:

Edward D. Martin, M.D., Principal Deputy Assistant Secretary for Health Affairs

Mr. James Boatright

Mr. Edward R. Ponatoski

PANEL V:

Mr. Philip E. Coyle, Director, Operational Test and Evaluation

Mr. John A. Burt, Director, Test Systems Engineering and Evaluation

Dr. Craig Dorman, Deputy Director Laboratory Management

Mr. James Boatright

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1 representatives from the General Accounting Office who will
2 report to us on their analysis of the methodology used in
3 reaching its recommendations for closures and realignments.
4 Then, from 10:00 a.m. until 4:00 p.m., with a one-
5 hour lunch break at 12:00 noon, we will hear testimony from
6 the four DOD joint cross service groups that prepared
7 recommendations for the military departments in the areas of
8 depot maintenance, undergraduate pilot training, medical
9 services, and labs and tests and evaluations.
10 Senior officials from the Army, Navy, Air Force and
11 defense logistics agency will sit with each of the cross
12 service panels to further inform us as to why the departments
13 decided to accept or reject various recommendations of the
14 cross service groups. Let us begin, then, with the General
15 Accounting Office. The base closure law requires the GAO to
16 report, by April 15th, to Congress and this commission,
17 regarding the recommendations and selection process used by
18 the Department of Defense.
19 We're honored to have with us today Mr. Henry L.
20 Hinton, Jr., the Assistant Comptroller General for National
21 Security and International Affairs; Mr. David Warren,
22 Director for Defense Management and NASA Issues for GAO; and

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1 Mr. Barry W. Holman, the Assistant Director for Defense
2 Management and NASA Issues. Mr. Hinton, on behalf of all the
3 commissioners, I want to thank GAO and you, personally, for
4 your support of the commission's work.
5 This support is evident in your testimony this
6 morning, as well as in the fact that you have detailed 10
7 excellent GAO employees to the commission staff to help us
8 carry on our review and analysis. We're indebted to you,
9 sir. All the commissioners have had an opportunity to review
10 Mr. Hinton's testimony and GAO's report. Mr. Hinton has
11 agreed to limit his opening remarks to 10 minutes, and then
12 we'll begin questions from the commissioners.
13 First let me say that the base closure law also
14 requires all witnesses testifying before us to do so under
15 oath. So may I ask all three of you, even though only one
16 will make a statement to stand and raise your right hands.
17 (Panel sworn.)
18 CHAIRMAN DIXON: Thank you very much. Mr. Hinton,
19 we're delighted to have you here this morning. My staff have
20 all asked me to express to you and the GAO our indebtedness
21 for those excellent people who you sent to us, who have been
22 very helpful.

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1 MR. HINTON: Thank you, Mr. Chairman, I'm pleased
2 that we could do that, and I will certainly pass along your
3 kind remarks to the comptroller general on that. Mr.
4 Chairman, members of the commission, we're pleased to be here
5 today to discuss our analysis of DOD's 1995 process and
6 recommendations for closure and realignment. The Defense
7 Base Closure and Realignment Act of 1990 established the
8 current processes for DOD base closure and realignment
9 actions within the United States.
10 Our report, issued last week, responds to the Act's
11 legislative requirement that GAO provide to the Congress and
12 the commission an analysis of the Secretary of Defense's
13 recommendations for bases for closure and realignment, and
14 the selection process used.
15 Let me briefly summarize our key points. First,
16 although DOD has, in recent years, undergone substantial
17 downsizing in funding, personnel and force structure,
18 commensurate infrastructure reductions have not been
19 achieved. Despite some progress and reducing excess
20 infrastructure, it is generally recognized that much excess
21 capacity likely will remain after the '95 round.
22 This view is supported by the military components

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1 and cross service group's analyses, which showed far greater
2 excess capacity than would be eliminated by the Secretary's
3 recommendations. Second, DOD's 95 BRAC process was generally
4 sound and well documented, and should result in substantial
5 savings.
6 However, the recommendations and selection process
7 were not without problems. And in some cases, there are
8 questions about the reasonableness of the specific
9 recommendations.
10 At the same time, we also noted that improvements
11 were made to the process from prior rounds, including more
12 precise categorization of bases and activities. This
13 resulted in more accurate comparisons between like facilities
14 and functions, and better analytical capabilities. We raise
15 a number of issues, Mr. Chairman, that we believe warrant the
16 Commission's attention in considering DOD's recommendations.
17 Key among these are the following.
18 DOD's attempt at reducing excess capacity and
19 common support functions facilitated some important results.
20 However, agreements for consolidating similar work done by
21 two or more of the services were limited, and opportunities
22 to achieve additional reductions in excess capacity and

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1 infrastructure were missed. In particular, this was the case
2 at depot maintenance activities; test and evaluation; and
3 laboratory facilities.
4 Although the services have improved their processes
5 with each succeeding BRAC round, some process problems
6 continue to be identified. In particular, the Air Force's
7 process remain largely subjective and not well documented.
8 Also, it was influenced by preliminary estimates of base
9 closure costs that changed when more focused analyses were
10 made.
11 For these and other reasons, GAO questions a number
12 of the Air Force's recommendations. To less extent, some of
13 the services' decisions affecting specific closures and
14 realignments also raised questions. For example, the
15 Secretary of the Navy's decision to exclude certain
16 facilities from closure for economic impact reasons suggests
17 that the economic impact criterion was not consistently
18 applied.
19 In conclusion, Mr. Chairman, we're making a number
20 of recommendations to the Secretary of Defense, the Secretary
21 of the Air Force, and the Commission. They include the
22 following five, which I'd like to highlight for you.

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1 Specifically, we are recommending that the Commission, one,
2 obtain updated cost and savings data to the extent that it is
3 available from the services, and include this data in your
4 report to the President.
5 The services are currently going through a drill to
6 refine their assessments of the expected cost of implementing
7 their recommendations; and we believe the Commission should
8 include this information. Two, require more complete plans
9 for eliminating excess capacity and infrastructure before
10 approving the Air Force's recommendations to realign its
11 depot facilities.
12 Three, because the services did not adequately,
13 completely analyze the set of alternatives developed by the
14 chairpersons of the cross service group for test and
15 evaluation, the BRAC Commission may wish to have the services
16 complete detailed analyses, including cost analyses for its
17 consideration. Four, closely examine the expected cost and
18 operational impacts associated with the Kirtland Air Force
19 Base realignment.
20 And lastly, from an equity standpoint, the Navy's
21 exclusion of activities from closure and realignment
22 consideration, due to concerns over job losses, should be

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1 examined by the Commission. Mr. Chairman, I'd like to, with
2 your permission, suggest that my prepared statement and our
3 report, which was provided to the Commission last year be
4 made a part of the record.
5 CHAIRMAN DIXON: Mr. Hinton, it will be made a part
6 of the record, and it is so ordered. Have you concluded,
7 sir?
8 MR. HINTON: Yes, sir, that concludes my statement.
9 We'll be happy to take your questions.
10 CHAIRMAN DIXON: I thank you very much for a very
11 excellent report. Mr. Hinton, legislation requires use of
12 certified data in the decision process. In several
13 instances, Commission visits revealed that critical certified
14 data are inaccurate. What are your views on the
15 certification process used by the military services?
16 MR. HINTON: Mr. Chairman, we have seen an
17 improvement this year over the validity of the data that has
18 come into the analysis that DOD has done. And this is
19 particularly with respect to the COBRA analyses that are
20 done. The service audit agencies have played a very active
21 role, as has the DOD IG, in examining the information that is
22 sent forward to DOD for inclusion in the COBRA analysis.

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1 We are aware, though, that there have been
2 questions raised about some of these inadequacies or errors
3 in some of the data. And I think that will be an issue that
4 will be out there, but will have to be resolved as more data
5 is evolved through the evolution of the process. By and
6 large, from our examination of looking at the COBRA
7 information, we believe that COBRA was originally set up to
8 allow for the comparison base closure nominees and
9 realignments.
10 It does a good job of that, but it is not pure or
11 very good budget quality data. That data will evolve as the
12 process evolves, and as DOD goes forward to make up its
13 implementation budget. At that time, we would expect to see
14 changes in some of that data. But from our perspective, we
15 would think that the certification process has played a very
16 important role in the process this year.
17 CHAIRMAN DIXON: Mr. Hinton, I think your written
18 report is a very interesting one, and I would hope that every
19 member of the Commission would take it home and read it
20 thoroughly, and understand everything you've suggested to us
21 in your report. Because my experience as a member of the
22 Senate for 12 years convinced me that many of the careful

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1 examinations that you folks make of these things can be very
2 helpful to us.
3 Directing your attention to Page 3 of your report,
4 I note at the top you say, "However, agreements for
5 consolidating similar work done by two or more of the
6 services were limited, and opportunities to achieve
7 additional reductions in excess capacity of infrastructure
8 were missed." I'm very interested with that suggestion,
9 because I think the Commission ought to be concerned about
10 duplication.
11 And you say, in particular, this was the case at
12 depot maintenance activities, test and evaluation, and
13 laboratory facilities. Can your shop give us specific
14 instances where you think a more careful analysis is in order
15 for the Commission in this area?
16 MR. HINTON: Mr. Chairman, let me address the
17 question. I have several parts of my answer here.
18 CHAIRMAN DIXON: Did I say Page 2? It's Page 3 of
19 your statement.
20 MR. HINTON: I know where you are. Yes, sir. This
21 year, as we all know, it was the first year where we had the
22 cross service analysis that was done. And what we did, we

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1 saw the OSD step up and play a much stronger role in the
2 process. That followed some of the recommendations that we
3 made from our '93 analysis of the BRAC process. And I think
4 that what we saw this year were some very important results
5 that occurred from the cross service analysis.
6 But I think we also learned some lessons, falling
7 out of the process this year. And let me just highlight
8 those, and I think that they're highlighted also in our
9 recommendations. There were some opportunities that were
10 missed, and we didn't get to the full extent. But I think
11 what we can learn, if there are further BRAC rounds in the
12 future, that to go through a cross service process, we need
13 to back up in time about a year before the services begin
14 their analysis of processes; and to look at each common
15 support function and identify specific capacity reduction
16 goals in the guidance that's given to the services.
17 CHAIRMAN DIXON: Well, if I could interrupt you
18 there, Mr. Hinton. There may be further BRAC rounds. As a
19 matter of law, that is not now called, as far as you know.
20 MR. HINTON: Right, yes, sir.
21 CHAIRMAN DIXON: We will make a recommendation.
22 But I can tell you now, there's not going to be another BRAC

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1 round in two years. I don't think the country and the
2 Congress, or anybody, is ready for it. So there's going to
3 be some time lapse. We have some thoughts in mind, but we
4 believe everybody needs a little rest. So I put it to you,
5 sir: since this is the last round for now, what can you do
6 in your house to give us suggestions of egregious cases that
7 you see out there, where there are opportunities for this
8 commission, between now and May 17th, when we're mandated by
9 statute to act, to add to this list other things you think we
10 ought to be looking at?
11 MR. HINTON: Mr. Chairman, in response to that, I
12 think one category that is readily apparent to us is the area
13 of depot maintenance. And there was considerable excess
14 capacity that was identified. I think we did see some
15 closures that reduced some of that excess capacity. But
16 there's considerable excess capacity that remains out there.
17 And I think it's largely in the aviation depot area. I think
18 that --
19 CHAIRMAN DIXON: Well, if I may interrupt you
20 there.
21 MR. HINTON: Mm-hmm.
22 CHAIRMAN DIXON: Your next paragraph on the same

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1 page of that statement references the Air Force's largely
2 subjective and not well documented treatment of certain
3 material. And I think it is a general feeling, from
4 everything that the Commission hears from various sources,
5 that more needs to be done to look at the suggested idea that
6 you save more money reducing size at the existing depots than
7 to close one or more depots.
8 What do you think of the logic inherent in that
9 representation to us by the Air Force?
10 MR. HINTON: Mr. Chairman, in that case of the Air
11 Force, throughout the process, we did not get the access to
12 the discussions, the documentation so that we could really
13 see the deliberative discussions that took place, and could
14 really see to what extent all the issues were dealt with by
15 the Air Force, as we did with the other services.
16 But in particular with the Air Force, their
17 decision has been to downsize in place. It does not go after
18 and really address getting rid of excess infrastructure where
19 you would have extreme amounts of overhead that could be
20 reduced if you were to close down one or more depots. What
21 the Air Force did, in coming up with their proposal, did not
22 appear to us to be well thought out or adequately supported.

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1 And it did not seem to us to fully address the problem of
2 significant excess capacity in the depot system.
3 CHAIRMAN DIXON: Mr. Hinton, may I interrupt again?
4 Forgive me for doing this, sir. I'll ask you directly, sir,
5 is your staff prepared to deal with ours to make suggestions
6 regarding the whole question of Air Force depots?
7 MR. HINTON: Yes, sir.
8 CHAIRMAN DIXON: Now, then, going further --
9 [Laughter.]
10 CHAIRMAN DIXON: Did I miss something there?
11 MR. HINTON: No, I paused on that because I am
12 aware that the Air Force has been updating its study, and it
13 plans to present that study and I'm --
14 CHAIRMAN DIXON: We are aware of that, as well.
15 MR. HINTON: And I'm anticipating that you all will
16 probably come back to us and ask our assistance in analyzing
17 that. And that's why I'm saying, I will be --
18 CHAIRMAN DIXON: And in fairness to them, we do
19 understand they are reworking their numbers and that we will
20 be hearing further from them, and we await their further
21 response. Thank you very much for indicating, though, that
22 your staff people with us now, and in your own shop, will

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1 work with us further on that subject matter.
2 You say, further down that same page, "The
3 Secretary of the Navy's decision to exclude certain
4 facilities from closure for economic impact reasons suggests
5 that the economic impact criterion was not consistently
6 applied." And may I say, in all fairness to the Secretary of
7 the Navy, who is very open about that, I thought an honorable
8 man who dealt with it in an open and fair way, and I think I
9 speak for the Commission when we say we felt that he dealt in
10 a very open and forthright way about it; and I commend him
11 for that.
12 But let me ask you this -- in examining those
13 numbers, Mr. Hinton, do you see, and are you suggesting to
14 us, that a further analysis ought to be made of those
15 installations that were excluded on economic criterion
16 solely, if that was the only criterion used?
17 MR. HINTON: Mr. Chairman, our comments on that
18 were based on our evaluation of the process that was
19 followed. And we thought that that was a deviation in the
20 process, where it looked as though those installations were
21 removed for cumulative impact reasons on a statewide basis,
22 and not necessarily on the individual communities. And when

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1 we looked across other states and other communities that had
2 a greater impact of job losses and were not taken off the
3 list, we thought we would bring that to your consideration.
4 CHAIRMAN DIXON: Thank you, Mr. Hinton.
5 MR. HINTON: Mm-hmm.
6 CHAIRMAN DIXON: Commissioner Kling.
7 COMMISSIONER KLING: Yes, sir, how do you do?
8 MR. HINTON: Good morning.
9 COMMISSIONER KLING: We've had a number of
10 privatization plans that have been submitted to us, or that
11 the various locations have thought of. Have you looked into
12 any of these privatization plans as an alternative to
13 disclosing? And if so, what's kind of your opinion, your
14 thought concerning those?
15 MR. WARREN: We've looked at some of these.
16 CHAIRMAN DIXON: Mr. Warren, would you be kind
17 enough to identify yourself, because we've been talking to
18 Mr. Hinton.
19 MR. WARREN: Oh, David Warren, thank you. We've
20 looked at some of these, but not in detail, sir. Our general
21 concern is that the best value would come to the government,
22 in terms of whatever model you use.

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1 COMMISSIONER KLING: So, in a broad sense, though,
2 you would say that if they would give us the savings
3 involved, that that is something that should be looked into
4 further?
5 MR. WARREN: Yes, in fact, if they would give the
6 savings involved. But that's the key -- you have to make
7 sure that that, in fact, will happen. We had the one case
8 out at Newark.
9 COMMISSIONER KLING: Right.
10 MR. WARREN: Where the privatization was
11 recommended. We went back in and looked at it, and we saw
12 that the payback jumped from, I believe, it was around 6
13 years to 17 years, with still a number of unresolved issues
14 out there. And when you see that kind of thing, you just
15 have to, again, scrub the numbers, be careful and make sure
16 that privatization is the right way to go. It may well yield
17 benefits, but you have to work the numbers.
18 COMMISSIONER KLING: Thank you. As you further, in
19 your report here, you have, Mr. Hinton, made a statement that
20 regards McClellan, in moving it to Fort Leonard Wood, that
21 prior to doing so, we should make sure that permits are in
22 place and so forth. If the permits were in place, and if

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1 properly documented and so forth, would you still, in your
2 recommendation be that we follow through with the
3 recommendation to close McClellan and move the various
4 facilities, the MP and chemical, to Leonard Wood?
5 MR. HINTON: We have no reason to disagree with
6 that.
7 COMMISSIONER KLING: Thank you. And let me just
8 ask a question -- in the report, there's a statement in here
9 that says, "In addition, because DOD is still obligated," --
10 this is to do with the health insurance, and, I'm sorry, it's
11 on Page 48, down at the bottom. You make a statement,
12 "Because DOD is still obligated to meet the health care
13 demands of non-active duty beneficiaries, downsizing
14 decisions must also be made on the cost-effectiveness of
15 maintaining a military medical capacity larger than needed
16 for wartime purposes."
17 Could you elaborate on this a little bit, and give
18 us some of your views and thoughts? I believe you're
19 probably referring to the additional costs that Champus would
20 cause, and so forth.
21 MR. HINTON: Right. Commissioner Kling, the issue
22 in the whole medical area here is that there's really no

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1 agreement on the size and the structure of the medical force
2 that's needed to meet wartime requirements right now. And I
3 think that's a policy decision that DOD needs to come to
4 grips with so that we can see what's needed for wartime, and
5 at the same time, price that out in the peacetime side of
6 things.
7 COMMISSIONER KLING: Okay. The medical cross
8 service group provided some 16 separate hospital realignment
9 and closure alternatives to the service consideration. Most
10 of the joint group's alternatives are not among the DOD
11 recommendations. What's your assessment of the quality of
12 the medical joint cross service group's process, and the
13 alternatives it produced?
14 MR. HOLMAN: Barry Holman. I'll tackle that
15 question.
16 COMMISSIONER KLING: I'm sorry?
17 MR. HOLMAN: Barry Holman. I'll tackle that
18 question.
19 CHAIRMAN DIXON: Mr. Holman, would you identify
20 yourself, and try to speak into the mike? Thank you.
21 MR. HOLMAN: Barry Holman. In looking at the
22 medical cross service process, we were fairly satisfied with

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1 that process. It did come up with a number of
2 recommendations. We found very little reason to question
3 those recommendations. We noted that a couple or few were
4 not accepted by the services. And they seemed to have good,
5 operational reasons for not doing so.
6 COMMISSIONER KLING: You felt that the cross
7 service group's recommendations were sound? And you felt
8 that the ones that the Army, Navy and Air Force decided to
9 adhere to were all that was necessary?
10 MR. HOLMAN: Yes, sir.
11 COMMISSIONER KLING: Okay.
12 MR. HINTON: Commissioner Kling, I'd just like to
13 add and come back -- until DOD is able to identify what its
14 wartime requirements are, which I think is very important
15 here, and there's been several hearings on the Hill that have
16 dealt with that recently, there's no clear assessment of what
17 is excess in the medical arena right now. And I think that's
18 a step that needs to be taken in order to identify that, and
19 then go through the process of saying what needs to close and
20 change, or be downgraded to clinics.
21 So I think that's an open issue. But Mr. Holman's
22 right in where we came out on that.

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1 COMMISSIONER KLING: All right. You know, if you
2 look back -- and I'm not going to spend any more time on
3 that -- if you look back at the number of beds that the Army,
4 or that the Department of Defense has, totally, it truly
5 shows that there is a lot of excess, even if you wanted to
6 double or something like that. So I guess you're right -- we
7 really need to look. But we'll go on and hear further. Any
8 more time, Mr. Chairman?
9 You're opening statement noted excess Defense
10 Department capacity would remain after execution of the list,
11 particularly within the category of depot maintenance, as you
12 just said, and lab facilities. Did you find excess capacity
13 problems were more prevalent in any one service or defense
14 agency? And I think you may have covered some of that.
15 MR. HINTON: I think there's a real issue that
16 needs to be dealt with on the depots with the Air Force. I
17 think when you get down to the testing and evaluation and the
18 laboratories, it's all services. And I think we did see the
19 services deal with some aspects of each of those, but I
20 think, then, you're getting down to asking the consolidations
21 of the services.
22 In the medical area, I think it's just as I

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1 mentioned -- it's a DOD-wide issue. And in the undergraduate
2 pilot training facilities, I think one issue that needs to be
3 decided upon by DOD is for the Army and the Navy to agree
4 upon undergraduate helicopter pilot training for its rotary.
5 COMMISSIONER KLING: Thank you. At Dugway Proving
6 Ground, there's a recommendation to close down English
7 Village. My question concerning that is that that is a
8 location that is maybe 60, 80 miles from any location. Did
9 you look at that and consider whether closing English Village
10 would have any major detrimental effect on the operation of
11 Dugway Proving Ground itself?
12 MR. HINTON: Commissioner Kling, I don't have that
13 right at my fingertips right now. But I will be happy to
14 supply that for the record, and let me go back and research
15 that, please.
16 COMMISSIONER KLING: All right. Thank you very
17 much.
18 MR. HINTON: Mm-hmm.
19 COMMISSIONER KLING: Chairman, I guess it's time
20 that I let somebody else talk.
21 CHAIRMAN DIXON: Thank you, Commissioner Kling.
22 Admiral Montoya.

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1 COMMISSIONER MONTOYA: Good morning.
2 MR. HINTON: Good morning, sir.
3 COMMISSIONER MONTOYA: Can you take two compliments
4 in one day?
5 MR. HINTON: Yes, sir.
6 [Laughter.]
7 MR. HINTON: With the budget situation, yes, sir.
8 COMMISSIONER MONTOYA: I've been in government for
9 many years, and I don't read these for entertainment, but
10 this is a very good report. I really enjoyed reading it
11 because it provides me a backdrop, then, to inquiry and go
12 forward. It's very succinct, straightforward. And so I
13 appreciate the work you've done; particularly, doing it on
14 time.
15 MR. HINTON: Thank you very much, sir.
16 COMMISSIONER MONTOYA: Well done. This is my first
17 time on a BRAC commission, but apparently in the past, you
18 have had some criticism of defense and not considering total
19 governmental costs in arriving at a base closure decision.
20 In this particular round, have you found the same thing true?
21 And if so, where are the major areas that concern you,
22 regarding the issue of total cost?

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1 MR. HINTON: I think in this round the issue is
2 there. It's probably not as visible as it has been in the
3 prior rounds. But I'll use one example to make the case
4 here, and that is at Kirtland Air Force Base. The decision
5 was made to realign that base, and that the military would
6 downsize and a lot of the infrastructure would become part of
7 the responsibility of DOD.
8 There's going to be some issues associated with
9 what is going to be the cost for DOD to take over that. I
10 think that is an issue that we raise in our report that I
11 think the Commission needs to pursue not only with Kirtland,
12 but raise that issue because it also arises in many cases
13 where you are going through realignments and moving
14 activities from one location to the other. You need to make
15 sure that the total costs to the government are reasonable in
16 that regard.
17 But Kirtland, in this case, it's not clear to us
18 yet as to what the total costs are going to be. And that was
19 an open issue. We were at Kirtland a couple -- about three,
20 four weeks ago, and got a series of briefings. And that was
21 one of the issues that was on our minds when we were there.
22 And the plans were still unfolding, I think it's fair to say,

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1 as it related to Kirtland.
2 COMMISSIONER MONTOYA: So is that the only major
3 one that you see in this round?
4 MR. WARREN: We also have some issue with regard to
5 the leasing situation in the Army as it relates to ADCOM.
6 And that relates to GSA building space and how that
7 ultimately might be handled. And there could potentially be
8 some costs there as well. I would note that DOD did put out
9 guidance in response to that issue in this round.
10 And while they still do not agree that government-
11 wide costs should be captured on a general basis, they did
12 talk about the need to capture things such as GSA leases and
13 the situation that Mr. Hinton talked about with regard to
14 DOD, where another federal agency is going to pick up a
15 substantial portion of the activity. So I think there's been
16 some movement there on DOD's part.
17 COMMISSIONER MONTOYA: Okay. Going back to
18 Kirtland, if the total cost question becomes the turning
19 point issue, because you've been there again, are you
20 prepared to help us with that, to nail down what those total
21 costs are, or do you have suggestions for us to how we might
22 do it; and have the level of confidence that would be needed.

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1 I think, if one were to make a decision based on that fact
2 alone?
3 MR. HINTON: Admiral, the clear impression I had
4 when I was out at Kirtland is that there were a lot of issues
5 that were unresolved affecting that whole base. And, yes, we
6 would be willing to help the Commission as you get more data,
7 to help analyze that. At the time, that information just
8 wasn't available for us to do it, when we issued this report
9 to you.
10 COMMISSIONER MONTOYA: Let me turn now to another
11 cost question, but it relates primarily to the depots, the
12 Air Force depots. And the issue is environmental restoration
13 costs. As we both know, DOD doesn't include those costs as
14 part of the base closure criteria. However, have you
15 detected, in your analysis, where those kinds of costs were a
16 driving factor in a decision not to close?
17 MR. HINTON: No, sir, we did not find any evidence
18 that that was the case.
19 COMMISSIONER MONTOYA: To the extent that those
20 costs are calculated -- and again, in the depots, there are
21 some significant costs that have been identified; and in some
22 cases, many years to execute a clean-up on a particular base.

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1 Are you familiar with, apparently, the new emerging EPA rules
2 where they're going to quite calling a base an NPL site fence
3 to fence, and they're willing to narrow the scope of their
4 designation of a national priorities list site to just the
5 area of contamination, and the rest of the base could be open
6 for re-use? Are you familiar with that?
7 MR. WARREN: Not the specific recommendation --
8 CHAIRMAN DIXON: This is Mr. Warren.
9 MR. WARREN: Mr. Warren, I'm sorry. That is
10 something that we have been recommending over the past
11 several years. So if that is in fact coming into effect, we
12 think that's appropriate. Because what we've seen happen is
13 that once a base is put on the closure list and it's an NPL
14 site, then all contaminated sites on that base, then, start
15 to receive funding on a priority basis.
16 So you may have other bases that are in the active
17 arena that are having much more serious problem that needs to
18 be dealt with. But because of resource constraints they
19 can't be reached, while you have a lesser problem being taken
20 care of on a closed base. So we think that makes a lot of
21 sense, in terms of the use of limited resources.
22 COMMISSIONER MONTOYA: So you would support the

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1 notion that if there were a large groundwater problem, we
2 could release the surface land for re-use, and continue with
3 the clean-up of the groundwater problem ad infinitum, given
4 the --
5 MR. WARREN: Yes, sir. I think in groundwater,
6 that's a perfect example, because that's a particular problem
7 at many of these bases; particularly the Air Force bases
8 where solvents were used for cleaning purposes and
9 groundwater is prevalent. And if you're familiar with the
10 pump and treat process, which is a current technology out
11 there, as you're saying, can take, sometimes, up to 50 years.
12 And even then, the experts would say they can't assure that
13 the aquifer will be clean.
14 COMMISSIONER MONTOYA: And for the record, I want
15 to ask this question -- we know the military value, the first
16 four criteria, or the priority criteria. Have you felt that
17 that was adequately applied, and that no decisions were
18 driven by economic or political pressure being applied that
19 made those four criteria lesser than they should be?
20 MR. HINTON: We had no evidence of any of the work
21 that we have found where that is the case, Admiral.
22 COMMISSIONER MONTOYA: Thank you, Mr. Hinton.

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1 Thank you, Mr. Chairman.
2 CHAIRMAN DIXON: I thank you, Admiral Montoya.
3 Have you completed your questioning?
4 COMMISSIONER MONTOYA: For now, yes, sir.
5 CHAIRMAN DIXON: Commissioner Steele.
6 COMMISSIONER STEELE: Good morning.
7 MR. HINTON: Good morning.
8 COMMISSIONER STEELE: As a quick follow-up from
9 Commissioner Montoya's questioning, I believe I noted in your
10 report that the Navy did exclude four facilities from further
11 consideration, though, because of economic impact. So it did
12 kick in, in those areas; is that correct?
13 MR. HINTON: In those areas. But it was a judgment
14 call that was made. The second part of the question -- was
15 there any --
16 COMMISSIONER STEELE: The political.
17 MR. HINTON: -- motivation.
18 COMMISSIONER STEELE: Sure.
19 MR. HINTON: That's my answer to that.
20 COMMISSIONER STEELE: Okay. That's what I assumed;
21 I just wanted to make sure there. Starting with the Navy
22 issue, the depot maintenance cross service group suggested

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1 that future nuclear submarine work requirements in the Navy
2 could be met with the closure of Portsmouth. Obviously, the
3 Navy chose not to adopt that alternative. Do the current
4 recommendations result in significant excess capacity in the
5 Navy's nuclear-capable shipyards?
6 MR. HINTON: There will be excess capacity in the
7 Navy shipyards. We did not find any reason to disagree,
8 though, with the Navy's rationale for not moving to close
9 other shipyards.
10 COMMISSIONER STEELE: Okay. First of all, was
11 private sector shipyard capacity taken into consideration by
12 either Navy, DOD, or GAO, when you looked at that category?
13 MR. HINTON: The Navy took that into consideration
14 when it was going through its assessment. I think it was
15 readily apparent in the decision on Long Beach. And we
16 looked at all the data surrounding that decision.
17 COMMISSIONER STEELE: When they looked at that
18 regarding Long Beach, did they quantify that? Is that in the
19 background records? I'm uncertain.
20 MR. WARREN: On the private sector capacity?
21 COMMISSIONER STEELE: Correct.
22 MR. WARREN: No, I don't believe that was

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1 quantified.
2 COMMISSIONER STEELE: Okay. So it was looked at,
3 but not measured.
4 MR. WARREN: It was looked at in a very general
5 way, yes.
6 COMMISSIONER STEELE: Would there be a reason why
7 they would look at it for the West Coast, but not for the
8 East Coast?
9 CHAIRMAN DIXON: This has been Mr. Warren on the
10 last couple answers. I'm going to have to ask you gentlemen,
11 from the standpoint of the reporter, to identify yourself, or
12 the record will not show who answered. Mr. Hinton --
13 MR. HINTON: Okay, fair enough. Okay, we'll start
14 doing that. I'm not aware of how it was dealt with on the
15 East Coast, Commissioner.
16 COMMISSIONER STEELE: Okay, thank you. Switching
17 back to depots --
18 CHAIRMAN DIXON: Did Mr. Holman have something he
19 wanted to say?
20 MR. HOLMAN: I just wanted to say, I think there
21 was an assumption that the private sector capacity was there,
22 not that a particular assessment was made of that, or an

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1 attempt to measure it. The assumption was made that it was
2 there. I think, from the standpoint of our analysis, with
3 the excess capacity that's remaining in the Navy depot
4 system, we didn't see that as being a significant factor that
5 needed to be brought to bear on their decisions.
6 COMMISSIONER STEELE: For either coast?
7 MR. HOLMAN: Yes.
8 COMMISSIONER STEELE: Okay. Air Force depots -- in
9 your statement for the record, there's the quote that "the
10 Air Force's recommendation may not be cost-effective and does
11 not solve the problem of excess depot capacity." On the
12 cost-effective portion of that statement, I'm wondering, on a
13 preliminary analysis for cost to close the Air Force's
14 recommendations, the numbers appear to be high both in the
15 sense of numbers of personnel that are assumed to be
16 relocating if a facility would close, and amount of
17 infrastructure that would have to be either moved or
18 reconstituted somewhere else.
19 Have you looked at those figures and the
20 percentages that were assumed by the Air Force? And what
21 were your conclusions?
22 MR. HOLMAN: Barry Holman. We've looked at that,

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1 and we noticed that there are significant differences
2 between, say, how the Air Force calculates cost to close,
3 and, say, how the Navy would. The Air Force tends to look at
4 moving more personnel, more items. There are differences in
5 how the costs are calculated, such as moving items -- it's
6 based more on the value of the purchase of equipment and on
7 actual moving costs.
8 So we see some things about the Air Force process
9 that strikes us as being high. But we have not looked at it
10 in depth to determine just how much so.
11 COMMISSIONER STEELE: Would you also look at
12 movement of personnel in the same light, or differently?
13 MR. HOLMAN: Pretty much in the same light. Again,
14 I think in looking at the Air Force process, we saw that, as
15 I recall, the movement of personnel would occur later in
16 subsequent years. And of course, that affects, also, the
17 cost, as well as the expected savings.
18 COMMISSIONER STEELE: Mr. Warren.
19 MR. WARREN: Mr. Warren. Yeah, in looking at this
20 process over a series of years -- this is our fourth time
21 looking at the process -- we get certain tips. And when you
22 see a lot of MILCON going on, and when you see a lot of

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1 people moving around, that's an indicator for us that that's
2 something that we have to look at very closely. Because
3 historically, those have been the decisions that we have had
4 the most concern and problem with, particularly when you get
5 into the cost and savings area.
6 And I would also add, as you get into this Air
7 Force situation, that basically, the whole intent of the base
8 closure and realignment process was to close facilities, and
9 not to go into a mode of downsizing in place, so to speak.
10 COMMISSIONER STEELE: One last question in that
11 area. I noticed that 30 percent of the value given to the
12 different ALCs is the ability to accept different operational
13 missions. But it appears that there wasn't a measurement of
14 current co-located missions, and what the cost would be to
15 move those missions should they need to be moved if an ALC
16 closed. Did you look at that issue and what those costs
17 would add to up-front costs to close of different ALCs?
18 CHAIRMAN DIXON: Mr. Holman.
19 MR. HOLMAN: We have not looked at that in depth.
20 no.
21 COMMISSIONER STEELE: Would it seem something
22 reasonable that the Commission ought to look at, in your

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1 judgment?
2 MR. HOLMAN: I think so, yes.
3 COMMISSIONER STEELE: Okay. Switching to,
4 lastly --
5 CHAIRMAN DIXON: Now, let me see, now, Mr. Holman
6 and Mr. Hinton are both indicating yes, in answer to that
7 question.
8 MR. HINTON: Yes, sir.
9 COMMISSIONER STEELE: Our chairman keeps us all on
10 track here. UPT bases -- let's see. The general approach to
11 infrastructure reduction was to consolidate functions at
12 selected installations to eliminate functional duplication.
13 Such an approach would appear applicable with the Navy and
14 Air Force aviation training programs, and would support a
15 broader cross service training system.
16 Do you feel the joint cross service group looked at
17 all possible consolidations in that area?
18 MR. HOLMAN: Barry Holman. As far as we can
19 determine, they looked at a number. I think we're satisfied
20 with the numbers that they looked at. The one area where we
21 did have concern was in the area of rotary wing training,
22 where there was not an agreement between the Navy and the

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1 Army, in terms of consolidation, as well as co-location.
2 COMMISSIONER STEELE: Okay. The joint cross
3 service group established, for criteria number one in
4 military value, the functional analysis across all the UFT
5 bases. The Air Forces chose to do an independent analysis of
6 criterion 2 through 8, but adopted criteria 1 with just some
7 changes of areas they thought were probably not relevant to
8 their service.
9 Do you feel the Air Force was remiss not doing its
10 own evaluation on military criteria No.1, or was their
11 involvement in the process with the joint cross service group
12 significant to the extent that they felt comfortable with the
13 results from that group?
14 MR. HOLMAN: I think that is pretty much the Air
15 Force's call to make. We do not particularly question their
16 using the cross service data. Certainly in doing so,
17 obviously, it sounds redundant, but you do get more of a
18 cross service flavor with that criteria 1. But that was the
19 Air Force's call to make.
20 CHAIRMAN DIXON: And that was Mr. Holman.
21 MR. HOLMAN: Sorry, sir.
22 COMMISSIONER STEELE: And lastly, reading from your

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1 report -- just because there have been a lot of questions
2 raised to the Commission on this issue regarding Reese Air
3 Force Base -- the Air Force recommended closing Reese Air
4 Force Base because it rated last, relative to the other four
5 bases in the undergraduate flying training category, when
6 measured against the 8 DOD selection criteria.
7 However, community concerns arose over the issues
8 of potential errors in the Air Force's scoring of selection
9 criteria No.1, mission requirements, and its reliance on data
10 gathered under the cross service group process to make this
11 assessment. The Air Force's initial review of the community
12 concerns indicated that, while there were data errors, they
13 did not significantly alter the relative scoring of the bases
14 for criteria 1, and would not change the recommendation.
15 You comment that the Air Force was finalizing its
16 response to those issues while you were doing your field
17 work. Do you have any follow-up comments on that; on whether
18 those issues would have impacted the recommendations?
19 MR. HINTON: Commissioner Steele, we raised --
20 CHAIRMAN DIXON: This is Mr. Hinton.
21 MR. HINTON: Sorry. We raised this in our report
22 to draw your all's attention to this -- that it was still an

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1 unresolved issue when we completed our work. And it was
2 something that we thought that you all needed to look into.
3 We do understand that the Air Force has completed its
4 analysis right now. And basically, its position has remained
5 unchanged, but we have not seen that. So we haven't done any
6 analysis of its final study.
7 COMMISSIONER STEELE: Okay. Could we bounce that
8 off you, once we analyze it?
9 MR. HINTON: Yes, ma'am. We'd be happy to take a
10 look at that for you, Mr. Chairman.
11 COMMISSIONER STEELE: Thank you. I have no further
12 questions, Mr. Chairman.
13 CHAIRMAN DIXON: Thank you, Commissioner Steele.
14 Commissioner Al Cornella.
15 COMMISSIONER CORNELLA: Good morning, gentlemen.
16 MR. HINTON: Good morning.
17 MR. WARREN: Good morning.
18 COMMISSIONER CORNELLA: I'd like to ask a few more
19 depot questions. I would hope they're not redundant, but
20 would be a little more pointed, a little more specific.
21 You've indicated that you feel the Air Force approach to
22 reducing excess capacity may not be appropriate; is that

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1 correct?
2 MR. HINTON: Yes, sir.
3 COMMISSIONER CORNELLA: In your recommendations
4 that the Commission consider the closure of other Air Force
5 depots, how many do you think should be closed?
6 MR. HINTON: I think that that's still open to some
7 speculation. I think that in the Air Force, there was
8 consideration going into early 1995 that they were
9 considering up to two. But that changed somewhere in the
10 February-March timeframe. GAO doesn't have a position on how
11 many, but what we do know is that there is excess capacity
12 and that the methodology the Air Force was employing took
13 advantage of some ongoing internal Air Force studies looking
14 at the potential for consolidating some commodities.
15 And it drew upon that information in making its
16 recommendations to downsize in place. Those studies that the
17 Air Force used were not complete. Some of the
18 recommendations the Air Force did make do not agree with
19 those commodity studies. And that process is still evolving,
20 and I'm sure that you all will get into that today.
21 One of the things that we noted was that there was
22 going to be a plan to perhaps spread some workload to some of

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1 the existing Air Force depots. And that in turn could, over
2 time, make it more costly to close any depots in the future
3 by doing that, as opposed to making the more difficult choice
4 to closing a depot.
5 CHAIRMAN DIXON: May I interrupt, Commissioner
6 Cornella? I wonder if the reporter would be able to identify
7 the person testifying on each occasion if Mr. Warren, Mr.
8 Hinton and Mr. Holman just kind of put their signs in your
9 direction. And then the chair wouldn't need to interrupt.
10 Would the reporter cooperate with me, and identify for the
11 record who it is answering? Commissioner Cornella.
12 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
13 In estimating the cost to close an Air Force depot, the Air
14 Force assumed that a depot closure would result in the
15 elimination of only 7 percent of the positions at that depot.
16 The rest would be realigned to other depots, as you indicated
17 a moment ago. In your view, is this a reasonable estimate of
18 the personnel savings that would be achieved from closure of
19 and Air Force depot?
20 MR. HOLMAN: I don't know that we have a precise
21 answer on that. I think we would say we think that's an area
22 that needs to be looked at very closely to see just how many

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1 personnel would have to move, if you were able to close a
2 depot and transfer the work elsewhere.
3 COMMISSIONER CORNELLA: I know the closures on
4 Guam, as far as the Navy facilities, will amount to about 20
5 percent of the estimated savings for the Navy. And I saw
6 little reference to that in the report, other than the note
7 regarding the PWC in Guam. The Navy went to great pains, I
8 thought to acknowledge that they did consider cumulative
9 economic impact as a factor in arriving at some of their
10 decisions.
11 In the case of the Guam public works center, they
12 cited that they were concerned about civilian job losses. In
13 reality, closing that public work center would probably only
14 cause a civilian job loss of about 100 to 300 jobs; and
15 possibly not that many if the facility was turned over to the
16 government of Guam to operate. Did it appear a little
17 inconsistent that there was concern expressed about that,
18 while at the same time there were thousands of other
19 civilian jobs being eliminated on the island of Guam?
20 MR. HOLMAN: We looked at that one as we did all of
21 them, and we did not have a particular concern about the
22 Navy's decision. Again, that was their decision to make.

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1 They were looking at an area that was within a single area
2 defined by the economic impact region. So we thought, you
3 know, that was the Navy's call to make.
4 I understand the difference in terms of personnel,
5 but we saw that as somewhat different from the decision that
6 the Secretary made regarding the other four facilities in
7 California. But we had no particular reason to question the
8 Guam one.
9 COMMISSIONER CORNELLA: But even with the
10 facilities in California, I believe the direct job loss would
11 be around 2,000 jobs for those four. It seems like that the
12 Navy extended its neck quite a bit in order to declare that
13 it was saving a couple thousand jobs. Did that occur to you
14 at all?
15 MR. HINTON: I think, Commissioner, that was a
16 judgment. And we observed what was happening, and we didn't
17 have any reason to disagree with what was happening on that
18 decision.
19 COMMISSIONER CORNELLA: You have no feeling there
20 may have been other installations that were not included in
21 the report that may have been taking off, because of economic
22 impact?

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1 MR. HINTON: No, sir.
2 COMMISSIONER CORNELLA: You noted some concern, I
3 believe, over the redirect, or the Letterkenny, the
4 Commission, again, looking at what was directed by the 1993
5 Commission. That is not the only redirect. Do you have any
6 concerns about any others?
7 MR. HINTON: For most of the redirects, we didn't
8 have much issue with the redirects. The Letterkenny we
9 wanted to point out to you because we thought it was a change
10 from 1993, from the move to consolidate at Letter Kenny. And
11 in the '95 realignment, they were proposing to not do the
12 consolidation, but in turn, take some of the missile guidance
13 maintenance and take it to Tobyhanna, and leave some of the
14 assembly work up at Letterkenny as well as keeping some of
15 the maintenance on the mobile support equipment down at
16 Anniston.
17 That was a difference from what was originally
18 proposed in '93, and we wanted to bring that to your
19 attention to see if you all were going to be satisfied with
20 that.
21 COMMISSIONER CORNELLA: Also, you expressed concern
22 about the White Oak wind tunnel. Now, was that your

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1 observation, or was that the Navy's observation, that the DOD
2 may need that further?
3 MR. HINTON: A combination of both. We observed
4 that from the Navy and from others who have made that
5 statement. We thought that that was an issue that should not
6 lose sight of; that maybe some other government installation
7 either in the DOD, or in the government, might be able to
8 take advantage of that facility. And like some of the other
9 issues that we brought for the commission in our report, we
10 didn't want that to drop through the cracks; we wanted you to
11 be aware of that.
12 COMMISSIONER CORNELLA: Was there any concern
13 about -- or the same concern -- about the inertia laboratory
14 and the centrifuge at Warminster, for example? Are you
15 familiar with that facility?
16 MR. HOLMAN: No. I'm not familiar with that
17 concern. Let me say that the concern we raised about White
18 Oak came about because, in looking at the Joint Chiefs of
19 Staff review of the base closing recommendations, that issue
20 surfaced there. It did not get prominent visibility
21 otherwise, and so we thought it appropriate that we should
22 raise it to make sure it was fully documented.

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1 COMMISSIONER CORNELLA: Thank you. The Air Force
2 excluded F.E. Warren Air Force Base, Wyoming, from evaluation
3 on the rationale that DOD force structure requires
4 peacekeeper missiles throughout the BRAC '95 implementation
5 period. GAO found no reason to question the basis for the
6 Secretary of the Air Force's decision to eliminate additional
7 installations from the analysis because no significant excess
8 capacity existed.
9 Given that the peacekeeper drawdown will be well
10 underway by the end of the BRAC '95 implementation, what are
11 your views on the Air Force, excluding F.E. Warren from
12 evaluation?
13 MR. HOLMAN: If I might, let me make a broad
14 statement in terms of the facilities that the Air Force
15 excluded. One of the difficulties we had, given the time
16 constraints -- again, we did not get access to the Air
17 Force's process, largely, until after the recommendations
18 were made public. The limited documentation that was there
19 made it very difficult for us to make a full assessment of
20 bases that were excluded from the process. That would
21 include Warren also.
22 MR. HINTON: That's a very important point, I

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1 think, from where we would sit in our report. In the other
2 services, I think, we got a larger degree of access, where we
3 could assure ourselves what was considered and what was not
4 considered and for the reasons. The Air Force, that
5 condition did not exist, and we wanted to bring that out
6 because we do think that affected, possibly, some of the
7 decisions that were made.
8 COMMISSIONER CORNELLA: Data has been provided to
9 you by the Fort Indiantown Gap community relating to the cost
10 and savings calculated by the COBRA analysis, citing higher
11 costs and substantially reduced savings. I'm not sure if you
12 are aware of that.
13 MR. HINTON: Yes, sir, we are.
14 COMMISSIONER CORNELLA: Okay. Have you
15 investigated this? And what are your conclusions?
16 MR. HOLMAN: We've looked at this not with the
17 degree of depth that I would like, or the time I would like.
18 I've seen the reports that have come from Fort Indiantown
19 Gap. I've also seen the Army's response, their analysis of
20 that. I have some open questions about it, but I'm just not
21 in a position to give you a final answer on it.
22 COMMISSIONER CORNELLA: But you will provide us

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1 with an answer to my question, please.
2 MR. HOLMAN: If you desire, we can get it.
3 COMMISSIONER CORNELLA: I desire that.
4 MR. HOLMAN: Yes, sir.
5 COMMISSIONER CORNELLA: Thank you. Thank you very
6 much. Mr. Chairman.
7 CHAIRMAN DIXON: I thank Commissioner Cornella, and
8 in view of his line of questioning, which was very good,
9 staff has asked me to clarify something with respect to the
10 testimony of Mr. Hinton. You are not saying -- well, no, let
11 me not ask it that way. Mr. Hinton, since March 1st, have
12 you had access to any information you wanted in the Air Force
13 shop, to support documentation of your views about what was
14 done in that place?
15 MR. HINTON: We've gotten -- largely, we've gotten
16 access to their documentation since March 1; to the extent
17 that it was documented, we've gotten it. We've had
18 discussions with Air Force staff to amplify on the
19 documentation that was there.
20 MR. WARREN: If I could add -- there are some
21 situations such as we've discussed in the depot area, where
22 information is evolving. And so that causes some particular

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1 problems, as well.
2 CHAIRMAN DIXON: Well, it causes us some, too, Mr.
3 Warren. And we remind you of the statutory drop-dead date of
4 May 17th. So as you evolve and we evolve and others evolve,
5 remember that we have to quite evolving by May 17th and go up
6 against the wall.
7 MR. HINTON: We understand that.
8 MR. WARREN: I'd be happy to get firm numbers.
9 CHAIRMAN DIXON: Commissioner Rebecca Cox.
10 COMMISSIONER COX: Thank you very much. I know
11 you've been asked several questions on depots, and you've
12 been very forthright. So let me ask a question, which, I'm
13 sorry, it's going to be a little confusing. But what you're
14 basically saying on the Air Force is that -- in a number of
15 areas, not just the depots -- that the process that they went
16 through, given the data that you've been able to see and the
17 length of time that you've been able to see it, was chaotic?
18 It brings into question some -- not only its cost,
19 but I assume that their ranking of military values would fall
20 under that sort of same category. That may be fine; you're
21 just not sure, given what you've seen, that you can validate
22 that data. Is that correct?

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1 MR. HOLMAN: I don't know that I want to use the
2 word chaotic.
3 COMMISSIONER COX: Okay.
4 MR. HOLMAN: The Air Force process certainly is
5 different --
6 COMMISSIONER COX: It's different.
7 MR. HOLMAN: -- somewhat from the other services.
8 It is not as well documented. You rightly touch on the fact
9 that the Air Force does not do a military value, per se, as
10 the other services do.
11 COMMISSIONER COX: Right.
12 MR. HOLMAN: So, yes, those things together make it
13 more difficult to sort out the process that they did follow,
14 and the recommendations that were derived.
15 COMMISSIONER COX: Both on cost and military value.
16 MR. HOLMAN: That's correct.
17 COMMISSIONER COX: Okay. Thank you. And I know --
18 I'm sure you are, but you're continuing to look at this,
19 obviously, and the data that is coming forward, right?
20 You're not just stopping at this point?
21 MR. HINTON: I'm sure the Commission is going to
22 be, based on what I've heard so far this morning, asking us

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1 to assist on some of these other issues.
2 COMMISSIONER COX: Good.
3 MR. HINTON: So we would be happy to work with you
4 on those.
5 COMMISSIONER COX: Great. Thank you very much.
6 You mentioned in your testimony that the Secretary of
7 Defense's estimate of cost to implement the recommendations
8 were $3.8 billion, steady state savings of $1.8 billion, with
9 a net present value of $18.4 billion. I take it you agreed
10 with all these numbers, but estimated the net present value
11 to be fairly significant about less than that. What are the
12 differences on how you came up with the net present value?
13 MR. HINTON: Commissioner, one of the things that
14 we believe is going to happen as a result of the process is
15 that there are going to be substantial savings. In our
16 report, we present a table that -- on Page 37 -- that lays
17 out the various options for looking at net present value.
18 COMMISSIONER COX: Right.
19 MR. HINTON: And it shows the differences in them.
20 And when DOD went through its process, it used the 2.75
21 percent discount thing. And we used the latest ones of 4.2,
22 4.85, which was the one that happened after DOD made its

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1 decisions. So what we wanted to do was make sure the
2 Commission had the benefit of all of those right there.
3 COMMISSIONER COX: I'm sorry, maybe you could just
4 explain the two numbers. They're the same numbers, just at
5 different times?
6 MR. HINTON: Yes, time value of the money.
7 COMMISSIONER COX: I see.
8 MR. HINTON: And it differs some. By having a
9 lower discount rate, you can have larger net present value.
10 COMMISSIONER COX: Right.
11 MR. HINTON: And quicker returns on investments.
12 And the higher the rate goes, it changes that.
13 COMMISSIONER COX: And maybe the answer to this is,
14 it's not the way it works, but to have a discount rate change
15 that sort of dramatically -- I mean, not dramatically, but in
16 the sense that you're using 4.7, I believe, and they're at
17 two points less, a lot less than you all, over, really, just
18 a couple of month period.
19 Is that really an appropriate way to look at it, or
20 should we be looking at 30-year rates? I feel like that's
21 kind of a big swing in a short period of time, and while it
22 doesn't really matter because it's all relative, I suppose,

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1 it's a little concerning to have, using this sort of almost
2 daily rate.
3 MR. HOLMAN: Right. That rate changes yearly.
4 COMMISSIONER COX: Right.
5 MR. HOLMAN: And it just so happened that it
6 changes with the submission of the President's budget.
7 COMMISSIONER COX: Mm-hmm.
8 MR. HOLMAN: And that's why the services, as they
9 were doing their discounts -- doing their rates, they were
10 using the 2.75. When the President's budget came out, it
11 went up to 4.85.
12 COMMISSIONER COX: What was the '93 Commission
13 discount rate, for example?
14 MR. HOLMAN: It was 7 percent.
15 COMMISSIONER COX: 7 percent?
16 MR. HOLMAN: Again, they were using a different
17 discount rate approach at that time.
18 COMMISSIONER COX: Uh-huh.
19 MR. HOLMAN: So you had two things that came into
20 play here. One, you had a decision to use a different
21 discount rate approach, one that was more reflective of
22 Treasury barring rates. And then in the process, the rate

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1 actually changed, muddied the water more than anything.
2 COMMISSIONER COX: Excuse me?
3 MR. HOLMAN: The changes tended to muddy the water.
4 COMMISSIONER COX: Right.
5 MR. HOLMAN: In terms of having a clear picture of
6 the rate. But I think, we said in our report, the various --
7 the impact on the various discount rate approaches. And you
8 can see on any one of them, the net present value is very
9 significant.
10 COMMISSIONER COX: All right. Do you have any
11 problem with methodology?
12 MR. HOLMAN: No, we do not.
13 COMMISSIONER COX: Okay. You made a couple of
14 recommendations; if I could just ask you to elaborate on them
15 specifically. You suggested that we thoroughly examine the
16 basis for exclusions to the cost and savings data associated
17 with the closure and realignment scenarios, such as the Naval
18 Service Warfare Centers in Louisville, Kentucky;
19 Indianapolis, Indiana; and Lakehurst, New Jersey. I wonder
20 if you can elaborate on what you're looking at there.
21 MR. HOLMAN: Okay. The Navy is somewhat different
22 from the other services in their approach to developing their

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1 COBRA cost data. The Navy actually goes out to the
2 facilities that are affected to gather data. And in doing
3 so, you can encounter some differences between those
4 facilities and the Navy BCEG when it starts scrubbing the
5 numbers.
6 They may have a different interpretation.
7 Historically, they have several years of experience doing
8 BRAC. So they tend to scrub those numbers closely, and do
9 result in some differences. It appears to us that most of
10 the differences did occur this time came in the technical
11 center area. We've looked at some of those, some of those
12 data. Some of the changes that the Navy BCEG made, we had no
13 problem with. They seemed reasonable to us.
14 Some, I would say, in the short time we had to look
15 at them, were probably too tough to call in the timeframe we
16 had. They're still being reviewed within the Navy. The Navy
17 audit service is even looking at some of them. So we're just
18 suggesting, I realize the time is short --
19 COMMISSIONER COX: It was a wasted question.
20 MR. HOLMAN: They're still to resolve themselves.
21 We think they need to be looked at, just because of the
22 concerns that have been raised.

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1 COMMISSIONER COX: Okay.
2 MR. HOLMAN: Again, I think many of them have been
3 resolved, and we do not disagree with many of the decisions
4 that the Navy BCEG has made.
5 COMMISSIONER COX: Okay. Mr. Cornella mentioned
6 the different facility, other than the White Oak one. Let me
7 ask you if you looked at, or if you saw anywhere in looking
8 at the data, facility at the Annapolis Naval Station, which
9 was a deep lab pressure facility, which is proposed to be
10 abandoned because it's too expensive to move it. Did you all
11 run into that anywhere?
12 MR. HOLMAN: No, we did not look at that, no.
13 COMMISSIONER COX: You didn't, okay. Because I
14 think it's in the sort of same category -- too expensive to
15 move, and so more or less suggesting that it be abandoned.
16 On the cross service data, you mentioned briefly -- and I'm
17 sorry, I missed the beginning of your testimony, Mr.
18 Hinton -- that you felt that the data from the cross service
19 groups that went forward to the various services was correct,
20 or at least that its methodology in putting it together was
21 correct.
22 Do you feel that if we, in a sense, were in a

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1 position -- and there is a question whether we were -- to
2 take some of the recommendations of the cross service group
3 and try to implement them, that we have enough data and that
4 the methodology that was used in putting together that data
5 is strong enough that we could rely on it safely?
6 MR. HINTON: Let me start first, and then maybe one
7 of the other gentlemen here might want to comment on that. I
8 think what's clear here is that the cross service areas offer
9 a starting point for the Commission to look at some of the
10 information. I think you will find some of the information,
11 like in the depot maintenance area, to be more complete for
12 further analysis, than maybe some of the other areas.
13 COMMISSIONER COX: Oh.
14 MR. HINTON: But I think in the T&E, in the lab
15 areas, they offered various alternatives to the services.
16 They were not definitive in their recommendations in the
17 areas that they sent to the services. And so long as there
18 are alternatives out there, and the data is behind those
19 alternatives, they may serve you well to pursue some of the
20 issues that you raise there, Commissioner.
21 MR. HOLMAN: One of the difficulties that you run
22 into when you're looking at labs and T&E, particularly, is

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1 that the work of the cross service groups -- they came up
2 with alternatives that seemed to move very small amounts of
3 workload. Which, really, as the services looked at them,
4 many of them were not cost-effective moves to make. So I'm
5 not sure what can be done in that area.
6 COMMISSIONER COX: I see.
7 MR. HOLMAN: That's where the cross service co-
8 chairs, in a couple of cases, came up with broader-based
9 alternatives for the services to look at. They were not
10 always fully assessed. We think that may be a starting
11 point. And if the Commission desires to have the services
12 look at those further, certainly in the depot area, we think
13 that area is rich to look at in terms of potential closures.
14 I think, particularly, if you look at where the
15 deputy secretary of defense was, at one point, encouraging a
16 cross-servicing, a joint depot. If you could reach the
17 point, or if OSD could reach the point of specifying a joint
18 depot, say in the aviation area, that might allow for
19 additional infrastructure reductions.
20 COMMISSIONER COX: Right. Let me ask you a
21 question. It may not have been the Secretary of Defense, but
22 one of the first group that testified were here, they

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1 testified that they were doing a number of things in cross-
2 servicing, outside the BRAC process. And I take it there's
3 some evidence to show that.
4 And then, in fact, our -- the BRAC -- trying to
5 force cross-servicing in any particular area might set them
6 back. They implied there was a process that just simply took
7 a lot of time and a lot of thought and really, perhaps, could
8 be better handled outside of the BRAC process. Anything you
9 look at, going through this, give you any thoughts on that?
10 I realize that wasn't really your goal in looking at this.
11 MR. HOLMAN: I don't think we're in a position to
12 say to what extent it might set them back. I would simply
13 make an observation that in a couple of these areas, such as
14 labs and T&E, that's an area that's been looked at for years
15 without significant cross-servicing resulting. So I'm not
16 sure how much more one might set that area back.
17 COMMISSIONER COX: Okay.
18 MR. WARREN: Yeah, I would add that this has
19 historically been an area that needs a push. And I think the
20 Commission, the BRAC process has facilitated that, and I
21 think that's a good thing in this area It's a very difficult
22 area for the services to deal with. So I think any mechanism

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1 or process that can be put in place to help facilitate to
2 move that forward is a good one.
3 COMMISSIONER COX: Thank you.
4 MR. HINTON: May I add to that, also?
5 COMMISSIONER COX: Oh, certainly.
6 MR. HINTON: In the case of the Air Force depots,
7 I'd just like to add that what they were doing in studying
8 the potential consolidation for some of the commodities
9 occurred outside of the BRAC process. But when Air Force was
10 going through to come up through its recommendations for
11 BRAC, it brought that study in. Now, whether or not the
12 Commission may agree with the Air Force's plans is up in the
13 air.
14 It's something that you need to take a very close
15 look at because perhaps maybe if you find that those plans
16 should not go forward, I don't know that the BRAC would want
17 to -- I mean the Commission would want that to happen as a
18 part of the BRAC process.
19 COMMISSIONER COX: Right.
20 MR. HINTON: Because funding follows to the BRAC
21 process.
22 COMMISSIONER COX: Oh, I see.

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1 MR. HINTON: And the Air Force was on a path to do
2 it outside of the BRAC process.
3 COMMISSIONER COX: I see. Thank you.
4 CHAIRMAN DIXON: Well, I think Commissioner Cox's
5 observations and questions are very valuable. I hope the GAO
6 will cooperate with us, because I think the whole panel here
7 is sensitive to the fact that all the services are saying
8 they recognize there's more that can be done in the area of
9 cross-servicing. And it's a sensitive area, hard to do.
10 They're making some slight in-roads, not enough.
11 And I'm appreciative of Mr. Holman's pretty direct
12 comments about this matter. To the extent you can cooperate
13 with us, you know, within the next several weeks, which is a
14 sensitive time for us, we'd appreciate it. I think there is
15 more that we can look at there.
16 MR. HINTON: We'd be happy to, Mr. Chairman.
17 CHAIRMAN DIXON: General J.B. Davis.
18 COMMISSIONER DAVIS: Thank you, Mr. Chairman.
19 Having been the subject of GAO audits over the years, I am
20 very familiar with the process. And I'm delighted to be on
21 this side of the dias --
22 [Laughter.]

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1 COMMISSIONER DAVIS: Get ready, fellas. Mr.
2 Hinton, the detailed report that's already been commented on
3 is really one I've come to expect over the years. And
4 clearly, your views on the Air Force have become crystal-
5 clear in this process. In the accommodation of the GAO in
6 the process for the other services, just for my general
7 background, can you tell me how that was handled? In other
8 words, did they accommodate you in the process? Were you
9 integrated in the process? Did you find that useful?
10 MR. HINTON: Yes, sir. We got, I would
11 characterize very good, access to the process that took place
12 in the other services. We were able to review documentation,
13 interviews throughout the process, have a good understanding
14 of the decisions that were being made. There was a very good
15 audit trail for us; that the decisions came out of the
16 process were substantiated. They could be followed, and the
17 analysis that was done, for the most part, led to the
18 decisions.
19 And we undertook, ourselves, along with the service
20 audit groups and the DOD IGs, enough looking at the internal
21 control process to assure ourselves that the decision-making
22 process worked as it was supposed to. We couldn't do that in

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1 the Air Force, because we did not enjoy the same level of
2 access.
3 COMMISSIONER DAVIS: So you, in essence,
4 participated, or at least were there in the delivery area of
5 processing.
6 MR. HINTON: I would say that we oversaw a lot of
7 that process. We did not participate in the back and forth
8 discussions.
9 COMMISSIONER DAVIS: Okay. I would like to follow
10 up Commissioner Cox's discussion. I guess it's your
11 testimony that we, the Commission, ought to look into more of
12 the cross-servicing, particularly in depots, but in other
13 areas. Do you think that there is sufficient data available
14 for the Commission, sufficient time? Because the joint
15 service groups have been working for 18 months, and frankly,
16 we haven't had the benefit of 18 months. Do you think we
17 could make a kind of deliberative decision with the kind of
18 data that's available today?
19 MR. HINTON: I think it's going to be tough. I
20 think there's data out there for the Commission to look at,
21 and the staff. And we can help in areas that you'd like us
22 to work on. But it's going to be tough. Some of the

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1 problems I mentioned in the exchange with Commissioner Cox --
2 in some of the cross service areas, there were not definitive
3 proposals put forth; there were alternatives.
4 And as you look at the recommendations that we made
5 in our report, if we could do this over again, we had some
6 recommendations that would say to start the process in the
7 cross service groups a year earlier, before you got to the
8 services. And then you could make some policy decisions as
9 to which of those functions that you wanted to consolidate,
10 and have that out in the guidance that went out.
11 And I think that would have worked, or been a
12 bigger step in the process. But having said that, I don't
13 want to lose sight that there were some important results, I
14 think, that did come about from the results -- I mean, from
15 the cross service efforts. I just don't think they went as
16 far as everyone expected them to go, including ourselves.
17 COMMISSIONER DAVIS: As Mr. Holman testified, we've
18 been looking at the T&E area for years.
19 MR. HINTON: That's true, that's true.
20 COMMISSIONER DAVIS: How much lead time do we need
21 in that process?
22 MR. HINTON: That's going to be a tough one,

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1 Commissioner. I don't want to lead you the wrong way. I
2 mean, I think there's data there, but I think it comes down
3 to looking at consolidations. That's the issue and its
4 entirety as it relates to there. Anything less than that is
5 at the margin, I think.
6 COMMISSIONER DAVIS: Okay. I'll consider that a
7 responsive answer, then. Again, I'm not being defensive, but
8 I do need to ask a question, since I guess I'm the Air Force
9 member on this Commission. The GAO's report criticizes the
10 Air Force for not objectively ranking installations within
11 categories. But you do credit them with a more objective
12 approach to assigning roll-up ratings to individual criteria
13 for each base.
14 You also criticize the Air Force for putting too
15 much weight on closing costs in their installation tiering
16 process. The GAO report, on the other hand, compliments the
17 other services for specific military value ranking
18 procedures, while noting the lowest-ranking bases were not
19 always closed by those services, due to closing costs or
20 operational considerations.
21 Isn't the Air Force method another way of applying
22 the judgment of military leadership to a system that can be

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1 driven by statistics, as opposed to operational
2 considerations and cost considerations? Both of which are
3 major factors in assembling military value opinions.
4 MR. HINTON: It's another way, Commissioner Davis.
5 Our difficulty there is that when they applied the cost
6 estimates to close as part of the Air Force process in coming
7 up with its nominees, we could not, through our review, fully
8 determine the impact that had. We had an example in the
9 report as it related to Rome. And Rome was put in one of the
10 higher tiers. And as data came forward through the cross
11 service process, it showed the cost to close that would have
12 been much less than what the Air Force originally estimated
13 it to be.
14 And as a result of that, they had better data and
15 they in turn changed their decision on Rome. We don't know
16 how many other Romes are out there, in that connection. I
17 will agree, it is another process. But we had difficulty
18 really seeing the entirety of the process, as we would have
19 liked.
20 MR. WARREN: If I could just add on that. Part of
21 our difficulty was, for the other services, we had some
22 understanding of the judgments that were being made, and we

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1 could take a look at that and reach some decisions. Where it
2 became difficult, more difficult, in the Air Force is that we
3 didn't have those understandings of the judgments, so we were
4 left with a, well, we're just not sure. And that was a big
5 part of our problem, and made it more difficult for us.
6 COMMISSIONER DAVIS: Well, say if the Air Force had
7 provided their secret ballots or tiering data sheets, would
8 you have more of a tendency -- it would have brought you more
9 into the process; is that what you're saying?
10 MR. HINTON: I think we would have had a better
11 understanding of the decision-making.
12 MR. WARREN: More timely access to the business --
13 the notes of the meeting, and understanding what was
14 happening.
15 COMMISSIONER DAVIS: Okay, Mr. Hinton, the GAO
16 report notes that the meetings of the executive group and the
17 Secretary of the Air Force were not documented. And you've
18 said that very clearly, and that clearly is a mistake. It is
19 not true, however, the decisions of the Secretary at those
20 meetings and the rationale for those decisions are captured
21 in subsequent minutes of the executive group.
22 MR. HOLMAN: They are summarized in subsequent

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1 meetings.
2 COMMISSIONER DAVIS: Summarized.
3 MR. HOLMAN: But we do not have a level of detail
4 that would tell us how much -- again, for the whole Air Force
5 process, just how substantive were the deliberations that
6 took place? And that makes it very difficult for us, then,
7 to make a thorough assessment.
8 COMMISSIONER DAVIS: Mr. Hinton, you were talking
9 about Rome labs. If I might -- you talked about it in your
10 testimony for the record. You noted an example of the Air
11 Force revisiting Rome lab at the suggestion of the lab's
12 joint cross servicing group, with the ultimate result of
13 recommending closure. Your example infers the Air Force-DOD
14 recommendation to close Rome lab is valid; is that correct?
15 MR. HOLMAN: We're not taking a position on whether
16 that is necessarily -- all the elements of that move are
17 correct. I understand there are some questions about that.
18 We were using that as an example, though, where initial cost
19 data resulted in one decision. You go back later with a
20 different scenario, look at it again, and you find that the
21 cost data is significantly less; the return on investment
22 time was much less.

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1 We've see that in several examples between the Air
2 Force's preliminary cost data and their more focused cost
3 data. So we present it purely for that reason.
4 COMMISSIONER DAVIS: Again, some functions on
5 installations recommended for closure or realignment are
6 operated by contracted employees. What's the GAO's view of
7 how do you count these job losses? Were they properly
8 counted? Have they been counted by DOD in its total
9 process? And have the services been consistent in looking
10 these contracted positions?
11 MR. HOLMAN: I'd have to go back and look at that
12 one in depth. As far as I can tell you at this point in
13 time, I think we've been fairly well satisfied with how
14 they've been counted. I'd have to check with my staff for an
15 answer on that. Be glad to provide it for the record.
16 COMMISSIONER DAVIS: Okay, if you would please.
17 MR. HOLMAN: We'll be happy to.
18 COMMISSIONER DAVIS: UPT area -- an area which I'm
19 obviously very concerned about. In the combination of UPT,
20 the Army and the Air Force have been combined in their
21 undergraduate, or the helicopter training, essentially, with
22 doing sort of a primary training for helicopter pilots with

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1 both the Air Force and the Army. And then the Air Force
2 finishes theirs off at further training. And the Navy is not
3 participating. Is this an area that the Commission might be
4 equipped to work in, in your view?
5 MR. HINTON: I think the uniqueness -- the Navy
6 claims that there's a unique capability needed in the rotary
7 area. And I think I would encourage the Commission to pursue
8 that, because it's not clear to me what that uniqueness is.
9 We have not done an assessment of it. We only know the
10 Navy's answer to that. But I do think that you can probably
11 get your arms around that one in a short time.
12 COMMISSIONER DAVIS: Well, Mr. Chairman, my time
13 has expired. I regret that because I had them right where I
14 wanted them.
15 [Laughter.]
16 CHAIRMAN DIXON: You're doing a great job, General.
17 If you gentlemen will be kind enough to stay with us until
18 10:00 a.m., as previously indicated, we're going to do a
19 second quick round -- questions limited to five minutes. I
20 urge the timer to be very careful to not let us exceed that
21 time because of the time constraints for the day.
22 Mr. Hinton, in March of 1995, Defense Secretary

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1 Perry stated, housing is a major problem within the DOD. In
2 an earlier hearing we had here that day, the Washington Post
3 had a big front page article about housing problems in the
4 DOD. And we note, as a Commission, that the Army recommends
5 realigning or closing several installations that primarily
6 provide family housing -- Price Support Center, Fort Totten,
7 Fort Hamilton, Fort Buchanan, and Army Garrison Selfridge.
8 Now, of course, other things in many of those
9 places are also closed. But restricting yourself to the
10 housing question only, should the Commission be analyzing
11 that question, in view of what purports to be a shortage in
12 housing?
13 MR. HOLMAN: I think the difficulty there is, from
14 the Army's perspective, I think, in those areas where they're
15 closing the housing -- I don't want to speak for the Army,
16 but the responses I've seen have suggested the upkeep and
17 maintenance on those facilities outweighs the advantage of
18 having them. Certainly, the Commission probably would want
19 to satisfy itself that that is an accurate assessment on the
20 Army's part. But we have not looked at housing as a separate
21 area to --
22 CHAIRMAN DIXON: In those cases that I've

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1 identified, it's pretty important to us because there's a
2 challenge there. As an example, at the Price Center, that's
3 across the river from St. Louis. There's a recommendation to
4 close ADCOM. The finding is that Price should be closed
5 because housing supports ADCOM. But the evidence shows that
6 only 17 percent of the housing supports ADCOM; another 83
7 percent does not. And we've found that to be generally true
8 as we go around.
9 So before we go ahead and support some
10 recommendations to close housing, when everybody says there's
11 a shortage of housing, would you please work with our people
12 to analyze that?
13 MR. HINTON: Yes, sir. We haven't done the
14 detailed analysis just on housing by itself, but we will try.
15 CHAIRMAN DIXON: If you'll excuse me -- see, some
16 of that stuff is pretty new, also. And we're very hesitant
17 to go forward. We want to support the logical suggestions
18 here, but we'd like to look very carefully at these
19 questions. Would you analyze that with our staff, please?
20 MR. HINTON: Yes, sir. Then quickly going to the
21 next thing, I want to get back to the BENS report for a
22 minute, the famous BENS report. The Secretary of Defense's

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1 -- let me see if I've got the right one here. Did you find
2 support -- I'm on the wrong page here, I apologize for that.
3 But there was a finding on the BENS report -- here
4 we are -- in October 1994, Business Executives for National
5 Security issued a report uncovering the shell game,
6 contending of the 67 bases the President, Congress and the
7 Pentagon have agreed to shut down this far, over one-third
8 never closed, or quietly reopened under a new name or
9 function. Did you review that? And what is your view about
10 the BENS report?
11 MR. HOLMAN: One of the things we can observe on
12 that -- different groups count the numbers differently. But
13 I think we looked at the 70 major bases that DOD says were
14 closed. Roughly 30 or so of those bases were never intended
15 for full closure; there were some parts of them to be left
16 open to begin with. So it's difficult to make a clear
17 assessment on what the BENS said.
18 CHAIRMAN DIXON: Have you looked at the decision to
19 place 12 new defense finance and accounting service offices
20 on bases? What's your view of that?
21 MR. WARREN: We have looked at that, and we do have
22 some concern as to whether or not that is appropriate, from a

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1 cost standpoint.
2 CHAIRMAN DIXON: Could you give us your concerns so
3 we can have that in apt time?
4 MR. WARREN: Yes, sir, we could.
5 CHAIRMAN DIXON: Okay. Now, Mr. Hinton, the
6 Secretary of Defense's recommendations total 146 actions
7 across the services of several defense agencies. Do you have
8 any additional installations that you would recommend for the
9 Commission's consideration?
10 MR. HINTON: No, sir.
11 CHAIRMAN DIXON: And can you work with us to
12 develop others, if you believe that's appropriate in the
13 process, between now and May 17th?
14 MR. HINTON: Yes, sir.
15 CHAIRMAN DIXON: Now, everybody agrees you can't
16 have another closure in two years. I don't think the
17 country, the Congress, anybody is ready for that. But I
18 think most people agree that what we do this time will not be
19 adequate to bring closures to the right kind of levels with
20 reduced authorized and appropriated amounts and reduced force
21 levels. Do you agree?
22 MR. HINTON: Yes, sir.

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1 CHAIRMAN DIXON: Do you have a judgment call about
2 when we ought to consider another closure in the future to
3 reevaluate everything that's been done?
4 MR. HINTON: Well, we believe that there's going to
5 be a need for a process in the future. In terms of the
6 timeframe, I know that Secretary Perry has put out, within
7 the next three to four years. I think from where GAO would
8 be, that's certainly a call between the Congress -- the
9 Congress needs to make; that's their call.
10 But if there is a need for a further look at the
11 need to close down bases, we would think that you would
12 probably need legislation similar to what's there in 1990. I
13 think that process, from what we've seen, while it's not
14 perfect, it's been effective. And so I think there is going
15 to be a need for process.
16 I also believe that there is going to be a need for
17 a process to deal with issues that arise out of implementing
18 the recommendations coming out of the '95, or any that may
19 flow up from the earlier rounds before '95, too. That, too,
20 probably, would have to follow some legislation to be passed
21 by the Congress.
22 CHAIRMAN DIXON: Well, I think I agree fully with

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1 what you said. I believe we ought to have another process.
2 I think a few short years ought to pass, and it ought to be
3 right after an election, instead of right in front of one,
4 Mr. Hinton.
5 MR. HINTON: That's a debate that I'm not going to
6 get in with, Mr. Chairman.
7 CHAIRMAN DIXON: Commissioner Kling.
8 COMMISSIONER KLING: Yes, sir. Our chairman asked,
9 Mr. Hinton, if you would review certain of the housing items
10 that he discussed. Would you mind also looking at the
11 English Village and Dugway? The only reason I ask, because
12 is there is no other housing, I think, within 60 or 80 miles
13 from there. And if you would give us your thoughts on that,
14 I'd appreciate it a lot.
15 MR. HINTON: Mr. Chairman, I hope that we have
16 someone making notes of everything I'm committing to do here
17 today. Recognizing the short timeframe here, we'll need to
18 get back together fairly quickly.
19 CHAIRMAN DIXON: Staff is making notes.
20 COMMISSIONER KLING: Somebody will follow through,
21 I think, if that's the case. Just a couple items. The
22 Army's cost data concerning Fort McClellan, Alabama, includes

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1 barracks construction expenditures at Fort Leonard Wood,
2 Missouri, to accommodate the joint service training, and
3 costs at other bases to move the basic training out of Fort
4 Leonard Wood.
5 None of these moves is required by the Army's
6 realignment recommendation. What is your opinion regarding
7 these specific costs in COBRA, and the inclusion of
8 discretionary costs in general?
9 MR. HINTON: I think that that's another area that
10 we'll probably have to take a specific look at, Commissioner
11 Kling. I don't think we've gotten into that right now, but
12 we'll be happy to work with you on that.
13 COMMISSIONER KLING: Thank you very much. And
14 lastly, the Army's stationing strategy seems to suggest that
15 only one base is needed in Alaska to support one maneuver
16 brigade and support forces. Initial Army studies show that
17 keeping Fort Wainwright open was the better choice, and that
18 Fort Richardson would, therefore, be the best candidate for
19 closure.
20 You go on to note, "the Army later decided that,
21 due to strategic requirements in the Pacific and high closure
22 costs, Fort Richardson would remain open." Do you agree with

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1 the Army's conclusions, that two maneuver installations are
2 needed in Alaska?
3 MR. HINTON: We had no reason to disagree with
4 that, Commissioner Kling. One of the things that was not
5 clear to us when we were doing our review was, what are those
6 particular requirements? And that would be something that I
7 think the Commission may want to push on to get a good
8 understanding, so you can see how those installations fit
9 into that strategy. We did not accomplish that as part of
10 our review.
11 COMMISSIONER KLING: Thank you, Mr. Hinton.
12 Chairman.
13 CHAIRMAN DIXON: Thank you, Commissioner Kling.
14 Admiral Montoya.
15 COMMISSIONER MONTOYA: Going back to depot issues,
16 and I'll be asking the Navy representative some of these
17 questions also. But in closing a depot -- and the Navy has
18 closed some aviation maintenance depots in the past -- one
19 presumes that there is savings from not operating the one
20 that closed, and also if some efficiency is gained at the one
21 that you've kept because of increased direct man hours, over
22 which you've spread overhead and better use of assets.

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1 Do you know if the Navy depots have been closed
2 long enough for there to have been follow-on audits to
3 validate costs and savings of the type I just described?
4 MR. HINTON: Commissioner, one of the jobs that we
5 are beginning right now -- and it's not just with the
6 aviation side that you're mentioning -- but we are
7 undertaking a body of work, at the request of committees up
8 here on the Hill, to look at the actual savings that have
9 come about as a result of base closures. It will not be
10 completed. GAO's work will not be completed by the time you
11 render your recommendation to the President, Mr. Chairman.
12 But it is a piece of work that we knew that we
13 needed to get into. We've been asked to do it. We're
14 gearing up to do it, and it's going to cover that that you're
15 raising right now. I am not aware, I'll ask my colleagues,
16 of any other independent studies that have been done that
17 just haven't come. But I think now is a good time to start
18 going back and looking at some of the earlier decisions and
19 see what's happened since then.
20 MR. WARREN: I could just add that in general,
21 we're starting to see that there's not a good process for
22 tracking those costs.

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1 COMMISSIONER MONTOYA: In the past, I think, I'm
2 aware of the Air Force depots doing Navy work. I'm not aware
3 of the other way around. Do you know of any analysis done
4 currently of the Navy taking on Air Force depot work in their
5 remaining aviation maintenance depots? Are you aware of any
6 studies of that nature?
7 MR. HINTON: No, I'm not. But I'd like to research
8 because I do believe there are some things out there that
9 might be helpful. I just don't have any specifics.
10 COMMISSIONER MONTOYA: And, again, I'll be asking
11 this afternoon, the same questions. I wanted to know, while
12 you're here, if you had any knowledge of those. Switching to
13 shipyards, our information is that the Navy and the joint
14 cross services group disagreed over the issue of nuclear
15 submarine workload requirements, and that the joint cross
16 services group felt that closing the Portsmouth naval
17 shipyard would not impact that capability, given the overall
18 capability in the country.
19 There apparently is disagreement between the two.
20 Are you aware of what is the nature of the disagreement? And
21 do you have a position?
22 MR. HINTON: The nature of the disagreement. I

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1 think, falls on what's going to happen with the SSN-21 class
2 submarines. And in the future, if we were to have to extend
3 the life of some of the 688-class submarines, Portsmouth was
4 being viewed as being capable of doing that refueling. Right
5 now, there's an issue on the Hill that is being debated about
6 the future of SSN-23. And I think that's an issue that you
7 all may want to pursue with the Navy and the cross service
8 group this afternoon to see where that stands.
9 COMMISSIONER MONTOYA: But you don't have a
10 specific position, even if the Navy is correct in the
11 assessment of the threat and their assessment of the need for
12 keeping 688s at a higher level than maybe they would like.
13 Given the Navy's position regarding that, if you still closed
14 Portsmouth, could you do the work in the remaining private
15 yards? Do you have a position on that question?
16 MR. HINTON: No, we do not.
17 CHAIRMAN DIXON: Can you have a position?
18 MR. HINTON: I have some work that we have done
19 that I can make available to the Commission that looks at
20 some of the options that were out there. I know that we do
21 not believe the Navy's made the case for the SSN-23. And
22 we've testified to that, along with some of the other options

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1 that the committee should be considering. I'll be happy to
2 make that available to the Commission.
3 COMMISSIONER MONTOYA: Thank you, Mr. Hinton. Mr.
4 Chairman, I yield.
5 CHAIRMAN DIXON: Thank you very much, Admiral
6 Montoya. General Robles.
7 COMMISSIONER ROBLES: Thank you. Thank you, Mr.
8 Chairman. Mr. Hinton, I'd like to talk a little bit about
9 cumulative economic impact. As you know, the DOD decided not
10 to use any specific dollar threshold as a tripwire for
11 cumulative economic impact. Yet we know that at least one
12 service, the Navy, admitted that it was a major factor in
13 their decision-making in California, for example.
14 My question is, do you know, do you have any idea
15 of any kind of methodology that was used about cumulative
16 economic impact? In other words, I can't imagine it was not
17 looked at in some kind of objective way. Yet there were no
18 thresholds published or any criteria. Was it all purely
19 leadership judgment or subjective analysis, or what?
20 MR. HOLMAN: For the most part, it was judgment on
21 the part of the service officials. OSD did put out guidance
22 to look at the cumulative economic impact. Again, primary

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1 consideration was given to the first four military value
2 criteria. The '93 round, there were problems because they
3 did have a threshold. Our understanding this year was that
4 it would be looked at.
5 Assuming all else being equal, you had two
6 different facilities of equal military value -- it might be
7 appropriate to make a trade-off between one or two. But we
8 didn't see that that actually happened.
9 MR. HINTON: The Navy, General, was the only case
10 where we saw a deviation from the process, and we raised that
11 in our report.
12 COMMISSIONER ROBLES: Okay. Thank you, Mr. Hinton.
13 The DOD substantially revised the economic multipliers used
14 to measure the amount of impact on the workforce, employment
15 levels, et cetera. As a matter of fact, they were revised
16 downward, lower estimates this time. The question is, do you
17 think the changes are justified? Do you in fact agree with
18 the methodology or the published impact that multiplier
19 effect would have because of closures or realignments on the
20 local economy and on the workforce?
21 MR. HOLMAN: Everything we've seen on the economic
22 impact model tells us it is a sound process. It tends to be

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1 conservative in that it tends to overestimate the impact, for
2 the most part. That model has been looked at by outside
3 experts, and they've indicated that it is an appropriate
4 model to use. We see no reason, really, to question it.
5 COMMISSIONER ROBLES: I remember in my days in
6 uniform, you used to write a lot about force structure in the
7 GAO, so I'm going to ask you a force structure question. It
8 appears that there were several major force structure
9 decisions made by the services prior to the release of the
10 BRAC '95 recommendations. Some could view that as a
11 preemptive strike in that if you do a major force structure
12 action, it is not rolled up or included in the BRAC action.
13 Did you look at this and see if per chance there
14 were some force structure decisions that more appropriately
15 should have been part of the BRAC process, that in fact were
16 a preemptive strike to take issues off the table?
17 MR. HOLMAN: We did not see that these -- we're
18 aware these decisions were made. But we saw no indication
19 that it was a preemptive strike, so to speak, or that they
20 materially affected the subsequent BRAC decisions.
21 COMMISSIONER ROBLES: Did you in fact look at the
22 volume of force structure actions that occurred in all

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1 services, just prior to the release of the BRAC '95 data?
2 MR. HOLMAN: I can't say that we looked at every
3 one of them in detail, but we have some general awareness of
4 what was occurring, yes, sir.
5 COMMISSIONER ROBLES: Fort Monroe -- an issue
6 that's been around for a while that you've written about. In
7 fact, in your '93 report, you were critical of the DOD
8 decision on Fort Monroe and the huge cost of de-dudding and
9 environmental clean-up, et cetera. Did you look at -- since
10 it wasn't on the list this year, did you go back and take a
11 look at maybe why it wasn't on the list? Or do you have any
12 further recommendations on Fort Monroe, Virginia?
13 MR. HINTON: I think on the Fort Monroe issue, they
14 went back and followed the recommendations coming out of the
15 '93 report, related to some of the environmental issues. The
16 issue came up again this year, and Fort Monroe is there. And
17 based on what we have seen, we have no problems with it being
18 there.
19 COMMISSIONER ROBLES: Okay. Also in '93, your
20 report noted several differences in the way that the COBRA
21 data was used by the various services. There appeared to be
22 some inconsistencies in the application of COBRA data. Do

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1 you have any reservations or similar comments on the use of
2 COBRA data this round, or everything is copacetic?
3 MR. HINTON: We think the process on the COBRA has
4 been improved, General, this round. And that's largely to a
5 lot of the efforts in the services, but also the service
6 audit agencies who did a lot of work overseeing that process
7 and verifying the information that went into it. The Air
8 Force was the only service that did not fully attest to all
9 the information going into the final COBRAS.
10 But by and large, we think the information that is
11 in there -- and we've done some sensitivity testing -- that
12 it's pretty sound.
13 COMMISSIONER ROBLES: Okay, good. And my final
14 question is a follow-up to the chairman's question on D-Fast.
15 This whole unfurling of D-Fast centers has been an
16 interesting proposition. A lot has been written about it in
17 ink. The question is, in today's world of technology, or if
18 you look in the private sector, because of the use of
19 improved communications, faxes, other media -- information
20 technology media -- there's not a great need to have
21 functions like pay operations geographically dispersed.
22 Yet you notice that the plan still geographically

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1 disperses them there. It's almost as if it had to be a
2 certain quota per geographic parts of the United States. The
3 question is, do you think there could have been more done in
4 this area, with respect to looking at consolidating D-Fast
5 centers without respect to geography; and maybe looking at
6 areas where there are active bases open, where they could be
7 put, as opposed to putting them on some bases that are slated
8 for closure, and sort of, in some degree, adding fuel to the
9 fire that BENS has about, you really don't close all the
10 bases you say you're going to close?
11 MR. WARREN: What we think in that area is that we
12 would have much preferred to see D-Fast do, I think, General,
13 just what you're suggesting -- go in and re-engineer, so to
14 speak, using modern technology, the business practices of D-
15 Fast; and have a picture of how they would like that to come
16 out in the future. And then size an infrastructure against
17 it in a way that makes the best business sense for the
18 technology that you're going to use.
19 And as I mentioned earlier, that's one of the
20 issues that we'll be raising in the report that we'll have
21 out shortly. And again, we'll make that available to the
22 commission.

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1 COMMISSIONER ROBLES: That would be very helpful,
2 because there seems to be -- information technology since it
3 moves at a geometric rate now, there ought to be some
4 different ways of doing business in that whole area. Thank
5 you.
6 CHAIRMAN DIXON: And we'll have that in a timely
7 fashion, well before May 17th?
8 MR. WARREN: Yes, sir. That one I think I can
9 assure you.
10 MR. HINTON: That report, we're getting to send
11 out, Mr. Chairman, to DOD for comments. But we can make a
12 copy of the draft available to you.
13 CHAIRMAN DIXON: Before I recognize Commissioner
14 Steele, let me say that we may run a few minutes over here.
15 I hope my colleagues -- we never permit this to happen, but
16 this is a pretty important round, and I want it completed.
17 And if we take you a few minutes beyond the 10:00 a.m. hour,
18 accept my apologies in advance. It won't be much over.
19 MR. HINTON: We're at your service.
20 CHAIRMAN DIXON: Commissioner Steele.
21 COMMISSIONER STEELE: Thank you, Mr, Chairman.
22 You've mentioned today, and your report mentions a criticism

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1 that the department didn't look at the impacts and costs to
2 other agencies, regarding different closures. My site
3 visits, anyway, have led me to believe that in many
4 circumstances, the department may not have looked at other
5 services and the impact of recommended closures.
6 Are you comfortable that OSD did look across the
7 services and how individual recommendations would affect
8 those services? And would you recommend we look at any
9 particular areas?
10 MR. HOLMAN: We don't have any particular areas in
11 mind.
12 COMMISSIONER STEELE: Okay.
13 MR. HOLMAN: Certainly, from your site visits, you
14 may have picked up some things that we did not.
15 COMMISSIONER STEELE: Okay. Secondly, regarding
16 DLA, they prepared a very effective presentation, I believe,
17 before the Commission. And the premise largely was to have
18 their distribution hubs on the East Coast and the West Coast.
19 Visiting defense distribution depot Ogden last week, it was
20 brought to our attention that 85 percent of their outflow of
21 material goes east of Utah.
22 And in fact, during Desert Storm, the ports were

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1 largely blocked up on the West Coast, so most of their
2 shipping ended up going to Louisiana. My question for you
3 is, do you think the methodology of splitting the country to
4 East Coast-West Coast is an effective starting point,
5 regarding DLA? Or should we look closer at the individual
6 efficiencies of depots around the country?
7 MR. HINTON: When we looked at the DLA activities,
8 we didn't have much reason to challenge the decisions that
9 were made. I'm aware of the issues that you raise there.
10 But by and large, we felt like their methodology that they
11 used to approach their decisions were pretty sound, and the
12 decisions they made flowed from the analysis that they did.
13 So I don't have any issues that I can raise for you on that,
14 Commissioner Steele.
15 COMMISSIONER STEELE: Okay. And Mr. Warren?
16 MR. WARREN: Yeah, I think with modern business
17 practice, and going somewhat in the direction of the
18 General's question, the technology, the enhanced
19 transportation capabilities that are present today, I think,
20 do, in fact, lend itself to the set-up that's there. There's
21 a rationale.
22 COMMISSIONER STEELE: Just to kind of counterpoint.

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1 MR. WARREN: Yes.
2 COMMISSIONER STEELE: A comment that they would
3 make at Ogden is, the transportation costs are much more
4 reasonable going from Ogden. And they can always get to a
5 port on time for the Navy's ability to load, or to an
6 airfield, if it's the case for airlift. So due to the fact
7 that transportation is more efficient across the board,
8 doesn't that diminish what on the surface looks very logical,
9 to go to the coasts? Doesn't that sort of diminish the
10 strength of that argument?
11 MR. WARREN: I think we'd have to look at the
12 specifics of their analysis on that.
13 COMMISSIONER STEELE: Okay. We may have you do
14 that, as well.
15 MR. WARREN: That's fine.
16 COMMISSIONER STEELE: If that's all right.
17 Switching to Army maneuver installations -- 11 installations
18 in that category. The Army chose to look at 4 of 11. I know
19 in one instance in particular, though the up-front costs may
20 be significant, the payback period, according to your chart
21 on Page 82, would only be four years. I wonder if you could
22 comment about that category in particular -- maneuver

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1 installations.
2 MR. HOLMAN: Again, one of the things you see with
3 the Army and its maneuver installations was the desire to
4 retain installations, to have sufficient capacity, should it
5 have to house all of its maneuver divisions in the United
6 States. I think that was a driving force behind their
7 analysis of the maneuver installations.
8 And looking at their stationing strategy, only in
9 the case of Alaska do we see some indication where there
10 might have been the potential to reduce a maneuver base.
11 But again, in the final analysis, they made an operational
12 decision not to do so.
13 COMMISSIONER STEELE: Realistically, do you think
14 that we could ever be in a situation to pull back everything
15 that's forward-based and yet maintain all those numbers?
16 That doesn't seem real logical.
17 MR. HOLMAN: Well, that's a call that GAO is not in
18 a position to make.
19 COMMISSIONER STEELE: But you often are not shy on
20 subjects such as that.
21 MR. HOLMAN: I know, but on this one, that's
22 clearly a policy call that's got to be made. And we're not

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1 in a position to make that.
2 COMMISSIONER STEELE: I was wondering if Mr.
3 Chairman was going to pick up on that and say, but would you
4 like to make a position on the subject? But he did not, so I
5 will refrain from that as well.
6 CHAIRMAN DIXON: I'm sure staff would be glad to
7 pursue that.
8 COMMISSIONER STEELE: Lastly, very quickly, it's my
9 understanding that when the Air Force came back at our staff
10 level last week, regarding the downsizing of the ALCs, 85
11 percent of their recommendation has changed, subsequent from
12 when we received our report, a bit over a month ago. My
13 question for you is, do you have any evidence of the Air
14 Force taking a dramatic turn on how they were looking at the
15 depot issue?
16 Given that they had been looking at the category
17 for the two years, looking at the functional analysis, how
18 they could come up with a recommendation that now is
19 perceived by the Air Force as 85 percent wrong or less
20 efficient than they could have come up with.
21 MR. HINTON: That's an issue we spoke to earlier.
22 You know, the Air Force and its depots were -- up until early

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1995, January-February timeframe, was moving in the direction of probably closing up to 2 of its depots. Something in the February timeframe changed that decision. We don't know what that is, but it has resulted in a downsizing in place.

And we have laid out and discussed this morning our concerns about that, because we don't think that's a very good plan of action, based on our reading of it right now.

COMMISSIONER STEELE: When their course appeared to change more or less overnight, I understand there was a meeting in Washington by the powers that be at the Pentagon on that subject. Has GAO been able to review the minutes from that meeting?

MR. HOLMAN: We have seen no minutes of that meeting.

COMMISSIONER STEELE: Have you requested the minutes from that meeting?

MR. HOLMAN: No, we have not, because I didn't know there was a specific meeting like that. We have requested all the minutes of the base closing process, and we have those, as far as we know.

COMMISSIONER STEELE: Okay, thank you. My time has expired.

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CHAIRMAN DIXON: Thank you, Commissioner Steele. Commissioner Cornella.

COMMISSIONER CORNELLA: Thank you, Mr. Chairman. To follow up on the maneuver base question -- and I will try to be a little more specific, and just one question. Page 82, Fort Drum, Fort Riley, the Army considered these two installations because of their relatively low maneuver value -- relatively low military value as maneuver installations and the Army's desire to do a broader assessment of this category.

While estimated savings from closing these installations were significant, so were the associated closing costs. Citing the overall importance of maneuvering installations to station and ground training forces and to support the stationing strategy, along with the high cost associated with closure, the Army decided that Forts Drum and Riley should remain open.

Did they remain open, in your assessment, because of the associated costs or the maneuver value, as you indicated a moment ago? And if that's the case, then why do you cite relatively low military value as maneuver installations?

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MR. HOLMAN: Low, relative to the ranking of all military maneuver installations. But I think, again, in the final analysis, the decision was made, I would say, one, part cost. But in looking at the Army's stationing strategy, I would have to say a major part of it had to be its desire to retain maneuver installations in case of the need to house all its maneuvered divisions here in the United States. I would think that was probably an overriding concern.

COMMISSIONER CORNELLA: Okay, you indicated opinion on a number of Air Force depots. So you're indicating an opinion on a number of maneuver bases by saying that you feel that they are adequate and should remain at that level?

MR. HOLMAN: No, sir, we're not in a position to say at what level they should be. What we have tried to point out in our report is the Army's own analysis of where they were in the two installations that they indicated that they were going to study more rigorously. But then the final analysis decided not to recommend for closure.

MR. HINTON: Commissioner, one of the things that we did in our report this year, and I know the question has come up, where are other areas where there might be excess capacity? And while we've spent a lot of time this morning

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talking about the cross service areas, if you went through the service chapters here, we tried to put in table form in each of those chapters, those that were excluded along with the relative information to help the Commission here as you go forward in your endeavors in looking at some of these.

Because while there's excess capacity that we believe out in some of these cross service areas, I do believe that in some of these others, there is excess. But for whatever reasons, whether it's cost and the need to maintain some of these because of stationing strategies, they were judgment calls that the services made that the Commission themselves -- you may want to press on with the services on those issues.

COMMISSIONER CORNELLA: Thank you. Mr. Hinton, in December 1994, GAO issued a report concerning the Newark Air Force Base aerospace guns and meteorology center, which was closed by the 1993 Commission. The report challenged the Air Force attempts to privatize a center's workload in place, and recommended the Secretaries of Air Force and Defense reevaluate the 1993 DOD recommendation to close, and challenged the Air Force's approach to implementing the recommendation through privatization in place.

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Mr. Hinton, what was the Air Force response to GAO's recommendation? And did GAO find that the Secretary of the Air Force and the Secretary of Defense reviewed the '93 closure?

MR. WARREN: They generally agreed with the report as we put it out, and said that they were going to do some additional studies and assessment, and also noted that in the final analysis, the true cost would not be known until they could actually let a contract and see what the private bid would come in to be. We understand now that they are continuing to look at that issue, and have two options: one, looking at the privatization in place; and then a second, looking at a realignment strategy.

In other words, so to speak, where these activities would go out to other bases. We do not have all of that information yet for full evaluation. But that is where they are today.

COMMISSIONER CORNELLA: Well, discounting the they're still evaluating; and given that the Air Force and the Department of Defense did not request the Commission to redirect its '93 recommendation; and given that the Air Force appears not to have fully investigated other approaches to

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the 1993 recommendation, other than privatization in place, do you believe that the Secretary of Defense has substantially deviated from the 8 selection criteria; or that force structure is not requesting a redirect of the Newark Air Force Base? I know that's a long question.

MR. HINTON: I'd like to prepare a response to the record on that, Mr. Chairman. I'd like to give that some thought.

CHAIRMAN DIXON: That would be satisfactory to the chair, if it is to Commissioner Cornella. I would remind you that we need a response as quickly as possible.

MR. HINTON: Promptly. Yes, I understand.

CHAIRMAN DIXON: Thank you very much. Is that satisfactory to you, Commissioner?

COMMISSIONER CORNELLA: Yes, it is. If I could just make one last comment, and that's on the Selfridge Army Garrison, in regard to the housing that was mentioned by Chairman Dixon. In the case of the Selfridge Army Garrison, I visited with some people from that garrison, and they informed me that they felt only about two or three people involved were actually Army people.

The majority of people living in those thousand

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1 houses were other branches of service. They would have to be
2 relocated because of that, go out into the private sector,
3 and pay up to $800 per month rent, where they're now paying
4 about $400 or $500 through their quarters allowance. So that
5 would be something I would want you to look at. As you
6 indicated, you will look at those issues. Thank you. Mr.
7 Chairman.
8 MR. HINTON: Okay.
9 CHAIRMAN DIXON: Thank you, Commissioner Cornella.
10 And as you can see, we're all quite concerned about this
11 housing issue.
12 MR. HINTON: Yes, sir.
13 CHAIRMAN DIXON: Commissioner Rebecca Cox.
14 COMMISSIONER COX: Thank you. Mr. Hinton, the Air
15 Force base closure executive group deliberated on base
16 closures for both active and reserve components. In looking
17 through the process, can you tell if the Reserve component
18 officials played any role, or what role they played in the
19 closure and realignment commissions?
20 MR. HINTON: We don't have a feel for that,
21 Commissioner.
22 COMMISSIONER COX: I wonder if you'd look. My

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1 impression in some of my visits is that the Reserve really
2 didn't play a role. And in fact -- and maybe you all could
3 look at this, I'm not sure if you have the data -- that where
4 there were decisions made to close bases that would then be
5 turned over to the Reserves, or in some cases, to the Guard,
6 almost in whole, 85 to 90 percent, apparently, of some of
7 these bases, will move to the Reserve and the Guard.
8 And those numbers don't seem to be taking into
9 effect that there will still be a military presence there
10 which will still be funded in larger, or all, by the federal
11 government. And I wonder if you would just take a look at
12 whether there's sort of an assumption that the Reserve will
13 take it over, and that that's what the Reserve wants and
14 we'll pay for it. And I worry about how that works out.
15 MR. HINTON: Sure.
16 MR. WARREN: Just on an information piece on that
17 line.
18 COMMISSIONER COX: Mm-hmm.
19 MR. WARREN: We did some prior work on re-use of
20 bases for the 1988 and '91 closures.
21 COMMISSIONER COX: Right.
22 MR. WARREN: And that showed, I think, about 11

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1 percent of the property staying within the Department of
2 Defense is staying with National Guard and Reserve
3 components. So I think you're on the mark, that there is a
4 lot of property that is, in fact, being turned over to Guard
5 and Reserve through this process.
6 COMMISSIONER COX: Well, one gets the impression,
7 not to be too cynical, that in some of these cases, the
8 services themselves still want to continue using these bases.
9 They just don't want them on their budget. And so they're
10 sort of recommending that they be taken over by the Reserves
11 or the Guard, which the government will then continue to pay
12 for and the military will continue to use; which is fine,
13 except that I'd like to see some real numbers on how that
14 works.
15 MR. HINTON: Let us look into that.
16 COMMISSIONER COX: Thank you. And maybe you'll
17 want to look into this, too. I know the services have to
18 consider the DOD force structure plan when making their
19 closure and realignment recommendations. But I'm not sure if
20 the Air Force used the force structure, regarding the Reserve
21 component in making their recommendations. One gets the
22 impression that they sort of looked at costs, period, and not

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1 necessarily the force structure plan.
2 But I'd be interested in if you would look through
3 to see what the data shows. And then, lastly, the GAO report
4 comments that the Air Force initially looked at in excess of
5 8 operational aircraft bases. And as I found in wandering
6 around and looking at missile bases, we seem to be closing
7 missiles one place, but not the operational side; and closing
8 the operational side in other places, but not the missiles.
9 And sort of nothing happened on aircraft
10 operational bases. And I wonder if you all had a chance to
11 look at whether or not the Air Force was justified in not
12 recommending a closure of any operational aircraft base.
13 MR. HOLMAN: Again, one of the difficulties we had
14 was the lack of documentation.
15 COMMISSIONER COX: Same problem.
16 MR. HOLMAN: Really didn't allow us to look at that
17 closely.
18 COMMISSIONER COX: Yes. And that would be, again,
19 both as to cost and military value, just not the
20 documentation. Again, not that there was something wrong
21 there, but no documentation.
22 MR. HOLMAN: That's right.

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1 COMMISSIONER COX: Thank you.
2 CHAIRMAN DIXON: Have you concluded?
3 COMMISSIONER COX: I've concluded.
4 CHAIRMAN DIXON: Thank you, Commissioner Cox.
5 General Davis
6 COMMISSIONER DAVIS: Mr. Chairman, I'm absolutely
7 astounded to hear that GAO shies away from criticizing policy
8 decisions. You must have had a new procedure change since I
9 was last involved with it.
10 [Laughter.]
11 CHAIRMAN DIXON: There you are, take that.
12 COMMISSIONER DAVIS: Back to the discount rate, and
13 I don't need an answer, I know you kind of showed us in a
14 chart how to look at that. Do you have a recommended
15 procedure or recommended discount rate on how we might
16 normalize those figures? In other words, do you have a view
17 on that? And if you could give us that for the record.
18 MR. HOLMAN: Okay.
19 COMMISSIONER DAVIS: My last question is, in your
20 excellent report, on Page 78, on Letterkenny Army depot. You
21 say concerns have been expressed the 1995 recommendation
22 represents some departure from the plan. The '95

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1 recommendation would split up some of the work by
2 transferring missile guidance workload to Tobyhanna, while
3 preserving tactical missile disassembly and storage at
4 Letterkenny and sending the maintenance of the vehicles to
5 Anniston.
6 And then you go on to say that there are difference
7 of opinions concerning the impact of separating these
8 functions on the concept of consolidated maintenance. The
9 Commission may want to examine this issue further, and I
10 would ask you to take that a little bit further, if you
11 would. In what way would you like us to look at that? In
12 efficiencies; as to readiness; as to transportation
13 capability? What would you suggest?
14 MR. HOLMAN: One of the things you may consider
15 doing -- we understand the Army is currently looking and
16 developing an implementation plan for that recommendation.
17 We understand that plan is supposed to be briefed to the Army
18 material command probably in the May-June timeframe. I would
19 recommend that you request an earlier briefing to satisfy
20 yourself as to the adequacy of the implementation plan. See
21 if any operational problems are not being identified, fuller
22 bases for the cost.

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1 COMMISSIONER DAVIS: So you're suggesting from an
2 operational and cost standpoint, we ought to relook it?
3 MR. HOLMAN: Yes.
4 COMMISSIONER DAVIS: Well, I can't stand any more
5 pleasure, Mr. Chairman, I yield the rest of my time.
6 CHAIRMAN DIXON: Thank you, General. Now,
7 gentlemen, we're going to have one last question from
8 Commissioner Kling. And then I do want to say to you, I have
9 a couple of things I'm not going to pursue at length from
10 three congressmen. But to the extent that you can deal with
11 us in real specificity between now and the end of this month
12 and the next two weeks, it will be greatly appreciated,
13 because we're under pretty severe time constraints here, as
14 you know.
15 MR. HINTON: We understand.
16 CHAIRMAN DIXON: Commissioner Kling.
17 COMMISSIONER KLING: Yes, sir, thank you.
18 Gentlemen, the joint service group recommended that Wilford
19 Hall be realigned to a clinic, due to the high bed and the
20 concentration of medical facilities in the San Antonio area,
21 by, I might add, by the military, as well as the private
22 sector. This recommendation did not come forward. What is

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1 your opinion of the recommendation? And why do you think the
2 recommendation was not supported?
3 MR. HOLMAN: We have not looked at that in depth,
4 but we'd be glad to look at it and provide it for the record.
5 COMMISSIONER KLING: If you would, please. And a
6 follow-up with that is that there are some 56 hospitals of a
7 size less than 50 beds throughout the country. And many of
8 those are clustered right within 50 to 100 miles. Did you
9 give any consideration to, or did you look into that these
10 might be realigned, merged together, just as being done in
11 the private sector?
12 MR. HOLMAN: No, sir, we did not look at that.
13 COMMISSIONER KLING: Would you mind doing that for
14 us?
15 MR. HOLMAN: Okay.
16 COMMISSIONER KLING: And lastly, it goes the same
17 thing. At Ogden, there is the only installation, as I
18 understand, that has the mobile hospitals. And these are a
19 quite sophisticated. And I might add, it's a wonderful
20 facility to be able to put down in fold-up manner these
21 operating rooms and these facilities. With it being the only
22 installation of its kind in the country, to close that and

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1 move it so far away -- or to move it quite a distance --
2 would we not have been better off to consider moving that
3 right to Hill Air Force Base?
4 Because if it is one of a kind, you don't want to
5 lose that, even with the people that know how to do this for
6 a short time. Was there any consideration given to that?
7 MR. WARREN: No, I don't believe any consideration.
8 We did visit that particular base, and did discuss that
9 issue. In terms of the specialized skills and the
10 discussions that we had with the folks out there, they had
11 developed an expertise over a period of time to do that
12 particular activity. However, they didn't indicate to us any
13 special or unique skill that you might not be able to find in
14 a general populace around the country. So that's where we
15 came out on that one.
16 COMMISSIONER KLING: Thank you. We'll consider
17 that further. Thank you very much.
18 CHAIRMAN DIXON: Can you please supply all this
19 again? Mr. Kling has spent a lot of time, and has been very
20 helpful to us in his quest of hospitals. If you could
21 develop that by the end of the month, we'd appreciate it.
22 Now very quickly, Congressman Richard Gephardt, the

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1 distinguished Democratic leader of the House, sent us a
2 question.
3 The General Accounting Office report states that
4 the Army did not fully adhere to its regular process for
5 installations in assessing military value when recommending
6 leased, leased, facilities for closure -- specifically notes
7 that the Army did not prepare installation assessments for
8 leased facilities. And he pursues that line of questioning,
9 which of course relates to ADCOM in his district -- or, not
10 really in his district, Congressman Clay's district, but in
11 his city of St. Louis.
12 We're going to give you his written question. Will
13 you please answer it, certainly by the end of the month?
14 PANEL: Yes, sir.
15 CHAIRMAN DIXON: From Congressman Gerry Studds,
16 10th district, Massachusetts, the distinguished congressman
17 says, while the GAO's 1995 report describes the Navy's
18 recommendations as "generally sound," does the GAO continue
19 to view the Navy's disregard for military value, particularly
20 in the case of NAS South Weymouth, as a problem in its
21 decision-making process?
22 Would you answer that, please, in writing, this

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1 letter? And a letter to Commissioner Kling from Congressman
2 Harold Ford, the distinguished congressman, 9th district,
3 Tennessee -- the Department of Defense and the Defense
4 Logistics Agency created 1,000 point ranking system to
5 evaluate its distribution depots. Within this 1,000 point
6 system, only 20 points related to a depot's transportation
7 capabilities.
8 Does the GAO believe it was appropriate to allocate
9 only 2 percent of the evaluation of a distribution depot to
10 the issue of transportation capabilities? And would you
11 answer all of those in writing, please? They're lengthy, and
12 we will send them all to you; and we thank you. And
13 gentlemen, may I say, we thank you very much for your
14 contributions.
15 We stress, again, the time constraints. And we are
16 under some great pressure to consider adding numbers here
17 that we think are justified, and would like to have your
18 responses very quickly.
19 MR. HINTON: Sure.
20 CHAIRMAN DIXON: We thank you all. Thank you very
21 much for being so helpful.
22 PANEL: Thank you.

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1 [Panel I dismissed.]
2 CHAIRMAN DIXON: Ladies and gentlemen, we're only
3 five minutes late getting to our next section, which is the
4 from 10:00 a.m. to 4:00 p.m, with an hour for lunch. We'll
5 do the DOD joint cross service groups, and we will have
6 different chairs. From 10:00 a.m. to 12:00 noon,
7 Commissioner Al Cornella will chair the depot maintenance
8 joint cross service group.
9 From 1:00 p.m. to 2:00 p.m., General J.B. Davis
10 will chair undergraduate pilot training joint cross service
11 groups. From 2:00 p.m. to 3:00 p.m., Commissioner Lee Kling
12 will chair medical joint cross service groups. And from 3:00
13 p.m. to 4:00 p.m., Admiral Ben Montoya will chair labs, test
14 and evaluation joint cross service groups.
15 Would the folks from the depot maintenance cross
16 service group please join us at the front table?
17 COMMISSIONER CORNELLA: [Presiding] Good morning.
18 Our first testimony today in the joint cross service area
19 will be from the depot maintenance group. We are pleased to
20 have with us Major General James Klugh, U.S. Army, Retired,
21 who headed the group. General Klugh serves as the Deputy
22 Undersecretary of Defense for logistics.

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1 He is joined by a distinguished panel of senior
2 personnel from the Army, Navy, Air Force and the Defense
3 Logistics Agency, who will remain with us all day for the
4 succeeding cross service testimony on pilot training, medical
5 services, and labs and tests and evaluations. They are
6 Brigadier General James E. Shane, Jr., Director of
7 Management, the Office of the Chief of Staff of the Army; Mr.
8 Charles Nemfakos, Vice Chairman, Navy Base Structure
9 Evaluation Committee; Major General Jay D. Blume, Jr.,
10 Special Assistant to the Chief of Staff of the Air Force for
11 Base Realignment and Transition; and Ms. Marge McManamay is
12 ill today and won't be with us, but we will forward all
13 questions for the DLA to her.
14 There will be no opening statements, so we can
15 proceed directly to the questions from the commissioners.
16 First, however, would you please stand and be sworn. Also,
17 if there are any that will be giving back-up testimony with
18 the panel, please stand and raise your hands also.
19 (Panel sworn.)
20 COMMISSIONER CORNELLA: Mr. Klugh, please explain
21 in general terms the joint cross service group study of depot
22 maintenance.

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1 MR. KLUGH: Mr. Chairman, the joint cross service
2 group on depot maintenance complied with the memorandum and
3 direction the Secretary of Defense issued in January of 1994.
4 We established a joint cross service group with
5 representatives from all the military departments and defense
6 agencies. The representatives were specifically selected by
7 the secretaries of those departments, or heads of those
8 departments.
9 We set up objectives to remedy the criticism from
10 BRAC '93, but focused on reducing capacity and reducing the
11 infrastructure; increasing efficiency; and increasing our
12 support to readiness. We established an analytical team to
13 support the group, and we established a data action team to
14 support the group; that is, to provide the database support
15 that we needed to handle the myriad of depot maintenance.
16 COMMISSIONER CORNELLA: Would the timer please give
17 me 10 minutes on the timer? Please describe excess capacity,
18 or current excess capacity in DOD facilities in percentage
19 terms, and I know that may be difficult. Could you do that
20 by service and by depot?
21 MR. KLUGH: Yes. The method for determining excess
22 capacity, or determining capacity is spelled out in the DOD

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1 -- Department of Defense -- directive. Essentially, it
2 determines the work hours, annual hours, per individual. It
3 determines the number of work stations within the depot, and
4 the number per commodity. And so you also apply the
5 availability of time that an individual can devote to the
6 primary duty.
7 So there is a formula, then, that suggests that the
8 number of work stations multiplied times the annual hours
9 applying and availability factor, equals the capacity of that
10 particular line or that particular commodity. And of course,
11 you carry that on to that particular depot. We determined
12 that there was sufficient excess capacity that ranged from
13 about 4 to 8 depot equivalents.
14 COMMISSIONER CORNELLA: What is the impact of the
15 DOD's BRAC recommendations on the excess capacity?
16 MR. KLUGH: Prior to BRAC '95, we had already
17 processed depots through the BRAC process, and had concluded
18 that -- and gotten approval through that process -- 11
19 maintenance depots for closure. That's 11 out of 35. That
20 represents about 30 percent, 31 percent of depots approved
21 for closure prior to the beginning of BRAC '95.
22 Applying BRAC '95, we carried that on to 42 percent

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1 reduction. For a military department, if we look at the
2 closures through the BRAC process from '88 through '95, the
3 Army would have reduced depots by 55 percent; the Navy would
4 have reduced shipyards by 50 percent; the Navy would have
5 reduced aviation depots by 50 percent. The overall
6 reduction, as I said, sir, would be about 42 percent.
7 COMMISSIONER CORNELLA: Now, that's in number of
8 depots, not in capacity, or is that capacity?
9 MR. KLUGH: That's in number of depots. As far as
10 capacity is concerned, in BRAC '95, we determined that we had
11 about 40 million direct labor hours of excess capacity. The
12 report that we forwarded to the Commission will take that
13 down by about 24 million direct -- I'm sorry, 24 million
14 labor hours would remain after applying BRAC '95, which means
15 that we're taking it down, totally, now, about 42 percent.
16 COMMISSIONER CORNELLA: Ms. Kelleher, have you been
17 administered the oath?
18 MS. KELLEHER: [Nodding.]
19 COMMISSIONER CORNELLA: Thank you. What would have
20 been the impact on excess capacity if the joint cross service
21 alternatives had been accepted?
22 MR. KLUGH: The joint cross service group submitted

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1 two alternatives to the military departments. Number one
2 alternative would have had remaining, after BRAC '95, about
3 20 million direct labor hours; again, taking the capacity
4 down about 50 percent. The alternative number two took that
5 down a bit further. Applying alternative number two, we
6 would have had about 15 million direct labor hours remaining
7 after BRAC '95.
8 The specific number to the decimal point has been
9 provided to you in the report, and we will refine that
10 number. But about 15 million direct labor hours remain after
11 applying the second alternative. The report that we
12 forwarded to the Commission has about 24 million direct labor
13 hours remaining, after applying BRAC '95.
14 COMMISSIONER CORNELLA: The Air Force's elimination
15 of excess capacity requires re-engineering of the core work
16 load. What would the Air Force's excess capacity be if the
17 re-engineering cannot be accomplished?
18 MR. KLUGH: First of all, I do not believe that the
19 Air Force is re-engineering the core work load. Core is a
20 capability to perform depot work -- the essential systems
21 necessary for war fighting, representing the skills and
22 capability to perform the workload. And there is associated.

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1 direct labor hours, of maintenance hours, associated with
2 that core function.
3 What I believe the Air Force is doing is, re-
4 engineering the processes within those depots to become more
5 efficient. That is, changing the number of work stations,
6 the number of people in the line; putting in enhancement
7 tools, enablers, automation and things of that nature. And
8 so to the extent that they can accomplish that, they can
9 reduce the number of hours that it takes to perform work.
10 What they are also doing is reducing, eliminating
11 the occupancy of a number of buildings. In other words, they
12 are contracting in the facilities that they have, but not re-
13 engineering the core, but re-engineering the process.
14 COMMISSIONER CORNELLA: I'm not sure the question
15 was answered in regard to what would the excess capacity be
16 if it is not accomplished?
17 MR. KLUGH: If it's not accomplished?
18 COMMISSIONER CORNELLA: If it's not accomplished.
19 MR. KLUGH: The BRAC cross service group determined
20 that the excess capacity in the Air Force ranged from about a
21 depot and three-quarters of a depot. And therefore, if they
22 do not accomplish eliminating that excess capacity, we still

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have excess capacity remaining. Our first alternative -- the Air Force reduce their excess capacity rather -- well, in line with the alternative.

And number two would have required the Air Force to consider closing two depots. To the extent and then the submission that the Air Force has forwarded of reducing five depots rather than closure, they have reported that they would reduce the direct labor hours in line with the same number that we had in alternatives one and two. Now, to the extent that they accomplished that, the OSD reduction in capacity would be as I outlined earlier.

COMMISSIONER CORNELLA: If it would not be accomplished, it would increase, would it not, the excess capacity?

MR. KLUGH: Yes. If they do not accomplish that, w will maintain very significant excess capacity.

COMMISSIONER CORNELLA: Thank you. Mr. Klugh, please describe the concept of maximum potential capacity.

MR. KLUGH: Maximum potential capacity assumes the current funding and current program workload. It does not assume significant increase in military construction or investment in capital. It assumes re-engineering the

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processes. It assumes rearrangement of the depot into any configuration which would enable you to do more than what your current capacity is; to optimize the capabilities of the particular depot.

COMMISSIONER CORNELLA: You addressed the military construction expenditure. Would it also require a second shift to achieve that potential?

MR. KLUGH: No, sir, it would not.

COMMISSIONER CORNELLA: Describe how your joint cross service group assigned functional values to each of the depots and shipyards.

MR. KLUGH: We divided the commodities into 16 groups. We established an objective to size the depots to core. We weighted the work that is performed in depots. And we applied the greatest amount of weight to the core areas. In fact, of 100 points, we applied about 60 points to the core category; about 30 points to workload that is above core, outside the core range; and about 10 percent to the environmental function.

We rank the depots in that way, by applying those weighted values to the functions, the workload, that is being performed in the depot.

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COMMISSIONER CORNELLA: My time is expired. I'm going to allow each commissioner 8 minutes to question the panel in the first round. And we'll start on my right, with Chairman Dixon.

CHAIRMAN DIXON: Thank you, Mr. Chairman. Mr. Klugh, I was out of the room for a few minutes, so if I duplicate something, would you forgive me? I'm looking at the chart, chart one, on the explanation of the 8 joint cross service group proposals. You see it up there now? Have we discussed that in your testimony so far?

MR. KLUGH: No, sir.

CHAIRMAN DIXON: Now, as I understand it, this is a work product, pretty much of the cross service groups that said, in effect, close Red River and Letterkenny. And the result has been that the DOD is closing Red River and realigning Letterkenny. Is that a correct interpretation of that chart?

MR. KLUGH: That is correct, sir.

CHAIRMAN DIXON: Then on Navy shipyards, the cross service groups -- one said, close Portsmouth and Pearl Harbor; the other one said, close Long Beach, Portsmouth and Pearl Harbor; and the DOD recommends Long Beach.

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MR. KLUGH: That is correct.

CHAIRMAN DIXON: The Navy aviation depots, both groups said Jacksonville should be closed, that DOD did not close.

MR. KLUGH: That is also correct.

CHAIRMAN DIXON: Navy weapons center, Crane-Louisville and Keyport were on each list. Crane-Louisville is closed, and Keyport is realigned. And on the Air Force aviation, San Antonio, which is Kelly, and Sacramento, which is McClellan, were on the one list. On the other list, San Antonio was on the list alone for closure. And all were downsized instead, in the DOD report. Is that accurate?

MR. KLUGH: That's correct, sir.

CHAIRMAN DIXON: I'll ask you, first of all, your view with respect to Navy shipyards. That is to say, what is your view of the DOD's recommendation, having in mind the recommendations of the cross service groups.

MR. KLUGH: As it pertains to shipyards, the joint cross service group recognized that that workload is probably not conducive to intraservicing. That workload in the shipyard is principally Navy. And you have about three categories, but two basic categories -- a nuclear workload

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and non-nuclear workload. And then, in the Navy, they have, in addition to depots, special weapons centers, warfare centers, some on the list of 24 depots and some smaller facilities that are not.

And some of the workload that specifically relates to depot maintenance had been transferred and done outside of those 24 depots in some instances. And so in the cross service group number two, to the right, where we identified those three depots, what we said to the Navy -- that it appears to us in the alternative that we provided them, that you have sufficient capacity to close two of those.

And it compares with alternative number one, where it showed two. The difference in two, it showed Long Beach. Well, one of those is a non-nuclear depot, Long Beach, and the other two are nuclear. So we did not try to, in the joint cross service group, to really come to the specific option when you looked at the weapons centers, the shipyards and depots, but specifically seaside. We asked the Navy to look in depth and make that assessment.

So the Navy, after reviewing that in detail, came back with Long Beach. But they transferred quite a bit of work to other activities.

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CHAIRMAN DIXON: But in effect, the Navy has finally selected -- or, I apologize, well, in fact, the Department of Defense has testified exactly what the services gave them. So I can correctly represent that it was the Navy's decision, given to the DOD, which took them to close Long Beach, as distinguished from Portsmouth on the one hand, or Pearl Harbor on the other; each of the other two having nuclear capabilities. Is that --

MR. KLUGH: That's correct, sir.

CHAIRMAN DIXON: It's almost an interesting thing to observe that on one of the lists, Long Beach didn't even make the list originally.

MR. KLUGH: On alternative number one, Long Beach was not on that list.

CHAIRMAN DIXON: Do you know the reason why?

MR. KLUGH: There were six runs, if you will, in our linear programming model, to come up with the best alternatives to provide to the military department. In fact, we made about 18 different runs.

CHAIRMAN DIXON: I see.

MR. KLUGH: But six of those runs were the best that would accomplish the objective. And that is to

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1 eliminate excess capacity; reduce number of depots; but also
2 reduce the number of places that we perform work. So those
3 six alternatives, four of them were identical. Four of them
4 were identical to cross service group one.
5 CHAIRMAN DIXON: I see.
6 MR. KLUGH: Only one of the six was different, and
7 that was the one which identified Long Beach. And that was
8 the run based on minimum excess capacity in applying the
9 function of values.
10 CHAIRMAN DIXON: Is all that information available
11 for us, Mr. Klugh?
12 MR. KLUGH: Yes, sir. In fact, I have provided the
13 charts which identify the specific runs. But I've also
14 provided the spreadsheet that provides all of the details as
15 to where that work went.
16 CHAIRMAN DIXON: Now, in the Navy aviation depots,
17 Jacksonville was on both lists that DOD did not close.
18 MR. KLUGH: Correct, sir.
19 CHAIRMAN DIXON: Navy weapons center Crane-
20 Louisville and Keyport were on both lists for closure. And
21 Crane-Louisville is closed, and Keyport is downsized,
22 realigned.

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1 MR. KLUGH: Yes, sir.
2 CHAIRMAN DIXON: Now, with respect to the Air
3 Force, as I understand it, Kelly made both lists; McClellan,
4 one. All have been downsized in place, under the
5 recommendations of the Air Force.
6 MR. KLUGH: That is correct, sir.
7 CHAIRMAN DIXON: And what do you have to say about
8 that, Mr. Klugh?
9 MR. KLUGH: First of all, the Navy, in
10 Jacksonville, showing up on one and two --
11 CHAIRMAN DIXON: Yes.
12 MR. KLUGH: -- and the department not including
13 Jacksonville, the Navy had some alternatives. Remember I
14 mentioned that some of the depot work is done in weapon
15 centers, in warfare centers, due to a Navy strategy sometime
16 ago, prior to the last two BRAC processes. The Navy chose to
17 close some of those centers. They had a choice -- close
18 Jacksonville, or close some of those centers and transfer the
19 depot work into the depot, or leave those centers open and
20 transfer some of the work out to those centers.
21 The Navy chose to close some of the warfare
22 centers, and transfer the depot work back into its depots.

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1 The key that we were focused on in this case was to reduce
2 the excess capacity and reduce the number of lines, and
3 maximize saving of dollars. And I think the actions the Navy
4 took in this case falls within the range, I think. It
5 complements those objectives.
6 As far as the Air Force and the air logistics
7 centers, if you focus on one logistics center, and the
8 question is, do I save more money by closing or realign? It
9 probably always most times, saving more money by closure.
10 But if you focus on eliminating one depot equivalent, and you
11 have five by which to realign, then perhaps the alternative
12 of realigning five depots may be the best solution.
13 The Air Force -- it was identified for the Air
14 Force that they had excess capacity, ranging in the 10
15 million direct labor hour area. And through this process,
16 they are reporting that they will be able to realign all
17 depots and achieve something pretty close to that.
18 CHAIRMAN DIXON: My time is up, but I'll ask this
19 final question. To be more simple than the numbers you've
20 used, how many depots -- Air Force excess depots would there
21 be on the numbers, by the analysis you made?
22 MR. KLUGH: Excess depots on the analysis we made.

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1 If you focus on the depot's activities, specifically, and not
2 realigning all the activities within the air logistics
3 center, would be about a depot and three-quarter equivalent;
4 about 10 million direct labor hours.
5 COMMISSIONER CORNELLA: Commissioner Cox.
6 COMMISSIONER COX: Thank you. I just want to
7 follow up on one thing, because I think I got confused. When
8 the chairman asked you about the Navy yards and you said
9 there was a group of, I think, 12 scenarios that went through
10 and that Long Beach only ended up on one of those scenarios.
11 And what I think you said is that the reason it only ended up
12 on one was because it had the minimum excess capacity. Is
13 that what you said?
14 MR. KLUGH: We had two categories of runs to come
15 to those alternatives. One was based on minimizing the
16 number of sites; that is, the maximized number of closures.
17 And the second one was, minimize excess capacity. And we
18 applied a linear programming model to that. When you
19 minimize sites, the model is trying to close the number of
20 sites.
21 COMMISSIONER COX: Right.
22 MR. KLUGH: When you minimize capacity, the model

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1 is attempting to utilize the capacity that you have more
2 efficiently. So we expected the specific closures to come
3 out somewhat different. We were surprised that they came out
4 so close, in that minimizing sites, even while applying
5 maximum military value and applying functional values, we got
6 the same alternatives.
7 When applying the minimizing excess capacity, we
8 got the same as minimized site in two cases. But in one
9 case, we had a different list. So since we had two different
10 alternatives to work from, two different ways to get to the
11 end state of reducing excess capacity, we chose to send to
12 the military departments both for further analysis.
13 Our first submission to the military department was
14 to give us a quick look back as to whether this is feasible,
15 and secondly, to do more detailed analyses -- run the COBRAs,
16 determine the cost and report back to the group.
17 COMMISSIONER COX: But you didn't look at costs.
18 For example, you talk about two different philosophies --
19 one, minimize sites and at least, arguably, if you close more
20 sites, you've saved more. Although, obviously, it depends on
21 each one. And the other one, you looked at minimizing excess
22 capacity. You didn't look at costs -- that just got sent out

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1 as alternatives?
2 MR. KLUGH: Yes. Cost is really determined by the
3 COBRA model runs.
4 COMMISSIONER COX: Uh-huh.
5 MR. KLUGH: And it was decided up front that the
6 military departments would actually make the COBRA runs, not
7 the joint cross service group.
8 COMMISSIONER COX: Right. And so without the
9 costs, though -- putting that aside, then, because you didn't
10 do that -- either way, you came out with closing at least two
11 shipyards.
12 MR. KLUGH: That's right.
13 COMMISSIONER COX: Interesting. And I'm sorry, why
14 would it be, for example, in minimizing capacity that you --
15 maybe I don't understand the philosophy here -- but why would
16 you end up with Long Beach not on that list?
17 MR. KLUGH: It is.
18 COMMISSIONER COX: I'm sorry, that is on the list?
19 MR. KLUGH: Yes.
20 COMMISSIONER COX: And why does that minimize
21 capacity?
22 MR. KLUGH: When you minimize retention of excess

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1 capacity --
2 COMMISSIONER COX: Right.
3 MR. KLUGH: -- then you tend to use up the capacity
4 that you have in larger depots. And when you maximize the
5 number of sites to be closed --
6 COMMISSIONER COX: You tend to close smaller ones.
7 MR. KLUGH: That's right.
8 COMMISSIONER COX: I see.
9 MR. KLUGH: And so we ran it both ways. And by
10 running it both ways, we had more alternatives to provide to
11 the military department for further detailed analysis.
12 COMMISSIONER COX: I see. But in each case,
13 military value was considered?
14 MR. KLUGH: yes.
15 COMMISSIONER COX: Right. Let me ask just an
16 overall question, and it's probably way too vague, and you're
17 welcome to beg off. But in general, in going through your
18 cross servicing idea, do you believe that consolidation of
19 functions is more efficient, saves money, is more productive?
20 There are always exceptions, of course.
21 MR. KLUGH: It depends a lot on the circumstances,
22 like the number of alternatives that you have. If you were

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1 looking at a single depot, then, in general, I would say that
2 shrinking and consolidating probably would not give you the
3 same savings as elimination, whether it's elimination of
4 things or the whole part.
5 But when you have a lot of other activities that
6 you can consider, then you have a lot of other flexibilities
7 by which to do that. And in some cases, I would suggest that
8 downsizing or shrinking may give you a better alternative
9 than actual closure.
10 COMMISSIONER COX: Mm-hmm. And when you looked at
11 the, I guess what you called the core capacity at each of
12 those, what does that mean? You looked at the specific
13 functions? Each of these depots had its own sort of major
14 function. And I guess you had to look at that because moving
15 that would be very expensive and you were trying to avoid
16 MILCON and that kind of --
17 MR. KLUGH: That's correct.
18 COMMISSIONER COX: I see. So the main reason --
19 getting back to, I think, the point you just made -- that you
20 would have to downsize rather than close is because you do
21 have these core functions that are difficult, at least in
22 cost, to move?

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1 MR. KLUGH: That's correct. And in some cases, you
2 may only have the capability to do a certain function within
3 a particular depot.
4 COMMISSIONER COX: Uh-huh. Did you do any, in
5 looking at the depots, any sort of separate analysis on
6 military value?
7 MR. KLUGH: No, we did not. We asked the military
8 departments to determine military value of the site. We
9 think that's very appropriate because what is of military
10 value to a seagoing operation would certainly be different
11 than perhaps a land campaign type of activity.
12 COMMISSIONER COX: So you took -- GAO testified
13 this morning that, at least in the Air Force side, the
14 assigning of military value may have been fine, but they
15 can't really document it. You didn't do anything separate to
16 look at that yourself?
17 MR. KLUGH: No. We accepted the military
18 department's input. We received the military value from each
19 of the military departments with their certified data.
20 COMMISSIONER COX: Right.
21 MR. KLUGH: And we accepted that data.
22 COMMISSIONER COX: Okay. Let me ask Mr. Nemfakos,

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1 regarding the proposal to privatize the naval surface warfare
2 detachment at Louisville, have you been involved in that?
3 MR. NEMFAKOS: We have looked at what the community
4 is proposing at that activity. And what we've said is that
5 there certainly is an enormous amount of promise in what
6 they're trying to do. The community is talking, as I
7 understand it, about establishing -- if the Commission
8 confirms our recommendation -- establishing a large
9 industrial complex.
10 They are, as I understand it, dealing now with two
11 major manufacturers to bring their product lines into those
12 facilities. That we would work with them in re-use, for them
13 to take over and use. And then, essentially, competing for
14 additional work. As you know, probably, the plating facility
15 at Louisville is a world-class plating facility. Right now
16 it's limited to the kind of work it can do because we can't
17 compete with the private sector to bring work into Navy
18 industrial activities.
19 But for example, if the local community was to put
20 that to use, there is a broad range of activity that would be
21 of potential. So that's what they're talking about doing. I
22 think they're working very hard to come up with a good idea.

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1 And what we have told them, from the Department of the Navy
2 perspective is that if they can come up with something that
3 makes sense for them and sense for the Department of the
4 Navy, we're prepared to support them in terms of post-base
5 closure allowing them to bring work in to the extent they're
6 cost competitive.
7 COMMISSIONER COX: And did you consider that
8 privatization proposal, which at least was around in 1993
9 when you wrote the language recommending closure of the naval
10 surface warfare detachment?
11 MR. NEMFAKOS: We were aware, Commissioner Cox,
12 that they were working on something. As we testified in the
13 opening session before the Commission, we deliberately have
14 worded that recommendation, as well as all our other
15 recommendations, to provide us the greatest amount of
16 flexibility in dealing with the communities. It's our view
17 that the wording of the recommendation provides enough
18 latitude for the community to execute the program that they
19 are currently -- as we understand it -- they are currently
20 pursuing.
21 COMMISSIONER COX: Thank you.
22 MR. NEMFAKOS: Yes, ma'am.

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1 COMMISSIONER CORNELLA: Commissioner Davis.
2 COMMISSIONER DAVIS: General Klugh, with your
3 permission, I would like to address my first question to
4 General Blume, since, one, he hasn't had one, and I don't
5 want him to get off easy. But it's not really a question --
6 well, it is. In the previous two hours, Jay, the Air Force
7 was rather severely pilloried by the GAO about their
8 process -- the fact that the GAO did not have access to your
9 working groups and to your data.
10 I think it would be appropriate before we get into
11 some of the questions which will clearly come to you, your
12 thoughts on that process; why the Air Force did it the way
13 they did. And if you had it to do over again, would you
14 change it?
15 GENERAL BLUME: The answer to the last part of your
16 question, sir, is, I think the Air Force would do it exactly
17 as they did before. I think, though, that there's always
18 improvements. The Air Force, in this particular BRAC '95,
19 tried to improve from the previous rounds. The Air Force
20 process has not changed. It was the same process that was
21 used -- basic process, let me say -- in 1991, '93 and '95.
22 It is true the Air Force restricted the GAO from

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1 coming in to their meetings and the BCEG, the Base Closure
2 Executive Group, and they were not in our deliberative
3 process. This was not an intent to try and keep them out,
4 but to give a clear and open opportunity for the BCEG members
5 to discuss whatever was to be discussed on that particular
6 day.
7 The documentation allegation, I think, in my
8 personal opinion, is totally -- if they can read, they should
9 be able to follow the Air Force process. And the reason I
10 say that is, there are minutes to every Air Force meeting.
11 Every one of the 22 meetings with the Secretary of the Air
12 Force and the Chief of Staff of the Air Force was also
13 documented, as far as the happenings in those meetings.
14 So I don't understand. I do think that there are
15 two places where the Air Force and the GAO have a
16 disagreement. One is, at the beginning of the Air Force
17 process -- and this is different than the previous two
18 rounds -- in trying to meet the GAO requirements that they
19 had alluded that the Air Force was too subjective, the Air
20 Force put weights and measures on their evaluations of all
21 the subgroup and subelements; and used a database and a
22 computer just to roll these up into aggregate grades.

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1 However, the Air Force feels very firmly that it
2 should not be a five decimal place number as far as the
3 scoring; that there should be functional experts that look at
4 this analysis and then do the final scoring to build a
5 tiering of bases, which then goes to the Secretary of the Air
6 Force.
7 So this scoring is the contention -- or contentious
8 point -- between the Air Force, I believe, and the GAO. It's
9 hard to get in the minds of 13 functional experts, throughout
10 the air staff, and to know how they're going to score the
11 top-line reading -- that is, the first three colors, the
12 numerical costing, plus the return on investment, all A
13 criteria, as well as the final impact on the community,
14 impact on the base, and the impact as far as the environment
15 is concerned.
16 This is done in the heads of those particular
17 gentlemen who are sitting around the base closure executive
18 group table. Their voting, then, aligns our bases -- the Air
19 Force bases -- into a particular alignment, and then you look
20 for natural break points. Those that are scored high come to
21 the top. Those that are scored low come to the bottom.
22 There is no quota or anything like that, so you look to see

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1 which are the best and which are those that are not the best.
2 And that's the Air Force process, as it goes. But
3 the GAO has a very difficult time of taking that tiering,
4 then, even though -- I'll guarantee you, if you look at the
5 top line, I think a rational person would say, "This base
6 should be" -- and we call it tier 1, tier 2, and tier 3 --
7 "should be our good, better, or best base."
8 COMMISSIONER DAVIS: Thank you very much. Can you
9 bring up chart 5, please?
10 General Klugh, while he's bringing this up, this is
11 a comparison of closure COBRA data from each military
12 department. It's kind of hard to read.
13 COMMISSIONER DIXON: Can you brighten that a
14 little?
15 COMMISSIONER DAVIS: Yeah. We'll provide you a
16 copy of it.
17 General Klugh, there are significant differences
18 between the services' COBRA estimate to close depots. For
19 example, there are substantial differences in percentage of
20 people who would be moved. Did the joint service group come
21 up with an estimate, a percentage of people, that would move
22 upon closure of a depot?

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1 GENERAL KLUGH: To the extent that direct labor
2 hours would remain at a depot or would not remain at a depot,
3 in case of closure, that's the extent by which we, as the
4 joint cross-service group, could identify the people shift.
5 The COBRA runs is the model to determine exactly how many
6 would go to a certain location or not, because, as you absorb
7 work in a depot, you don't need a one-for-one. So there has
8 to be some analysis as to the people that you really need to
9 do that, and that is done in the COBRA model.
10 COMMISSIONER DAVIS: But, General Klugh, there
11 seems to be a significant difference between the percent
12 realigned, the bottom line there, between services -- where,
13 you know, the Air Force falls outside two sigma on a bell
14 curve, and probably the mean is somewhere around the 25
15 percentile. Did the joint service group take a look at that
16 at all?
17 GENERAL KLUGH: No. There was no way that the
18 joint cross-service group could really compare these. It is
19 obvious from these -- it was obvious to us -- that the
20 services have a different way of applying the COBRA runs.
21 COMMISSIONER DAVIS: All right, sir.
22 If I could switch to Army depots, General Klugh,

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1 the cross-service initially recommended the decentralization
2 of the tactical missile maintenance and then, later, approved
3 the Army's plan, which is kind of a decentralization but
4 takes it a bit different than your original recommendation.
5 Can you tell us why that change in views? Or do you
6 remember?
7 GENERAL KLUGH: Well, in applying the linear
8 program model, we really were trying to offer up to the
9 military department the alternatives, where the centers of
10 excellence exist, in order to perform specific work. We
11 still feel that there is something to be gained in reducing
12 the number of sites where work is performed. In fact, we had
13 as an objective, where something is common to two or more
14 services, to reduce to one place where the work is performed.
15 As you know, the tactical missile is a follow-on to
16 BRAC '93. We were very careful, as we reviewed what to do
17 with tactical missile, as it impacts the BRAC '93 decisions.
18 In changing -- when you look at all the depots together --
19 and specifically look at the Army depots, in this case, and
20 the capabilities of Tobyhanna and Letterkenny -- an option
21 the Army chose to optimize what Letterkenny is best at in
22 their realignment business and what Tobyhanna could do for

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1 that particular commodity, it seemed to me, was a reasonable
2 conclusion.
3 COMMISSIONER DAVIS: Mr. Chairman, I've got more
4 questions in that area, but my time is expired. I'll come
5 back to it later. Thank you very much.
6 COMMISSIONER CORNELLA: Thank you, Commissioner
7 Davis. Commissioner Kling?
8 COMMISSIONER KLING: Thank you, Mr. Chairman.
9 Mr. Nemfakos, turning back to the naval warfare
10 centers, I believe -- and I hope I'm not going to be
11 redundant; maybe I missed it. But we commented on the
12 privatization in Louisville, and I don't believe we touched
13 on it in Indianapolis. Did we?
14 MR. NEMFAKOS: No, sir, we didn't talk about it
15 earlier.
16 COMMISSIONER KLING: Could we have the same
17 questions to you concerning Indianapolis?
18 MR. NEMFAKOS: Yes, sir. As a general proposition,
19 my answers would be the same, except for the circumstances of
20 the two activities are somewhat different, in the sense that
21 Louisville is a much more heavily industrialized activity, as
22 you know, and therefore is further along, in my judgement, in

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1 dealing with the private sector, to bring manufacturers in,
2 than is Indianapolis.
3 But the proposition is generally the same. It is a
4 proposition that says, "If the Commission endorses, the
5 President forwards, and the Congress approves the base
6 closure list and we close those activities, the local
7 community would like the opportunity to take over the sites,
8 utilize what is there, create a private venture that could
9 then compete for public work." And in both cases, an
10 envisioning of, if, in fact, they can create a center of
11 excellence, having the government potentially rent space
12 there and work with certain of the systems there, as opposed
13 to building space somewhere else.
14 Both those ideas are not, as you can tell from my
15 comments, mature. Both communities are working very hard.
16 And I believe the recommendations that we have made in
17 neither instance would preclude bringing what they would like
18 to do to fruition. The issue is, can they bring it off? Can
19 they bring the private-sector interests in? Can they create
20 a viable commercial enterprise zone that would be able to
21 compete for both private-sector work as well as work for the
22 government?

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1 Those are the kinds of things that we would be
2 prepared to aggressively pursue with them, because, clearly,
3 it's a win-win proposition. If they can do it, it's great
4 for the community, and if they can do it successfully, the
5 implication is that the Department of the Navy, and therefore
6 the United States taxpayer, is going to be able to get his
7 work done at a lower cost.
8 COMMISSIONER KLING: I think that's a great answer
9 and a great comment, and I totally support that and agree
10 with you.
11 MR. NEMFAKOS: Thank you, sir.
12 COMMISSIONER KLING: So I hope we can go forward.
13 And I guess you will continually have dialogue with them as
14 they go forward.
15 MR. NEMFAKOS: Yes, sir. My understanding is that
16 both the local communities, as well as the warfare center
17 leadership, as well as the commander of the Naval Sea Systems
18 Command, are working closely together to see how this kind of
19 an idea could work, upon approval of a closure process.
20 COMMISSIONER KLING: Great.
21 Does the Navy's rejection of a proposed commercial
22 and government use of the propeller shop and foundry in

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1 Philadelphia relate to the potential for the Indianapolis
2 proposal?
3 MR. NEMFAKOS: I'm sorry, sir.
4 COMMISSIONER KLING: Does the Navy's rejection of a
5 proposed commercial and government use of the propeller shop
6 and foundry in Philadelphia relate to the potential for the
7 Indianapolis proposal?
8 MR. NEMFAKOS: No, sir, it doesn't.
9 COMMISSIONER KLING: Okay. Thank you.
10 The General Accounting Office testimony this
11 morning recommended that the Commission thoroughly examine
12 the bases for exclusions to the cost and savings data
13 associated with recommendations for naval air warfare centers
14 at Louisville, Indianapolis, and Lakehurst. Could you please
15 comment on that issue?
16 MR. NEMFAKOS: Commissioner Kling, as we went
17 through our processes, as you can imagine, when you're
18 dealing as openly as the Department of the Navy's process
19 does with its field commands, and you, as you work through
20 the process, go out to them and say, "Here's the scenario
21 that I'm thinking of. Give me back costs," we generally, in
22 the military establishment, tend to be conservative, in any

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1 case. When the issue becomes an issue of "They're talking
2 about closing my base, moving my job," I think it's a very
3 understandable tendency to become very conservative.
4 We had significant amounts of excess capacity,
5 still, in 1995, even after the enormous closures of 1993, so
6 we attacked the estimates of what's it going to cost -- and
7 when I say "we," the base structure evaluation committee --
8 and asked very probing questions, had specific protocols on
9 how to deal with certain costs. And what we found is, in
10 many cases, sometimes through lack of understanding,
11 oversight, whatever, we had estimates that, for example,
12 included things that were already included in the COBRA
13 algorithms. We had cost estimates that shouldn't have been
14 included at all in the context of the Department of Defense
15 process. And we had, then, other estimates that, very
16 frankly, we felt were unsupportable, for a specific reason.
17 Obviously, the local commands and the people
18 working at the local commands are somewhat distressed that
19 their full estimate was not included in our analysis. We
20 believe we have substantiated the reasons. As you know, both
21 the audit service and the inspector general have been looking
22 into that issue, and to date, at least, they have not

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1 identified anything that would have changed the
2 recommendations that we made.
3 So, while I understand the local distress that
4 their full estimates were not provided, I also think there is
5 good and valid reason that those full estimates were not
6 included. But it is to that specific disagreement that the
7 GAO addressed itself, I believe.
8 COMMISSIONER KLING: Thank you.
9 MR. NEMFAKOS: Yes, sir.
10 COMMISSIONER KLING: Back to the plating point. I
11 think somebody had asked a certain question. Did the Navy
12 consider consolidating plating operations at Louisville's new
13 $36 million facility, by any chance?
14 MR. NEMFAKOS: No, sir, we did not. And the reason
15 is, what we looked at is -- we looked at Navy work, and we
16 looked at the -- I believe -- and General Klugh can correct
17 me if I'm wrong -- close to one million hours, direct labor
18 hours, of depot-level work that was being conducted at
19 Louisville. And our view was that that work could
20 significantly reduce our excess capacity at our major
21 industrial depots -- the shipyards.
22 We chose, therefore, to look at consolidation at

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1 shipyards, as opposed to moving work. We looked at our
2 plating work. The initial estimates were to build a new
3 plating facility at one of our shipyards.
4 As we -- as I described earlier -- aggressively
5 pursued that cost, what we determined was that there was
6 enough capacity at Watervliet Arsenal to take care of the
7 minimal type of work that the Department of the Navy needed
8 in this area, and therefore that's where we would have sent
9 the work if Louisville were completely closed. We would not
10 be moving additional work into Louisville.
11 COMMISSIONER KLING: It's a fine facility -- and I
12 see my time is up, Mr. Chairman.
13 COMMISSIONER CORNELLA: Thank you, Commissioner
14 Kling. Commissioner Montoya?
15 COMMISSIONER MONTOYA: Thank you.
16 My questions -- I don't want them to appear that
17 I'm going to try to set up a battle between the services; I'm
18 not. But I'm looking for empirical data that may lead to
19 some areas of inquiry that they'll be helpful to us.
20 So, Mr. Nemfakos, I wanted to ask you some
21 questions regarding the previous closure of depots. Do you
22 have enough information yet to come to any conclusions, or

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1 preliminary conclusions, audited or not audited, regarding
2 the costs that you've experienced? Were they close to your
3 estimates? And what savings -- and have the savings that you
4 contemplated begun to show fruit, both in terms of efficiency
5 at the new places, or otherwise?
6 MR. NEMFAKOS: Commissioner Montoya, as you know,
7 the depots that we closed in '91, principally Philadelphia
8 Naval Shipyard, were held up for some time, and the full
9 return costs on that particular closure are not in. In the
10 '93 round of base closure, we are aggressively working those
11 closures, because in '93, as in '95, it's our intent to close
12 as quickly as possible.
13 But considering that those were two nuclear naval
14 shipyards and 50 percent of our aviation depot capability
15 that required moving work both to the Army depot in Corpus
16 Christi, as well as to other places, and completely
17 realigning, in other words, where work had been distributed,
18 the return costs are still, I think, at least a year away.
19 What we do have, sir, is -- in the process of the
20 budget review, the Office of the Comptroller of the Navy
21 aggressively, again, looked at the estimates for both cost of
22 closure and savings. To date, the savings numbers are

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1 relatively close to what we projected for the '93 round of
2 base closure for those activities. The costs, other than
3 environmental -- the costs, because of the COBRA model, that
4 COBRA algorithms do tend to be somewhat conservative, appear
5 to be running a little bit behind.
6 And finally, what we're seeing is, as our people
7 are going through the planning process, both the facilities
8 people -- the Naval Facilities Engineering Command -- but
9 also the users and the managers, the activity group
10 managers -- they are, in fact, finding better, cheaper ways
11 of getting the job done. And so my expectation is that, when
12 the final accounting is done, other than environmental, the
13 costs will be lower than what we anticipated.
14 COMMISSIONER MONTOYA: Would you comment on the
15 environmental costs? That was my next question, as to what
16 did you -- how is it in reality, versus what you anticipated?
17 MR. NEMFAKOS: Well, as you know, Commissioner
18 Montoya, we did not estimate environmental costs in the
19 closure round in '93, and, as you also know, probably better
20 than anybody else, this is an area that, until you get in
21 there and start doing the work, you don't have a clue. I do
22 not -- I have not heard of any ugly surprises, particularly

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1 with the nuclear shipyards and some of the other places, or
2 the kinds of costs that the facilities engineers would have
3 expected to see being inordinately greater.
4 I know that's not a very good answer, but on the
5 environmental piece I just think we still have work to do.
6 COMMISSIONER MONTOYA: But you apparently accepted
7 that risk, given your base closure decision -- that it had to
8 be dealt with.
9 MR. NEMFAKOS: Well, you know, the issue of
10 environmental clean-up, of course, is one to which we're
11 committed. As you recall from your days in the facilities
12 engineering command, the several administrations' commitment
13 to cleaning up the environment and getting it over with has
14 been continuous, so these activities are eventually going to
15 have to get cleaned up, in any case.
16 The other piece, I think, that has been playing
17 very heavily in our mind is the view that we cannot -- should
18 not -- use as an excuse "Hey, it's too dirty, so let's just
19 keep it in our inventory, because it's too hard to clean up."
20 Because it was not our view that that was a prudent public-
21 steward position.
22 So, regardless of the environmental costs, we

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1 proceeded.
2 COMMISSIONER MONTOYA: General Blume, a couple of
3 questions. Did the Air Force, going into the BRAC process,
4 have some specific reduction targets, either savings or
5 people or planned value? Did you have some bogeys going in
6 that were very broad guidelines, within the Air Force?
7 GENERAL BLUME: As far as our analysis, Mr.
8 Montoya, we looked at the capacity that the Air Force had, as
9 far as its depots. We allowed the -- actually, the joint
10 cross-service group -- to develop the excess capacity. And
11 we looked at that relative to additional analysis that we
12 did, and we're pretty much in line. Between one depot and a
13 depot and a half equivalence of man-hours of work load was
14 essentially what the Air -- we didn't have a specific target
15 as we went into it, but we developed that as our analysis
16 progressed.
17 COMMISSIONER MONTOYA: Can you tell me, at what
18 point in time did you leave the depot question from a closure
19 prospective to a downsizing perspective? When did you get
20 off of that particular path, and why?
21 GENERAL BLUME: Well, as you know, we walked down
22 that path for several months, looking at the potential of

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1 closing either one or two depots, and analyzing those, too.
2 As we came up to where we had, essentially, the roll-up of
3 all of our actions for the BRAC '95, then we came to the
4 reality that there were some cost implications. What could
5 the Air Force really afford? Was there -- and this is, I'm
6 sure, what the Secretary of the Air Force had to come to
7 grips with before she made her recommendation. Knowing what
8 was budgeted, knowing what the Air Force had excess capacity,
9 was there another way? And that's the question that she
10 asked.
11 This was the latter part of January. This was when
12 the Air Force essentially put our entire package -- that is,
13 the base closure executive group put our entire package --
14 before the secretary. At that point in time, she asked us --
15 the Air Force BCEG -- to look if there are other
16 alternatives. And that's when we turned to looking to see if
17 there was something else, something that was less expensive
18 than the closure of one or two depots.
19 COMMISSIONER MONTOYA: So it was, if I can
20 paraphrase, near-term, budget-driven, cost-driven. Those
21 large numbers is really what spooked you, when you got to
22 looking at those big numbers.

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1 GENERAL BLUME: It certainly did, and the fact
2 that, if you took on essentially one depot, and certainly if
3 you took on two -- if you took on one depot, then, quite
4 frankly, the Air Force, from what we had budgeted, would not
5 be able to do any other of the actions that were recommended.
6 COMMISSIONER MONTOYA: Thank you very much, and
7 thank you, Mr. Nemfakos, for your answers. Good to see you.
8 COMMISSIONER CORNELLA: Commissioner Robles.
9 COMMISSIONER ROBLES: General Klugh, so nice to see
10 you again.
11 GENERAL KLUGH: Thank you.
12 COMMISSIONER ROBLES: You know, I'll have to say up
13 front, the issues are the same, the numbers are just bigger.
14 So much has been said about military value. It
15 clearly is the overarching principle that guides this whole
16 base-closure process, in many respects, because it is --
17 those four elements of military value are, in many cases, the
18 predominant force. But I want to make sure I get military
19 value, as you see it, in perspective, on this issue of depot
20 maintenance.
21 I think what intrigues us most is the fact that, as
22 you look from base closure round to base closure round, even

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1 from service to service, from DOD to services, the military-
2 value rankings are really a function of many factors:
3 judgement, experience, maturity, leadership, et cetera. And
4 we're often using these military-value rankings as a cardinal
5 measure, when in fact they really are an ordinal measure,
6 because, although you try to be objective about the criterion
7 that goes into doing the military ranking -- you try to be as
8 objective as possible and try to be as quantitative -- there
9 are just some things that just aren't quantifiable and are
10 judgement.
11 And so, given that as sort of a prelude, and that
12 they really are more ordinal in nature than they are cardinal
13 in nature, is your sense that the military values of the
14 depots, as they were ranked by the individual services, in
15 your estimation, are appropriate, a good measure of what they
16 should have been -- that is, a way to take this mass of data
17 and put some sort of ordinal ranking around it?
18 GENERAL KLUGH: Very challenging question, sir. I
19 would say that there are a lot of things involved here. One
20 is, we had a number of criteria, and the criteria were
21 minimize the number of sites, minimize excess capacity,
22 maximize functional value, and maximize military value. All

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1 had to be considered.
2 We ran a model -- linear program model -- to,
3 without military value and without functional value, reduce
4 sites. We came up with a set of depots.
5 We than ran the model with maximizing functional
6 value, and we came up with a number of depots.
7 We ran the model again with maximizing military
8 value, and we came up with a number of depots.
9 We came up with the same number of depots for
10 closure, which means that the predominant thing that was
11 driving the closure was capacity. Although applying military
12 value -- and the services' ranking of military value was
13 rather subjective, and, by the nature, as you explained, I
14 think that's quite appropriate. But we were able to apply a
15 quantifiable number to the linear-program model.
16 Is it the best that we can do, or is there room for
17 improvement? I would suggest, yes, sir, there is.
18 Military value did influence the results, and we
19 kept military value in focus, as the military departments
20 provided to us, but did the military value -- I think is your
21 question -- influence this sufficiently, given what you just
22 said? And I would say, "Probably not."

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1 COMMISSIONER ROBLES: Okay. Well, thank you.
2 A follow-on to that question: This is -- I don't
3 need you to answer this question right now, but to provide it
4 for the record. If I remember my ORSA days, when you ran
5 your objective function, you said you ran it several
6 different ways, to minimize, maximize, et cetera. There also
7 is a series of subject-to or constraint equations. I'd be
8 interested, if you would provide us what those constraint
9 equations were, because that also frames the issue very
10 neatly and tells you exactly what the real issues are.
11 And I'd also like to look at -- if you would
12 provide us what the slack is -- the slack in the
13 algorithms -- to see where that slack is and compare that
14 against that ranking chart. Because I -- having known a
15 little bit about linear programming, there are a lot -- it's
16 again like everything else. There's assumptions that go into
17 it, and if the assumptions are well-founded, then the
18 analysis comes out well-founded. If the assumptions are
19 questionable, then the analysis comes out questionable.
20 But obviously, in your case, they correlated very
21 highly, because you did it various ways.
22 But I would like it, if you would have your

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1 analysts provide that.
2 GENERAL KLUGH: Yes, sir. We actually did do
3 actually as you suggested. In our data analysis team we had
4 two experts in operations research systems analysis. They
5 developed a database by which to be able to be flexible in
6 responding to the options that we laid out. And I would be
7 happy to provide you the spreadsheet of the database.
8 We went beyond the six runs that I mentioned. We
9 looked at all depots equally. We looked at a number of
10 depots that do not show up on the alternatives that we
11 provided to the military department. I'd be happy to provide
12 all that data to you.
13 COMMISSIONER ROBLES: Thank you, sir.
14 Now, cascading that down to the Air Force, you got
15 the rankings, and it was a good baseline to see the various
16 options that were available. And it was in the Air Force
17 analysis that the up-front costs were the driving force, it
18 appears, for not closing versus downsizing.
19 General Blume, could you elaborate a little bit on
20 the up-front costs again? What went into it? If you had
21 gone back now, since you did some revisions -- have there
22 been any revisions to the up-front cost?

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1 Again, I'm trying to find -- having done some of
2 these analyses in previous lives, I never did find the
3 downsizing alternative to maximize anything. But maybe,
4 because of the special nature of your depots and the high up-
5 front costs when you have to move things around or replicate
6 them or whatever, there's something here that I'm missing.
7 So could you elaborate a little bit on that?
8 GENERAL BLUME: Well, let me make a couple of
9 comments. One, we were trying to, essentially, minimize
10 cost, in a certain fashion, while accomplishing the intent of
11 what was -- and, really, that's to a great extent trying to
12 reduce the excess capacity, at the same time minimizing cost.
13 And let me also comment, first, on the fact that
14 the Air Force recommendation was not subjective. It was not
15 subjective at all. The Air Force did not consider military
16 value as just the first four. The Air Force, in all its
17 depots, looked at all eight DOD criteria. Cost is certainly
18 one, and it was a very important one when we came down -- the
19 secretary made the final decision.
20 But we looked at all of those eight values for all
21 five of the depots, or the installations, and those are the
22 things -- all eight criteria were what drove those particular

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1 installations into what you term, or what the joint cross-
2 service group termed, was military value, which was an
3 installation tiering of those five bases.
4 That information was used by them, then, in the
5 linear programming model that General Klugh was talking
6 about.
7 The costs were COBRA costs, and those were
8 developed for each one of those installations, using the
9 standard COBRA model, sir.
10 Now, help me with trying to enlighten you, if you
11 would.
12 COMMISSIONER ROBLES: Well, there are several
13 components: enormous up-front cost to close a depot, so you
14 went to the alternative of downsizing, and that gave you
15 better economics. I'm just trying to understand, because the
16 last time I looked at those numbers there were some numbers
17 there -- like the number of civilian personnel transferred,
18 et cetera -- that just were counterintuitive. And I'd like
19 to see --
20 GENERAL BLUME: Well, I've got -- if you would,
21 I've got Mr. John Beach here with me today, and John has done
22 some -- he has done some discussions with the Commission

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1 staff. He has addressed some of the questions, and maybe at
2 this time it might be appropriate for him to sort of give an
3 explanation of why so much difference between the Air Force
4 proposal, in downsizing, versus the other proposals, of
5 closure. If you would accept that, then I would let him --
6 COMMISSIONER ROBLES: I don't want to tie up the
7 hearing to do that, but maybe we can do that later on, maybe
8 after the hearing.
9 GENERAL BLUME: Okay. Maybe I could explain it in
10 just two elements. One is that the Air Force has been, for
11 some time, trying to downsize and reduce its capacity in its
12 depots, and has quite successfully done a great deal of that.
13 There is still more out there, as we have determined.
14 But besides that one element, those depots are only
15 one entity on those installations, and, as General Davis said
16 in this chart that's still up right here, you can see the Air
17 Force eliminates only 7 percent of those personnel, personnel
18 being the big driver, as far as cost is concerned, and
19 realigns 86 percent.
20 If you take Kelly, to move Kelly, take the depot
21 out, move the depot infrastructure to the other depots,
22 that's one thing. But there's a lot more at Kelly, as you

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1 well know, than just the depot -- product center; there's the
2 Guard, the Reserve -- you know, a lot of other things that
3 exist on Kelly Air Force Base.
4 That explains that, and I think, to some extent,
5 because of the magnitude of the problem -- that is, the
6 magnitude of the number of people on an Air Force
7 installation which has a depot -- presents a significant and
8 unique problem.
9 And that's why the Air Force -- one of the reasons
10 that they looked to downsizing, versus trying to close that
11 entire installation.
12 COMMISSIONER ROBLES: Thank you very much.
13 COMMISSIONER CORNELLA: Commissioner Steele?
14 COMMISSIONER STEELE: I'll just follow up on
15 General Robles' questions for this round and move to the Navy
16 in my second round. General Shane, I think you're going to
17 get off the hook, as I predicted to you this morning. It's
18 nice seeing you. I'll bet you wish all hearings were this
19 easy.
20 Up-front costs -- if we could dig into that subject
21 a little bit more, some of the assumptions that went into the
22 numbers. Firstly, if 7 percent of the personnel -- only 7

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1 percent -- would be eliminated if there was a closure of the
2 depot, I'm wondering, one, where that number comes from and
3 if we're assuming that -- what is it, 86 percent -- of the
4 personnel would have to be relocated, historically, how many
5 individuals do relocate when you close installations? That
6 seems extremely high, compared to past data that I've seen.
7 GENERAL BLUME: That number comes from your staff,
8 and I would -- you know, maybe Mr. Beach could answer that,
9 but I'm sorry. I'll have to take it for the record. If you
10 prefer, he can do it afterwards.
11 COMMISSIONER STEELE: Well, if it can be addressed,
12 it might be helpful if we could address it now. If you'd
13 rather report back to us later, that's fine with me.
14 Whichever you would prefer.
15 COMMISSIONER CORNELLA: It's our understanding that
16 number comes from your COBRA run. It's what I've been
17 informed.
18 GENERAL BLUME: Well, one more comment that may
19 have a little light on it is that, even with the -- you know,
20 certainly the depot portion of a large installation like
21 that -- only some of those people move. Those which are
22 associated with the core. A lot of the other civilians,

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1 certainly, do not move. Many of them stay and elect to
2 retire. Some are RIFfed. A lot of other personnel actions
3 relative to that population.
4 COMMISSIONER STEELE: So what number would you give
5 for a viable assumption of the number of personnel that would
6 move? Because that, again, drives the up-front assumption of
7 closing costs, because moving individuals is obviously very
8 expensive. Could you give us a ballpark figure?
9 GENERAL BLUME: I could, but I'm not sure how
10 accurate -- I'd rather get back to you on the record.
11 COMMISSIONER STEELE: Okay. That would be fine.
12 Secondly, infrastructure: same thing. The Air
13 Force assumed -- actually, perhaps you could tell me, because
14 I forget the number. What percent of infrastructure would
15 have to be physically moved or reconstituted within depots,
16 should a depot close?
17 GENERAL BLUME: What percent of infrastructure
18 would move?
19 COMMISSIONER STEELE: Right, the reason being --
20 GENERAL BLUME: The infrastructure would not move.
21 The infrastructure would -- now, there would be movements
22 within the infrastructure on a base. Those would not be BRAC

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1 moves. Those, as General Klugh was referring to a while ago,
2 may be like reengineering. If you had, you know, one
3 production group in a building and you could move that
4 production group to another building, leaving that building
5 completely unoccupied, and then taking that building down,
6 either mothballing it, pickling it, whatever you call it, or
7 maybe destroying it, to reduce excess infrastructure, there
8 would be some of the things in the buildings -- that is, the
9 equipment and so forth -- certainly, that would move.
10 COMMISSIONER STEELE: That's what I'm getting at.
11 I believe the assumption was fairly high -- the number, what,
12 85 percent?
13 COMMISSIONER DAVIS: Chart 5.
14 COMMISSIONER STEELE: Chart 5, someone is telling
15 me.
16 Whatever percentage of the infrastructure -- we'll
17 find out in a second here; I don't recall the number -- would
18 actually move, if there is so much excess capacity at the
19 different depots, why would you need to replicate a function
20 where the tooling already exists somewhere else to do that
21 mission.
22 GENERAL BLUME: Well, you imply that a lathe is a

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1 lathe is a lathe. In many cases, that's not true. You have
2 some very expensive and special equipment, in some cases, to
3 work on aircraft parts, and in many cases, rather than to --
4 certainly to either divest yourself of that equipment, you --
5 certainly it would be cost-effective to move it to the new
6 location. Those types of things certainly should be moved.
7 COMMISSIONER STEELE: The Air Force, I gather,
8 plugged into the COBRA number a flat assumption of what would
9 move. Why didn't you look at the individual ALCs to see what
10 actually would have to move? Because it varies greatly
11 between the ALCs.
12 GENERAL BLUME: We did do that, and it has been
13 done, essentially, in the site surveys and the consolidation
14 work that has been ongoing and that we discussed with your
15 staff last weekend. That equipment -- special equipment and
16 things like that -- are identified, and the places that it
17 would go -- the things on a base, or in a depot, that would
18 be moved from one building to another. And those building
19 numbers, also, have been supplied, so that you would have an
20 idea, then, of, is the Air Force really downsizing and moving
21 and consolidating these things, or is it some mystical
22 process.

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1 No, we certainly agree, and we think that the plan
2 now is much more specific than the one that we were able to
3 give you before, because we've been out and we've walked the
4 walk.
5 COMMISSIONER STEELE: That begs the question. Why,
6 sir -- if you could help me on the process here, why would 85
7 percent of the Air Force's recommendation change between when
8 your report came to us and the meetings you've had with BRAC
9 staff that I haven't been privy to details of yet?
10 GENERAL BLUME: Well, I don't know where you get
11 the 85 percent. There are --
12 COMMISSIONER STEELE: Looking at the functions and
13 where they would relocate.
14 GENERAL BLUME: There are four of the original
15 functions where we had consolidations that have changed. One
16 of those has changed because it's called plating, and we --
17 quite frankly, I think we made an error there, because, if
18 you're going to do composites and plastics at McClellan Air
19 Force Base -- and that's going to be your center -- there is
20 chemical milling that needs to be done there, and I think we
21 overlooked that in our original estimate.
22 But that is really the only essential change in

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1 that entire -- the number -- if you recall, we had our BRAC
2 submission; we went out and did our site surveys, as best we
3 could; and we've come back to you, and we say, "There is no
4 change, except for that one, that we would essentially think
5 would be a refinement." We also said to your staff, "There
6 are a total of four, including that one, that probably could
7 be more effective if you would decide to look at it."
8 But that is the only reason that we would propose a
9 change: because it would be more cost-effective and probably
10 do a better job, if you would take a look at those. And we
11 would be glad to help you with that.
12 COMMISSIONER STEELE: One last quick question on
13 the up-front costs, and then a follow-up question regarding
14 measuring capacity. Thirty percent of the overall rating of
15 the bases in question was the ability to receive missions,
16 the different types of missions, at 25 percent each. Why was
17 there -- it appears there was not a measurement of current
18 collocated missions and how the closure of a depot, an ALC,
19 or a base would affect the costs versus efficiencies of
20 collocated missions at the different installations. That,
21 obviously, drives up-front costs, again.
22 GENERAL BLUME: I --

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1 COMMISSIONER STEELE: The synergy --
2 GENERAL BLUME: Yeah. I'm trying to get the
3 question, but I'm having difficulty.
4 COMMISSIONER STEELE: I can restate it.
5 GENERAL BLUME: Try, please.
6 COMMISSIONER STEELE: Pick your depot. Missions
7 that are located at Robins, Tinker, Kelly currently -- when
8 you visit those installations, you'll hear that those
9 missions are there largely because of the synergy of being
10 there with the ALC and the cost-effectiveness and how it
11 helps missions and operations -- all that stuff. Why, when
12 you looked at measuring and tiering the depots, was there not
13 a measurement of the missions that are currently collocated
14 on those bases? Why did you only look at the ability to
15 receive different operational missions?
16 GENERAL BLUME: I'll have to take it for the
17 record. I don't recall -- I'm trying to remember -- our
18 analysis, and I'd have to dig into my notes here to try and
19 go through the percentages.
20 But let me say, when we came back -- and this is on
21 the same line. Collocated missions, such as, let's say,
22 sheet metal, sheet metal being accomplished at all of the

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1 five depots, if I'm understanding --
2 COMMISSIONER STEELE: No, I don't mean functions,
3 depot functions.
4 GENERAL BLUME: Okay.
5 COMMISSIONER STEELE: I mean wings, whether it's
6 fighters, bombers, whatever -- different --
7 GENERAL BLUME: Different activities on an
8 installation -- is that what you're referring to?
9 COMMISSIONER STEELE: What are there, F-15s or 16s
10 at Robins? There's AWACS at Tinker. There's C-5s at Kelly.
11 GENERAL BLUME: Okay. They've got -- yes.
12 COMMISSIONER STEELE: The costs associated with
13 moving those missions, should an ALC close, should the Air
14 Force want to then relocate those missions close to an ALC,
15 if they chose to do so, or the efficiencies now of being at
16 that facility -- I obviously am not explaining this very
17 well. If anybody wants to help me out, feel free.
18 GENERAL BLUME: You mean like moving 141s to Robins
19 Air Force Base, as a base, and it would also be the ALC, and
20 so you'd have a wing of 141s at Warner-Robins, and the
21 activities would also be going -- the logistic activities
22 associated with the 141s would be going on there, too? Was

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1 there some cost associated with that?
2 COMMISSIONER STEELE: Why don't I try to readdress
3 it at a later point.
4 GENERAL BLUME: I've got a good expert here that
5 might be able --
6 COMMISSIONER CORNELLA: Why don't we save that one
7 for the second round.
8 COMMISSIONER STEELE: Actually, I don't think I
9 want to try that one again. I think that horse is really
10 dead.
11 (Laughter.)
12 GENERAL BLUME: I'm sorry, ma'am.
13 COMMISSIONER CORNELLA: What we'll do is -- thank
14 you, Commissioner Steele. And we'll move into the second
15 round at this point. We will run slightly past 12. I beg
16 your indulgence on that, but there are some questions that we
17 would like to have answered.
18 If I could have chart 1, please.
19 To achieve minimum excess capacity, it's the
20 recommendation of the joint cross-service group that two Air
21 Force depots be closed. Is that not correct, Mr. Klugh?
22 GENERAL KLUGH: One alternative suggested two

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1 depots, and one alternative we gave them suggested one depot.
2 COMMISSIONER CORNELLA: Could you read the names of
3 the two depots, please?
4 GENERAL KLUGH: Yes, sir. Alternative 1 suggested
5 San Antonio, as a depot, and alternative 2 suggested San
6 Antonio and Sacramento for further analysis.
7 COMMISSIONER CORNELLA: General Blume, if the Air
8 Force was faced with the closure of two depots, would those
9 be the two depots?
10 GENERAL BLUME: The Air Force's position,
11 certainly, as you know, is well stated. However, the Air
12 Force analysis was consistent with the joint cross-service
13 group.
14 COMMISSIONER CORNELLA: Thank you.
15 Chart 5, please.
16 General Blume, Secretary Widnall testified that a
17 depot closure is prohibitively expensive. We are interested
18 in understanding the relatively high cost that you estimated
19 for the closure of an Air Force depot. This chart, chart 5,
20 shows that the Air Force calculates a steady-state savings
21 from closing Kelly Air Force Base, with a base population of
22 19,104, to be just over half the cost of the closure of the

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1 Long Beach Naval Shipyard, with a base population of 3,891.
2 The reason for this is that the Navy estimates that
3 closing the Long Beach Naval Shipyard will result in the
4 elimination of 44 percent of the jobs at the shipyard, while
5 the Air Force estimates that the closure of Kelly Air Force
6 Base will result in the elimination of only 7 percent of the
7 jobs and that 16,415 of the jobs will be realigned to other
8 bases, resulting in moving costs alone of $160 million.
9 Why does the closure of an Air Force depot result
10 in the elimination of such a low percentage of jobs at the
11 depot, particularly compared to the closure of industrial
12 facilities in the other services?
13 GENERAL BLUME: In some ways, I think, I may have
14 already touched on this answer, sir, and that was the fact of
15 the makeup of the Air Force installation, because the Air
16 Force installation is a lot more than just the depot.
17 If you would, as far as the -- would you
18 consider -- I could defer to Mr. Beach, who may be able to
19 address this in more detail, with your approval, sir.
20 COMMISSIONER CORNELLA: I would like to move on, if
21 you don't mind. And I would like that for the record. I
22 would like the answer of Mr. Beach for the record.

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1 GENERAL BLUME: All right.
2 COMMISSIONER CORNELLA: General Blume, assumptions
3 drive closing costs and savings calculations. I understand
4 that almost all of the savings in the depot downsizing option
5 come from a 15 percent re ngineering factor, which assumes
6 personnel savings of approximately 15 percent based on
7 increased efficiency in certain depot operations as a result
8 of the downsizing plan. Is that accurate, sir?
9 GENERAL BLUME: Yes, sir, that is accurate.
10 COMMISSIONER CORNELLA: Let's focus on three key
11 assumptions that the Air Force made in determining the cost
12 to close one of your depots: first, that only 7 percent of
13 the personnel positions would be eliminated; second, that the
14 closure would take six years; and, third, that no personnel
15 savings would be achieved until year 6. Changing these
16 assumptions can have a dramatic effect on the projected
17 savings.
18 This chart -- chart 6, please -- uses the Air Force
19 COBRA and changes a few of these assumptions. I'll give you
20 a moment to study the chart.
21 General Blume, if you assume the same increased
22 efficiency from a depot closure and calculated a 15 percent,

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1 instead of a 7 percent, personnel savings, the one-time
2 closure cost would be 572 instead of 582 million dollars, and
3 the annual steady-state savings would be 154 million, versus
4 the 76 million.
5 Change the personnel savings to 25 percent --
6 significantly less than what the Navy calculates from the
7 Long Beach Naval Shipyard and less than half of what the Army
8 calculates from the closure of the Red River Depot -- and
9 phase the closure over four years, the annual savings from
10 closing the depot rise to $244 million, and the net present
11 value rises to more than $2.7 billion.
12 What is your reaction to that analysis, sir? And I
13 know you haven't had a lot of time.
14 GENERAL BLUME: I certainly don't disagree with the
15 analysis, but what I would say is the Air Force, I think,
16 took a very learned -- they used experts in this field to
17 develop those percentages and the years to close that the Air
18 Force used. Are those -- you know, they certainly don't
19 drive the best numbers, from one perspective. Are they the
20 right numbers? As far as the Air Force is concerned, we feel
21 like they used the appropriate numbers, sir.
22 COMMISSIONER CORNELLA: Did your joint cross-

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1 service group, General Klugh, do any kind of independent
2 analysis of the Air Force's calculation on the cost to close
3 one of its depots? And, if so, do you conclude that their
4 assumptions about positions eliminated and the time to carry
5 out the closure were appropriate, even though they differed
6 significantly from the estimates of the other services?
7 GENERAL KLUGH: Mr. Chairman, we received the Air
8 Force data some time after the 10th of February. There was
9 not sufficient time to analyze that data, requiring
10 additional data calls, so we did not, as a joint cross-
11 service group, analyze that data. That was too close to the
12 submission.
13 And so we rely on the Air Force recommendations.
14 It just wasn't sufficient time.
15 COMMISSIONER CORNELLA: And I apologize. I think
16 you had answered that question earlier.
17 General Shane, please explain the Army's
18 assumptions which drive the number of positions which will be
19 moved, versus those realigned.
20 GENERAL SHANE: I think the first assumption that
21 the Army made was the fact that major savings come from
22 personnel eliminations. The second assumption comes in

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1 reduction of infrastructure, which basically says that, when
2 you look at repair and maintenance and base operating
3 costs -- we looked at approximately 30 percent of savings.
4 And there's some other savings that you need to look at.
5 So that's basically what we were looking at. We
6 were looking at either closure or realigning the depots.
7 COMMISSIONER CORNELLA: General Klugh, have you had
8 time since to analyze those numbers that we were talking
9 about earlier -- since the --
10 GENERAL KLUGH: Speaking of the Air Force numbers?
11 COMMISSIONER CORNELLA: Right.
12 GENERAL KLUGH: No, sir, we did not.
13 COMMISSIONER CORNELLA: You have not made any
14 attempt to analyze that?
15 GENERAL KLUGH: We did not. The process was,
16 moving from about the middle of February, to provide the
17 information to the departments' BRAC office and provide that
18 data on to the Commission. So we did not really analyze that
19 data.
20 COMMISSIONER CORNELLA: Mr. Nemfakos, in 1993, the
21 Navy recommended closure of three of the six naval aviation
22 depots. When do you expect to have each of the three

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1 facilities closed?
2 MR. NEMFAKOS: They're in various stages of
3 closure, Mr. Chairman. I would say that, by the end of the
4 following fiscal year, all activity will be over at those
5 three depots and the work load will be completely moved.
6 What is there now is the residual, as we move work load from
7 depot to depot, both in-house, in the Department of the Navy,
8 but also to Department of the Army activities.
9 COMMISSIONER CORNELLA: It was projected that there
10 would be annual recurring savings of over $230 million. Do
11 you expect to attain those savings?
12 MR. NEMFAKOS: Mr. Chairman, as I indicated to
13 Commissioner Montoya, the best we have right now are the
14 budgetary estimates of savings, because we haven't realized
15 full return costs. But what we're seeing is that we're going
16 to come very close to those estimates that we made in the '93
17 round of base closure.
18 COMMISSIONER CORNELLA: Mr. Nemfakos, the joint
19 cross-service group offered an alternative, to close the
20 Jacksonville aviation depot. Did the Navy assess this
21 alternative?
22 MR. NEMFAKOS: Yes, sir, we did. We tried,

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1 wherever we felt there was a meaningful technique, to analyze
2 all the joint group alternatives that they recommended to us,
3 to look at it.
4 We did look at Jacksonville. Very frankly, when
5 one considered the costs of moving the various work load
6 there to several different activities and, secondly, the
7 problems that we would have at a major fleet concentration
8 without a significant depot capability, either a shipyard or
9 an aviation depot, and then compounded it with the ability
10 that we had to move something between 250 and half a million
11 direct labor-hours of work out of the technical centers into
12 the aviation depot in Jacksonville; and, in addition, in
13 looking at our operational activities, create in the Mayport-
14 Jacksonville area a concentration of all of our ASW aircraft
15 types, it was our view that Jacksonville needed to be
16 retained.
17 COMMISSIONER CORNELLA: If Jacksonville was closed,
18 where would the Navy be able to get their engine work done,
19 or would they be able to?
20 MR. NEMFAKOS: Well, the Navy currently, sir, has a
21 lot of its engine work being done at Air Force depots. We
22 have, I think, in the aviation world -- I don't know the

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1 exact numbers, but I think right now the Department of the
2 Navy has almost 25 percent of its aviation depot work done at
3 non-Navy activities. So we would do that.
4 As you know, for example, the TACAMO aircraft are
5 not only completely supported at Tinker Air Force Base but
6 are operationally based there. So we would end up moving
7 work to a variety of different activities. Our problem would
8 be that we would completely deprive a fleet concentration of
9 a much-needed depot capability, and we would have to find an
10 alternative home for the almost one-third of the work load in
11 that depot which is direct fleet support of the carrier
12 battle groups operating on the Atlantic side.
13 COMMISSIONER CORNELLA: Thank you.
14 We'll proceed to Chairman Dixon.
15 COMMISSIONER DIXON: Thank you, Mr. Chairman.
16 May I have chart 5 again?
17 General Blume, frankly, staff has considerable
18 trouble with the numbers suggested by the Air Force in
19 connection with job eliminations. In all candor, we find it
20 difficult to figure out how the Air Force's situation is so
21 dramatically different from the Navy and the Army, in what
22 has been suggested on that chart.

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1 I've heard your testimony, and I understand what
2 you're saying about other facilities being present where you
3 have depots, and I get that point, but, getting back to just
4 Air Force -- Kelly Air Force Base -- on that chart, I think
5 you show 19,000 there, but there's at least 9,000 or so, I
6 think, at the depot, is there not?
7 GENERAL BLUME: I think there are --
8 COMMISSIONER DIXON: You can help me on that
9 number.
10 GENERAL BLUME: Well, there's a notional that an
11 ALC has something in -- I think something --
12 COMMISSIONER DIXON: Well, let's take a figure of
13 9,000, unless I'm terribly off the mark.
14 GENERAL KLUGH: Mr. Chairman, we do have the
15 information that you've asking for, the percentage of people
16 that are depot, and will be happy to provide it. But in that
17 case, it was about 7,000.
18 COMMISSIONER DIXON: Seven thousand?
19 GENERAL KLUGH: Yes, sir.
20 COMMISSIONER DIXON: Okay.
21 GENERAL BLUME: It depends on the terminology, sir.
22 It was like 9,000 for the ALC, which is significantly more,

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1 but then something like -- around seven or so for the depot.
2 COMMISSIONER DIXON: But if I confine it just to
3 depot, General, because we'd like to get simplistic about
4 this, are you still suggesting that your figures are as far
5 off the mark as those other figures, which raise, you know,
6 considerable questions for us?
7 Where the other services are suggesting anywhere
8 from the middle 40s to the low 60s in job losses, you're
9 suggesting 7 percent. It's hard for us to accept that,
10 unless you can show us something particularly unique and
11 special. And we need to ask you to do that, because we're
12 frank to say our people have been to your shop, and we don't
13 come back with the view that we have that.
14 Are we missing something? You need to tell us if
15 we're missing something.
16 GENERAL BLUME: Well, we'll be glad to get with
17 your people, certainly, to try and clarify this.
18 COMMISSIONER DIXON: But you understand, if I may
19 interrupt -- please accept my apology. I don't mean to
20 interrupt, but when my friend, the chairman, suggests that 25
21 percent figure -- may I have chart 6 now?
22 Bear in mind, General, the others are talking from

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1 43 percent, 44 percent to, I think, 63 percent. When my
2 friend the chair says to you, "Take 25 percent," you are way
3 lower on your numbers. You see that.
4 GENERAL BLUME: I certainly do.
5 COMMISSIONER DIXON: Admittedly higher than your 7,
6 General. I don't mean to quarrel with that, but you're at a
7 number somewhere in the middle there.
8 I want staff to correct me if I'm wrong in my
9 understanding of this, because this commissioner doesn't
10 suggest any special expertise, but I'm told the other
11 services are saying to us two or three years to get the job
12 done, and you're saying six. Appreciate the fact they're
13 larger, but we're saying, if you take four and you take 25
14 percent, look at the difference in those numbers. You get a
15 dramatic increase, a quantum leap, almost three and a half
16 times the numbers.
17 So you see the problem. We're talking about, you
18 take a couple of basic numbers, and you make a fantastically
19 different result. This is what troubles us, because we don't
20 understand it.
21 GENERAL BLUME: I understand. One thing, though,
22 that doesn't change up there very much, and that's the cost.

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1 The cost, sir, stays about the same, and it's that up-front
2 cost that is, essentially, the problem. It's not how much
3 you're projected to save. I mean, certainly, that is an
4 important element, but the Air Force position, the Air Force
5 decision -- the DOD decision -- actually comes from that up-
6 front cost.
7 COMMISSIONER DIXON: Well, I respect that, and I
8 understand what you're saying, and I concede that. The costs
9 remain relatively stable, but you can look at the value, and
10 you jump from a relatively -- I'm almost hesitant to say
11 "insignificant amount," but as a man who spent 12 years in
12 the Senate I'll take the change -- and you jump to a pretty
13 substantial amount on the numbers. Look at the savings.
14 It's a tenfold savings.
15 GENERAL BLUME: That's right. But if you consider
16 the downsizing proposal, which was originally 183 and has
17 since been -- the number been -- $183 million up-front cost,
18 versus the significant savings there. I think the comparison
19 between these closure alternatives and the downsizing
20 proposal makes an awful lot of sense for the downsizing
21 proposal, sir.
22 COMMISSIONER DIXON: Well, I would greatly

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1 appreciate it if your folks could spend a little more time
2 with our folks on that. Candidly, we're having a little
3 trouble reconciling those numbers. Now, I don't mean to
4 quarrel with you about the nature of it. I don't quarrel
5 with you at all on the one-time costs in the front. You
6 know, we accept that, and we have no reason to argue with you
7 about it at all.
8 GENERAL BLUME: We have discussed the downsizing
9 with your staff. These closures alternatives, though -- we
10 need to get together, to explain this to them.
11 COMMISSIONER DIXON: I greatly appreciate it,
12 because there is not, apparently, a satisfactory
13 understanding on our side of what you're trying to tell us
14 there. And I don't mean to suggest that there is anything
15 the matter with the numbers, but you would agree there is a
16 dramatic difference in the numbers -- a dramatic one, you
17 see.
18 GENERAL BLUME: And it would be even more dramatic
19 if you went to 50 percent and two years.
20 COMMISSIONER DIXON: Yes, sir.
21 GENERAL BLUME: Being realistic, though, sir --
22 COMMISSIONER DIXON: Well, I'm not even arguing the

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1 best-case scenario. You understand that. I'm arguing a
2 fairly moderate-case scenario.
3 GENERAL BLUME: Yes. And let me tell you that, in
4 my experience -- and I was the center commander at Lowry, at
5 a closure base -- two years, or three years, as the potential
6 closure of a facility like -- and I had a lot of big, heavy
7 equipment that we had to move, also. I was only there for
8 two years, from the other BRAC round.
9 But let me tell you, I would not like to be the
10 commander of one of these big installations and try to move
11 it out in a cost-effective manner in three to four years. I
12 think it would be -- personally, I think it would be an
13 absolute disaster.
14 The Air Force proposal gives you a lot more
15 flexibility and slack, as far as moving equipment, work load,
16 from one facility to the other. When you downsize one of
17 these installations, not only is it a big cost to pay, it's a
18 big amount of turmoil, as far as a large population of
19 people, not only the civilians that are there, but also the
20 military.
21 COMMISSIONER DIXON: Thank you, General.
22 GENERAL BLUME: Yes, sir.

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1 COMMISSIONER CORNELLA: Thank you, Chairman Dixon.
2 Commissioner Cox?
3 COMMISSIONER COX: Thank you.
4 Mr. Klugh, I hope you'll forgive me if I express a
5 little bit of frustration. In 1993, we had hoped to do some
6 cross-servicing, some consolidation. That was not possible,
7 with the possible exception of Letterkenny, where we at least
8 consolidated the missiles that you're now recommending that
9 we change. And we put some particular language in the bill
10 that said -- in the report that said -- we wanted to have
11 cross-servicing more formally studied by the Department of
12 Defense the next time around, and that's the process that you
13 all have been through.
14 Now I guess what I'm hearing -- and I think it may
15 be a process problem, and I guess I'm looking for some advice
16 on a future cross-servicing study, if that's where we go --
17 is that, for a variety of reasons, partially because you
18 didn't get the data until too late to look at it, you all
19 spent a lot of time and a lot of effort and made a number of
20 proposals, some of them in the alternative, which went out to
21 the services. Looking at the first chart, they were
22 essentially ignored.

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1 Because you didn't -- couldn't -- relocate costs
2 and couldn't relocate military value, given the time that you
3 had, you're now testifying that those decisions were fine --
4 and they are fine. I don't mean that that way. But you all
5 didn't seem to have the ability, given that current process,
6 to make a difference on cross-servicing.
7 And maybe the answer is, there shouldn't be cross-
8 servicing, but it's frustrating to me that this process has
9 ended up in such a way that we really didn't make any more
10 progress -- in fact, we seem to be going backwards -- from
11 cross-servicing in 1993. Maybe I'm wrong, but maybe you
12 could tell me where there are -- maybe there are a couple of
13 areas that you felt like you really did make a difference,
14 or -- and I'd also like to know if there is one area, let's
15 say, where you felt like the work you've done should have
16 been given more authority by either the Department of Defense
17 or the services.
18 GENERAL KLUGH: Well, I would say to you,
19 Commissioner Cox, that since BRAC '93, we have continued
20 emphasis on interservicing, picking up on the criticism that
21 we received at that time, and we established a process in the
22 Department of Defense by which to do that, through a

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1 Department of Defense depot maintenance council.
2 Since the effort by that group, we have achieved
3 about 2.8 million direct labor hours as interservicing. And
4 I will provide a list of those, and the hours, for the
5 record. But some of the very significant work, other than
6 the missile, that was directed in '93 has to do with tanks,
7 has to do with helicopters, has to do with various engines,
8 even core work. The F&A-18 was interservice to the Air
9 Force -- some of the work on the F&A-18.
10 Of that approximately 2.8 million hours that have
11 been interserviced, the leading depots right now are the
12 Navy's at Cherry Point, Letterkenny, Corpus Christi, Oklahoma
13 City Air Logistics Center, and San Antonio. At Corpus
14 Christi, we are able to fill it up to its capacity.
15 One of the reasons we couldn't address closure, in
16 our group, of Cherry Point was there wasn't sufficient
17 capacity to handle the rotary-wing aircraft, and that became
18 a show-stopper. But we interserviced to Corpus Christi to
19 the extent that the current capability would allow.
20 We also were able to accomplish something else --
21 we were focused on saving dollars -- and that is reducing the
22 number of places that we do things. We were able to reduce

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1 the number of places to one within the military departments
2 easier than we were across the services because, as you point
3 out, we didn't get to that stage in the -- near the end of
4 our process.
5 In the Army we reduced to 28 places -- 28 things --
6 done at one place; in the Air Force, seven; and in the Navy,
7 nine -- about 34. That's a significant effort, and it
8 relates to interservicing, in that it reduces the number of
9 locations where you have to maintain people and skills to
10 actually do work.
11 COMMISSIONER COX: A lot of -- I guess maybe what
12 you're saying -- and I certainly don't disagree -- that a lot
13 of it has been done outside the BRAC process, which is good.
14 GENERAL KLUGH: That's correct.
15 COMMISSIONER COX: But I guess what I'm looking at:
16 when we had that first chart up there that showed your
17 various recommendations or alternatives, versus the DOD
18 recommendation, within this process, essentially none of
19 those recommendations were taken. The -- let me just leave
20 it at that.
21 Is there one of those recommendations that you feel
22 should have been given more weight?

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1 GENERAL KLUGH: In addition to just the depot
2 activity for a realignment, a closure, along with that were
3 recommendation of interservicing or transferring work. We
4 really did not get to issuing the alternative variance during
5 the month of January -- December and January -- as we had
6 hoped.
7 Is there an opportunity there for interservicing?
8 Yes, there is, because there still is excess capacity in each
9 one of the military departments. That depends, however, on
10 the commodity.
11 Now, we do have the best data, and we know where
12 the work is now, and we know what the capabilities are, in
13 terms of capacity, so the process of continuing on after this
14 BRAC to do interservicing is in place, through the Defense
15 Depot Maintenance Council.
16 COMMISSIONER COX: Assuming there is a new statute,
17 would you, for the record, recommend a process that would
18 allow you the data earlier in the process, to relook at some
19 of the stuff once you've made recommendation to the services
20 and it's been dealt with by the services?
21 GENERAL KLUGH: There's no question that, for the
22 process to work better, there should need to be time where

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1 the interaction -- the process was an iterative process
2 between the OSD joint cross-service group that had service
3 representation and the various BRAC activities within the
4 military departments. We did not have time for that process
5 to be exercised fully at the tail end of our process.
6 COMMISSIONER COX: Right. I'm sorry. I had some
7 other questions for the record. If I could just submit them.
8 COMMISSIONER CORNELLA: Sure.
9 COMMISSIONER COX: Thank you.
10 COMMISSIONER CORNELLA: Commissioner Davis?
11 COMMISSIONER DAVIS: Thank you, Mr. Chairman.
12 In the interest of time, I'd ask, General Blume,
13 could you help us understand better -- go back to the staff
14 and ask them to submit -- give us the core function of each
15 depot -- you know, depot by depot? In words, electronic
16 warfare, aircraft engine.
17 GENERAL BLUME: We can do that.
18 COMMISSIONER DAVIS: And then probably the quickest
19 way -- and also the aircraft, getting to Commissioner
20 Steele's question -- the aircraft that are associated with
21 those F-16s at Hill -- provide us the --
22 GENERAL BLUME: I understand.

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1 COMMISSIONER DAVIS: General Shane, you've had it
2 far too easy. It's your turn now. And I'd like to go back
3 to this -- I really need you to help me understand. I asked
4 General Klugh about their initial recommendation of
5 decentralizing tactical maintenance, and then, of course,
6 approve the Army plan to centralize it. I'm not sure how
7 sending the tractors one place, the disassembly to another,
8 and the avionics maintenance is centralization, although it's
9 probably within a 300-mile drive, given where they're
10 located.
11 In your going to a centralization concept, did
12 you -- can you explain that to me? And then the last part of
13 that question would be, did you look at any other facilities,
14 like putting it all at Anniston, putting it at Barstow, or
15 putting it out at, say, the Air Force's missile area at Hill
16 Air Force Base?
17 I'm a little confused, and I know you can clear it
18 up in a very short period of time.
19 GENERAL SHANE: Commissioner Davis -- General
20 Shane -- I'll try. Can you hear me?
21 The first thing I'd like to say is the fact that I
22 was here when -- I listened to GAO report on Letterkenny --

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1 specifically Letterkenny -- and that recommendation. If you
2 look at that -- and we talked to them -- there's two things
3 that came out clear on that. One, there was concern -- and I
4 want to ensure you that the Army had that concern, likewise,
5 with regards to the '93 commission's finding and
6 recommendation -- and, two, there were varying opinions with
7 regards to whether we did or did not support that
8 recommendation from the '93 commission.
9 What the concept calls -- first, let me say that
10 it's not an issue of ammunition storage. It's really an
11 issue with regards to transfer of work load, with regards to
12 electronics. This debate is going on now, trying to figure
13 out exactly what the degree of that is, but what you really
14 get here is the fact that, still, the centralized concept
15 with regards to the tactical missiles -- is the fact that it
16 still goes to Letterkenny.
17 The difference is the fact that we disassemble it
18 now. We'll get that in various parts, so what we've planned
19 to do is to simply reduce the work load that is currently
20 being done at Letterkenny and just ship it down the road to
21 Tobyhanna, who is really the experts and has the equipment
22 and the facilities and the capacity to accommodate that work

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1 load.
2 When I looked at that, I felt like that was still
3 keeping in the spirit of the '93 commission, so we're just
4 disassembling and sending it down the road. I see no change
5 to that, as we pursue that.
6 The thing that drive the Army, with regards to that
7 concept, sir, was the fact that, when you look at it with
8 regards to was to save money for the Army, it provided -- and
9 it's laid out here in the chart -- a substantial savings,
10 with minor costs. And we felt like -- and I got varying
11 opinions from the legal people with regards to were we will
12 consistent with the intent of the '93 commission.
13 So that's what we're kind of looking at.
14 With regards to did we look at the work packages
15 that we got from the other services with regards to parceling
16 that out, the answer to that is yes, and it was a twofold
17 answer. One is, we felt like it was not -- if you sent the
18 tactical missile guiding systems to another service, like
19 Ogden or Barstow or wherever, you were then definitely not in
20 support of the '93 commission, because that is truly
21 decentralizing, back to where we were in '91.
22 The second is the fact that, when we looked at

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1 those alternatives, there was no cost savings that could be
2 recognized by the Army. It was cheaper to do it the way we
3 did it. And we worked with the joint cross-service group to
4 come up with the most costly-efficient process.
5 COMMISSIONER DAVIS: Thank you, Mr. Chairman. In
6 the interest of time, I yield the rest of my time.
7 COMMISSIONER CORNELLA: Thank you, Commissioner
8 Davis. Commissioner Montoya?
9 COMMISSIONER MONTOYA: The first question is on
10 behalf of my colleague, Commissioner Kling, who has this
11 question for General Blume: Apparently, two years ago, the
12 then-DAS -- deputy assistant secretary -- for installations
13 for the Air Force advised the commission that, if we chose to
14 close a major Air Force depot, it should be McClellan. And I
15 quote: "Not only can closure be accommodated within the DOD
16 cost and payback guidelines, but it was also lowest ranked of
17 the five major depot bases." And the question is, if the
18 cost to close was not prohibitive in '93, why is it now, when
19 it appears the costs today are lower than they were
20 calculated back then?
21 GENERAL BLUME: Well, I think, sir, that you have
22 to put it in perspective, that things are changed to a good

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1 extent in two years. The Air Force budget -- the DOD
2 budget -- has continued to go south. There is a significant
3 difference. Hopefully, we're approaching the bottom of the
4 trough.
5 I am not exactly -- I was not aware of the comment
6 that you made, or that was made. However, every BRAC is
7 different. Quite frankly, I think our costing is probably
8 better today than it was then, even though -- I think our
9 analysis, quite frankly, is better and was better on this
10 particular BRAC. Certainly, Mr. Boatright, who has been
11 through all of these, is more knowledgeable of this than I.
12 But I would say that I think the Air Force
13 proposal -- our analysis bears up our proposal. It bears up
14 the DOD position in this case.
15 As far as the cost differential, I would have to go
16 back and look, sir.
17 COMMISSIONER MONTOYA: If you have any more
18 substantive data that compares the two, I'd like to have you
19 submit that. On McClellan, specifically, what has changed --
20 just a general question of what has changed between then and
21 now -- better estimating, environmental issues, change in
22 work load and therefore costlier --

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1 GENERAL BLUME: Well, I don't think environmental
2 piece would have been considered in either one, sir, so it
3 would be a relative case, and we will take a look at that.
4 COMMISSIONER MONTOYA: Okay.
5 My own question, for Mr. Nemfakos -- it ought to be
6 pretty straightforward -- I think you answered this before,
7 in a previous hearing, but let me ask again. To determine
8 nuclear capacity, did the Navy consider the capacity for both
9 maintenance and refueling at Newport News Shipbuilding and
10 Electric Boat -- refueling, i.e., for submarines?
11 MR. NEMFAKOS: No, sir. Consistent with our
12 practice in every round of base closure, what we looked at
13 was the government's capability to perform the necessary
14 work, as provided for by the force structure plan in the year
15 2001, in this case, and the budgets at that time.
16 COMMISSIONER MONTOYA: A follow-on: is there a
17 potential for private nuclear yards to do nuclear submarine
18 refueling, as they do aircraft carrier refueling, apparently?
19 MR. NEMFAKOS: There is certainly the potential, if
20 you want to facilitize and bear those kinds of costs -- if
21 you want to train the personnel. I don't mean to suggest
22 that there are radical differences, but it is a substantially

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1 different industrial enterprise, and -- one could certainly
2 do that, but in our process what we looked at was the
3 government's capability to perform work.
4 COMMISSIONER MONTOYA: Thank you.
5 MR. NEMFAKOS: Yes, sir.
6 COMMISSIONER MONTOYA: Thank you, Mr. Chairman.
7 COMMISSIONER CORNELLA: Commissioner Robles?
8 COMMISSIONER ROBLES: This normally would be
9 directed to you, General Blume, but I'm going to deflect it
10 over to General Klugh, because I recall -- it was
11 yesterday -- and it's a follow-on to Admiral Montoya's
12 question -- that in February of 1993 I was still in the
13 Pentagon, and McClellan was on the list to close, and the
14 Secretary of Defense pulled it off. And there is no secret
15 there.
16 And again, I'd be very interested, at that time,
17 why the decision was made and how that decision factored.
18 Did you review this decision? Obviously, last time it was
19 kicked upstairs and the decision made. This time, as I
20 understand it, it was kicked downstairs, and the Air Force
21 made the decision. Why didn't you all get involved this
22 time, since it's clearly a subject of high interest?

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1 GENERAL KLUGH: We did not look at the BRAC '93
2 decisions and what went into that decision, Commissioner
3 Robles, as we addressed it. We did this purely on the
4 analytical process and determined potential closures and sent
5 those down.
6 The ranking that the Air Force provided us on
7 military site value was pretty high, as far as Sacramento was
8 concerned. I remember the figure -- they ranked it two ways,
9 one as an installation, and then they ranked it as a depot
10 activity on that installation. And I believe that, in their
11 1, 2, 3 process, they ranked that depot, as they submitted it
12 to us, number 1.
13 So we considered, one, the input, and we considered
14 the direct labor hours, the excess capacity, and the uniques
15 that are being done at various bases. But it wasn't uniques
16 that played a role in Sacramento. It was the analytical
17 process and the work load shifts.
18 COMMISSIONER ROBLES: General Blume?
19 GENERAL BLUME: Commissioner Robles, let me comment
20 and make a correction. These analyses were done almost
21 simultaneously, and they were both done analytically, not
22 looking back at the '93 commission.

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1 I've got a copy, for the record -- as a matter of
2 fact, it's already in the record. This was provided, and it
3 was in the DOD submission.
4 But, just to clarify it, that in the installation
5 tiering -- because we didn't know exactly what form the joint
6 cross-service group wanted this information, but in the third
7 tier -- let's say good, better, and best -- in the good tier,
8 the lowest tier, for installations, there was Kelly Air Force
9 Base and McClellan Air Force Base, ranked together.
10 As far as the tiering for the depot asset at those
11 installations -- good, better, and best -- the lowest tier
12 was Kelly Air Force Base. This came out of Air Force
13 analysis. This analysis essentially, quite frankly, should
14 have come out about the same as the joint cross-service
15 group, because we mirrored their functional value analysis.
16 COMMISSIONER ROBLES: And I appreciate the fact you
17 didn't look back, but we're asking you, when you're
18 submitting this additional data, to look back and tell us how
19 a tier 3 base has a tier 2 depot on it and what has changed
20 in that whole analysis. Because, I mean --
21 GENERAL BLUME: I understand.
22 COMMISSIONER ROBLES: -- again, some things are

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1 counterintuitive. What changed?
2 And please, if there is any -- if there were new,
3 additional missions that were added or new factors that were
4 added this time in the military value ranking and the other
5 ranking, please submit those.
6 GENERAL BLUME: I think what we will find, again I
7 would say, is an improved analytical process.
8 COMMISSIONER ROBLES: Finally, General Shane, I
9 need to ask this just from an old -- like I said, the issues
10 are the same, the numbers are just bigger.
11 The Army plans to transfer ground vehicle work load
12 from Letterkenny to Anderson, but none of the personnel
13 authorizations are being realigned, or at least that's as I
14 understand it. My question is, how can this be done? How do
15 you transfer work load without -- do you have that much
16 excess capacity at Anderson to do ground vehicle maintenance
17 so that you don't have to transfer any personnel?
18 GENERAL SHANE: That's correct. There is
19 substantial excess capacity there to do that.
20 COMMISSIONER ROBLES: Okay. Thank you.
21 COMMISSIONER CORNELLA: Commissioner Steele?
22 COMMISSIONER STEELE: As promised, only one last

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1 question in the Air Force category, on ALCs. Regarding
2 maximum potential capacity, the chairman asked a question at
3 the beginning of the hearing about that. I just wanted to
4 clarify it for myself.
5 I know it's measured on a single shift, versus two
6 or three shifts. My question is, what year are we using for
7 single-shift capacity: what we're currently doing, what we
8 did in '91 or '88, when it was at a peak?
9 GENERAL KLUGH: The joint cross-service group did
10 base the analysis on one shift, 40-hour week. We based it on
11 the current program funded work load for year of 1999.
12 COMMISSIONER STEELE: Thank you.
13 Switching to Navy, the GAO mentioned this morning
14 that, though they didn't see substantive data to back it up,
15 they felt that the Navy looked at private-sector shipyard
16 capacity on the West Coast when analyzing decisions, and
17 they -- I believe they were either uncertain or they didn't
18 think the Navy looked at the private-sector capacity at all
19 on the East Coast. I just wondered if you could address the
20 private-sector shipyard capacity.
21 MR. NEMFAKOS: Commissioner Steele, I,
22 unfortunately, was busy answering the request for information

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1 and wasn't here to listen to the GAO testimony. I hope what
2 they meant to say was that, in making its decision on Long
3 Beach Naval Shipyard, the Department of the Navy had a good
4 understanding of the private-sector capabilities, dealing
5 with the issue, would there be support for non-nuclear work
6 of surface ships in that particular area.
7 We did not analyze private-sector capacity on the
8 West Coast, just as we didn't analyze private-sector capacity
9 on the East Coast, in the context of, here's how many labor
10 hours of capacity they have.
11 It was an issue of asking ourselves the question,
12 if we close Long Beach Naval Shipyard, the work that has to
13 be done in the local area -- is there a capability to do the
14 work in the local area. And that was it.
15 And our assurance was based on the fact of the very
16 successful record of the private sector in competing in
17 public-private competitions for surface ships in that area.
18 COMMISSIONER STEELE: Okay. This doesn't take into
19 consideration private-sector capacity -- this question -- but
20 the COBRA for shipyard scenarios that you ran on the
21 alternative 1 indicates that virtually all of Portsmouth's
22 work load can be moved to Norfolk for a cost of $100 million.

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1 Since the COBRA predicts annual recurring savings,
2 from closing Portsmouth, for $150 million, does this suggest
3 that you ran that scenario -- that there wasn't a requirement
4 to retain Portsmouth? Or does this suggest that, even though
5 the savings would be very great by closing Portsmouth, the
6 fact that the Navy chose not to do so was that there wasn't
7 the capacity to absorb those missions, or what?
8 MR. NEMFAKOS: If I can say it in my own words, we
9 looked at the closure of Portsmouth Naval Shipyard, and as
10 you can see, consistently throughout our entire process, any
11 time we close a major industrial activity, the savings,
12 particularly the 20-year net present value, is exceptionally
13 high.
14 The decision on Portsmouth was not because it
15 didn't pay off, because we could, with relatively small
16 costs, move the work to other activities.
17 The decision was, as both the Secretary and the
18 Chief of Naval Operations testified in our opening hearing, a
19 decision looking at future naval operations and the
20 requirement to have retained in service certain types of
21 submarines through refueling, as opposed to defueling.
22 Then, when one looked at the margins of

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1 flexibility, if one also closed Portsmouth, particularly in
2 line with changing a decision from defueling to refueling, it
3 was our judgment that we should maintain Portsmouth to give
4 ourselves that operational programmatic flexibility.
5 COMMISSIONER STEELE: Okay. Thank you. I know
6 we're meeting with the Navy, some of us, anyway, tomorrow
7 morning on that subject, because that fell into the
8 classified category. So I'll leave that one be for now.
9 The last question is from Senator Santorum, and he
10 asks, "In your depot analysis, was Hill Air Force Base
11 considered a potential consolidation candidate for tactical
12 missile consolidation currently being conducted at
13 Letterkenny Army Depot?"
14 GENERAL KLUGH: Yes, Commissioner Steele. We did
15 look at the Ogden Air Logistics Center capability, and some
16 of the things that come to mind there is that the capability
17 to do the ancillary equipment, the ground support vehicles
18 and ground support functions must be done as well.
19 And with the investment already made and with the
20 movement to consolidation at Letterkenny, we determined, in
21 the Joint Cross Service Group, that the option of
22 consolidating to Hill was not the preferred option.

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1 Now, we also believe that privatization of tactical
2 missile is very appropriate. You know, once you fire one of
3 those, you don't want it back for depot maintenance, is the
4 way we talk about it in Joint Cross Service Group, so
5 tactical missile being core but still, with the line
6 replaceable units and where the state-of-the-art in
7 maintenance is today, privatization of tactical missiles is
8 an option, and we're looking at that.
9 And I would ask you to look at that. So rather
10 than stomp the consolidation now at Letterkenny and the
11 technical components being done by a very efficient capable
12 depot to do that kind of work, that perhaps the future toward
13 privatization, not consolidation to another organic depot.
14 COMMISSIONER STEELE: Thank you very much, and I
15 have no further questions.
16 COMMISSIONER CORNELLA: Thank you, Commissioner
17 Steele. It's been the practice of the Committee to accept
18 questions for members of Congress, and I have one such
19 question. I will not read it. It's from Congressman Chris
20 Smith of New Jersey to Charlie Nemfakos. I would ask that
21 you submit an answer in writing both to the congressman and a
22 copy to the Commission for our records. We will provide that

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1 to you after the hearing.
2 MR. NEMFAKOS: Yes, sir.
3 COMMISSIONER CORNELLA: The other thing we would
4 ask you to do is to take a look at this chart -- you don't
5 need to put it up -- that's been prepared by BRAC. Did you
6 receive a copy of it?
7 GENERAL KLUGH: No, we did not.
8 COMMISSIONER CORNELLA: All right. We will provide
9 you a copy, and if you could make comments regarding this
10 chart and submit them to us for the record, we'd appreciate
11 that, and with that, I thank the distinguished panel for the
12 time that they have spent with us here this morning. I
13 apologize -- go ahead.
14 GENERAL KLUGH: Could I have one last --
15 COMMISSIONER CORNELLA: Absolutely.
16 GENERAL KLUGH: That the whole area, Mr. Chairman,
17 of privatization that we didn't get into, I would say that
18 even beyond tactical missiles that there is an opportunity to
19 due privatization in a greater way.
20 As far as the capacity, and you asked some
21 questions about that, we do have some charts, I think, will
22 provide really specific information as to what the end state

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1 of this BRAC by military department and provide commodity
2 that --
3 COMMISSIONER CORNELLA: We would appreciate that.
4 Anything you can provide us we would appreciate that.
5 GENERAL KLUGH: And the other thing is, sir, that
6 this is pretty hard. The end state of what you give us is
7 going to be hard and a challenge, we all know, to implement.
8 My request would be to try to avoid conditional
9 situations and where possible provide clear language as to
10 what you really intend to do. In the past BRAC, they've been
11 left kind of vague, and we have had some instances of
12 conditional approaches, and my request would be to try to
13 give us some insight that might make it a little easier.
14 COMMISSIONER CORNELLA: I agree with you
15 completely, and we'll make every effort to comply with that
16 request, General, and I thank you for your time. I know many
17 of the others will be joining us this afternoon, so I
18 especially thank you, sir. With that, we will break for
19 lunch, and we will reconvene at 1:00 p.m. sharp. Thank you.
20 (Whereupon, at 12:20 p.m., a luncheon recess was
21 held.)

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1 AFTERNOON SESSION
2 (1:00 p.m.)
3 COMMISSIONER DAVIS: Good afternoon, ladies and
4 gentlemen. Welcome to our afternoon session. I'm General
5 J.B. Davis. It's my honor to chair this portion of the
6 hearing, and I do it with some trepidation, because Senator
7 Dixon is such a great Chair.
8 But you will hear testimony from the Undergraduate
9 Pilot Training Joint Cross Service Group, of course, an area
10 of great importance, as far as I'm concerned, because it not
11 only services the services but services the national asset of
12 pilots.
13 We're joined by -- and I'd like to welcome
14 Mr. Louis C. Finch, Deputy Undersecretary of Defense for
15 readiness, who headed up the UPT Group, our senior Defense
16 personnel for this morning, General Shane, of course, General
17 Blume, Mr. Nemfakos, and Ms. Kelleher, I guess, will be here
18 later.
19 Again, there are no opening statements -- there you
20 are. We can begin as soon as I've sworn in Mr. Finch.
21 Everybody else has been sworn. Before I start, Mr. Finch, is
22 there anybody that will provide testimony here this afternoon

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1 other than the people sitting at the head table?
2 MR. FINCH: General Davis, the witnesses before you
3 at the table will be the ones that will be speaking for us.
4 COMMISSIONER DAVIS: All right. Then, sir, you're
5 the only one. If you would please raise your right hand.
6 (Witness sworn.)
7 COMMISSIONER DAVIS: Thank you, sir. If I may, so
8 I can understand the process, I will ask you a few process
9 questions and then accede to each Commissioner.
10 MR. FINCH: That will be fine.
11 COMMISSIONER DAVIS: Did Cross Services analysis
12 directed by the Secretary of Defense take place in the UPT
13 Joint Cross Service Group in a manner sufficient to yield a
14 joint result and to provide savings due to the elimination of
15 unnecessary DoD capacity in the final recommendation by the
16 Air Force and the Navy?
17 MR. FINCH: Yes. General Davis, as you know, the
18 Joint Cross Service Group for Undergraduate Pilot Training
19 went through a process to provide alternatives for the
20 military departments for them to consider.
21 And based on their considerations of our
22 alternatives and other factors that they took into account,

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1 provided recommendations that collectively for the Department
2 of Defense will indeed reduce overall excess capacity for the
3 flight training function.
4 Just to give you an example, within the area of
5 fixed-wing training, the excess capacity went from a figure
6 of about 35.5 percent down to a level of about 8 percent,
7 down to a very low level.
8 So in terms of our overall objectives of reducing
9 excess capacity and the long-term savings that we would
10 expect to accrue from that, that yes indeed, we did
11 accomplish our objectives.
12 COMMISSIONER DAVIS: Along that line, Secretary
13 Finch, given, you know, we're looking at the force levels we
14 have today, did the Joint Service Group look at the surge
15 capacity of all of services to meet out-year unknown
16 requirement, or was that left up to each individual service?
17 MR. FINCH: General Davis, it was principally a
18 matter of each of the individual services, though I might add
19 that within the Joint Cross Service Group we did have some
20 discussion of that very important factor.
21 And in our discussions, the general consensus of
22 the Group was that indeed inherent in the site structures

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1 that we were considering that you would have an inherent
2 capacity for surge should some unforeseen contingencies arise
3 sometime in the future.
4 COMMISSIONER DAVIS: The scope of analysis chosen
5 by the UPT Joint Cross Service Group was as follows put out
6 by your organization: "Insulation of UPT category included
7 all DoD flight programs that support and facilitate selection
8 and training of pilots, able flight officers and navigators
9 to the point of award wings.
10 "The scope included fixed and rotary wing training
11 of all officer and enlisted student pilots, naval officers
12 and navigators."
13 Did you find the scope of the UPT training
14 programs, installation and student types you chose to be
15 either too broad or not broad enough?
16 MR. FINCH: General Davis, that in terms of its
17 scope, clearly one could make it larger or smaller, but in
18 terms of something that gave a good, meaningful result in
19 terms of our overall analysis, I would say that it was just
20 about right, in terms of what we included and didn't.
21 COMMISSIONER DAVIS: Okay. Can you put up Chart 1,
22 please? Mr. Secretary -- give each member a copy of it. So

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1 we may better understand the process, this shows the ten
2 functional areas, if this one up over here is working,
3 selected for analysis by the UPT Joint Service Group, can you
4 discuss how we arrived at the ten areas, and were all of them
5 used in the analysis process?
6 MR. FINCH: The basic approach to deciding on these
7 particular functional areas was to consider within flight
8 training those functions that would involve the wording of
9 wings. It was an undergraduate approach to the problem.
10 And having sent that as the basic criteria, then,
11 upon review of the military departments of what functions
12 that were out there that met that criteria, we came up with
13 this list, and indeed, as I look over it, this is exactly the
14 list that we used in terms of our Joint Cross Service
15 analysis.
16 COMMISSIONER DAVIS: So, essentially, all these
17 functional areas played in your analysis or just some of
18 them?
19 MR. FINCH: All of these did, yes, sir.
20 COMMISSIONER DAVIS: Okay. Of course, having been
21 with the process off and on over the years, we've considered
22 consolidation of training, and I know the Air Force and the

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1 Navy has been talking to each other for a long time but
2 currently are in the process of coming up with a finalized
3 plan, even though it's not final, as I understand it, today.
4 Did you consider their draft plan in your
5 deliberations when you were going through the UPT Joint Cross
6 Servicing?
7 MR. FINCH: Yes, General Davis. As a matter of
8 fact, as you pointed out, this plan for consolidating Navy
9 and Air Force flight training in the fixed-wing area has been
10 underway for some time.
11 During the past year, this plan did come to
12 maturity, at least in terms of the basics, in terms of
13 looking at in which of these functional areas we could find a
14 common enough basis to be able to have a common syllabus to
15 be followed both by the Air Force and Navy in the fixed-wing
16 training area.
17 Given that level of maturity, we took the
18 recommendations of the Air Force and Navy and through a
19 memorandum signed out by the Deputy Secretary of Defense,
20 threw those into policy with respect to the Department of
21 Defense in pursuing consolidated joint training in the fixed-
22 wing area.

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1 And the analysis and assessments and work of the
2 Joint Cross Service Group was based on that statement of
3 policy promulgated by the Deputy Secretary that, basically,
4 incorporated the recommendations of the two services.
5 Now, I might add, of course, in terms of given the
6 basics of concepts of where we can have consolidated
7 training, there are an immense amount of details, in terms of
8 working out the specifics of the curricula in each of these
9 areas, and of course, that work continues on, and I would
10 expect it to continue on for some time.
11 COMMISSIONER DAVIS: You testified just a little
12 while ago that each service -- you thought that we had a
13 surge capacity. With your permission, I'd like to start with
14 the Navy and say how much surge capacity do you have? And
15 I'll ask the Air Force the same question.
16 MR. NEMFAKOS: Mr. Chairman, the Navy's excess, I
17 guess, has to be described best in what kind of a ceiling of
18 surge, if any, exists. As you know, pending the approval of
19 the recommendations of the Department of the Navy, we're,
20 essentially, at two regional training complexes, one in West
21 Florida and one at South Texas.
22 As we looked at alternatives through our capacity

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1 analysis, through the range of a 20 percent surge, those two
2 regional complexes, in our analysis, provided us sufficient
3 capacity. We did not stress though regional complexes above
4 the 20 percent level.
5 COMMISSIONER DAVIS: Any reason why you didn't
6 stress it -- because we've stressed our pilot training
7 organizations before more than 20 percent.
8 MR. NEMFAKOS: Yes, sir, we have. We looked at the
9 force structure in the out years. We looked at where the
10 budget lines were. We felt that a 20 percent surge was a
11 very significant surge given where those resource levels,
12 both manpower and dollars, were.
13 COMMISSIONER DAVIS: Colonel Bloom, same question.
14 GENERAL BLUME: Sir, as far as a surge capacity, I
15 understand that the capacity analysis that was accomplished
16 was done on, essentially, a five-day week. So you
17 automatically have some built-in surge capacity right there,
18 much less that we're not, you know, operating at -- and
19 should not operate at a 100 percent.
20 And for that reason the Air Force looked at the
21 three alternatives that were presented by the Joint Cross
22 Service Group, the first one taking care of a certain amount

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1 of excess capacity, the other two reducing it on down,
2 essentially, to about zero.
3 The Air Force did not recommend that we go to
4 either the second or the third alternative. The first
5 alternative was appropriate.
6 COMMISSIONER DAVIS: General Shane, same question.
7 GENERAL SHANE: Commissioner Davis, let me provide
8 that for the record for the Army.
9 COMMISSIONER DAVIS: Okay. Fine. All right. What
10 we're going to do this today, so we don't get in a bad habit,
11 we're going to start down on the left-hand side and go right.
12 Fighter pilots always like to go towards the grovels anyway.
13 Commissioner Steele, please.
14 COMMISSIONER STEELE: Well, I'll do a lot less
15 scrambling, because people won't have stolen all my good
16 questions. Thank you.
17 We'll start with an issue that was brought up by
18 the GAO this morning regarding the Reese recommendation for
19 closure. It says, "The Air Force recommended closing Reese
20 Air Force Base... community concerns arose over the issues of
21 potential errors in the Air Force's scoring of Selection
22 Criteria One and its reliance on data gathered under the

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1 Joint Cross Service process to make this assessment.
2 "The Air Force's initial review of community
3 concerns indicated that while there were data errors, they
4 did not significantly alter the relatively scoring of the
5 bases for Criterion One and would not have changed the
6 recommendation," and then go on to say, "but your work wasn't
7 finalized at the Air Force prior to completion of their
8 report."
9 If you could both, Mr. Secretary and General Bloom,
10 address those issues that were raised by the community and
11 your subsequent findings and if you're satisfied that you've
12 come to whatever conclusion it is that you've come to.
13 MR. FINCH: Very good. Perhaps, in terms of the
14 detail, I could refer to General Bloom, but upon review for
15 the particular areas where we found some discrepancies in
16 data, my observation is that even with the changes that might
17 be subjected as a result of that review, that in terms of the
18 work of the Joint Cross Service Group it would not have
19 changed appreciably, in terms of the basic alternatives that
20 we provided for the military departments to consider.
21 But I know the Air Force has reviewed in some
22 detail the whole data set in each of the specific points

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1 raised, and perhaps I could refer to General Bloom in terms
2 of his assessment of how those changes may have affected the
3 overall result.
4 GENERAL BLUME: Yes. Commissioner Steele, the Air
5 Force has provided the Commission with a detailed accounting
6 of every one of those specific individual elements that was
7 brought up by the groups supporting Reese.
8 That has been presented to the Commission, and in
9 no case did the Air Force find that if there was an anomaly
10 or an error that the -- as we carried on additional analysis,
11 that it would have caused any different recommendation.
12 COMMISSIONER STEELE: Did you review only errors
13 that were pointed out, or did you in any way remeasure how
14 you would evaluate footprint versus volume of airspace or
15 proximity of airspace?
16 GENERAL BLUME: No. The analysis remained
17 consistent because we felt confident that we had captured the
18 appropriate -- both the Air Force and the Joint Cross Service
19 Group -- the appropriate areas that should be evaluated, but
20 every specific element that was brought up by the LCC was
21 identified and looked at.
22 MR. FINCH: Commissioner Steele, if I might add,

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1 too, that within the work of the Joint Cross Service Group,
2 we really bent over backwards in terms of trying to ensure
3 that we were as error free as possible and beyond that did a
4 great deal of work at ensuring that the date that we received
5 from the various military departments was compatible one with
6 another.
7 I think my colleagues will agree that we, you know,
8 went through a great deal of in-depth discussion. My charge
9 to the group was again and again that, you know, we should
10 have people go back, review the data, check it, and overall,
11 I'm reasonably confident that, you know, there is certainly
12 no major glaring errors out there.
13 There may be a few small discrepancies here and
14 there, but I'm quite sure, given the quality control measures
15 that we've put into place, that the data that we used would
16 be quite good.
17 COMMISSIONER STEELE: When you did the review
18 recently, as a result of the errors that were found, did you
19 look at all of the UPT bases for errors or only select some
20 out for a second review?
21 GENERAL BLUME: For every place there was a
22 potential error that could have been translated to another

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1 base. In other words, did we go back and assess all the
2 airspace at every other base? The answer is no.
3 Did we look to see that the same type of error that
4 crept in, possibly, to the -- not counting 2,000 foot in the
5 Reese-specific accusation was certainly looked at throughout
6 all of the bases.
7 COMMISSIONER STEELE: Okay. So it wasn't just two
8 bases out of a group of five that were reviewed?
9 GENERAL BLUME: Two bases? No. Well, Reese is
10 only one.
11 COMMISSIONER STEELE: Oh, so you only reviewed
12 Reese in particular? You didn't make different calculations
13 regarding any of the other UPT bases?
14 GENERAL BLUME: No. Except as I said, if there was
15 a specific allegation that this may have been erred in Reese,
16 we went back and looked at all of them to see that a similar
17 error did not creep into the data.
18 COMMISSIONER STEELE: Okay. Thank you. I'm clear
19 on that now. The other issue I was curious about, military
20 value and that whole rating, the Air Force chose to do its
21 own calculations for the final Criteria 2 through 8 but
22 adopted -- it's my understanding adopted the Joint Cross

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1 Service Group's work for Criteria Number 1, getting rid of
2 just a few of those functional categories that General Davis
3 was showing earlier.
4 My question to you is are you confident with the
5 foundation of the data that came out of the Joint Cross
6 Service Group to have that be the Air Force's sole source for
7 grading Criteria Number 1 for military value?
8 GENERAL BLUME: Probably the most jointness of
9 anything that we even did. I mean, we relied upon our
10 specialists, the people that we put in that Joint Group, to
11 get the best number of our functional value capacity.
12 And on their recommendation back to the Air Force
13 and the alternatives that were recommended by the Joint Cross
14 Service Group we felt confident that this was a good analysis
15 and a good means of looking at functional value and assessing
16 Criteria Number 1.
17 COMMISSIONER STEELE: Okay. My time has expired.
18 Thank you very much, Mr. Chairman.
19 COMMISSIONER DAVIS: Commissioner Robles.
20 COMMISSIONER ROBLES: Yes. Mr. Finch, General
21 Klugh testified here this morning that they use a linear
22 programming algorithm to help them as a tool and at least,

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1 sort of, sort things out.
2 Did you also look at a way to use a linear
3 programming algorithm to look at capacity and look at how you
4 could optimize in various ways?
5 GENERAL KLUGH: Yes. As a matter of fact, we did.
6 COMMISSIONER ROBLES: And can you, kind of,
7 summarize from your perspective the major results that came
8 out of that optimization model?
9 GENERAL KLUGH: We used the optimization model as,
10 basically, something to give us insights, to make us smart on
11 the problem and look for various ways that we could formulate
12 alternatives.
13 That is not something that we just used mindlessly
14 to have the output become our recommendations, but with that
15 said, we found it quite valuable in a number of ways.
16 First of all, one of the approaches we looked at
17 was to take a look at what are the minimum number of sites
18 that we could have in order to still meet our capacity
19 requirements and carry out the mission. So it gave us a
20 calibration point as to how deep we could go.
21 Another useful thing was to get a sense of the
22 following: that, you know, as a broad objective, I think we

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1 all share the view that we want to save money not only in the
2 long-term but also in the short-term.
3 And one of the ways that you can incur expense in
4 the short-term is moving functions around from base to base,
5 and so we did some analysis to say what are some feasible
6 solutions that will keep the number of moves down.
7 Beyond that, we used it to ensure, in addition to
8 getting the basic capacity right, that we would have as much
9 as we could a good military value for the collection of bases
10 that would remain open. So we used it as a tool to develop,
11 basically, benchmarks on what sort of alternatives might
12 produce a satisfying military value. So we used it as an aid
13 to our process in those principal dimensions.
14 COMMISSIONER ROBLES: And did you look across the
15 whole range of options from not shying away from putting any
16 subject to constraint equations in there that would cause
17 your decision set to shy away from any areas?
18 MR. FINCH: Absolutely. There were certain
19 practical constraints that we needed to impose. We did not
20 want to use the linear program approach to produce
21 nonsensical results.
22 For example, there are some bases that simply are

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1 not compatible with helicopter training and things like that.
2 So what we did was we developed a set of real world
3 operational constraints that said, okay, you know, you have
4 to do -- whatever solution comes out has to make sense in the
5 following operational ways, but beyond that we made no other
6 constraints that would particularly prejudge results one way
7 or another.
8 COMMISSIONER ROBLES: Well, I asked General Klugh
9 this morning to provide the subject to constraint equations
10 and the slack analyses that came out of that. I'd ask you to
11 do the same thing for your run just to, kind of, see what
12 sort of constraints were in there.
13 And I understand that they all were limiting, but
14 sometimes it's in the assumption of what can and can't be
15 done at a certain base that leads you in a certain direction.
16 MR. FINCH: Absolutely, and we'd be happy to
17 provide that for the record.
18 COMMISSIONER ROBLES: Great. Second question,
19 costs. Can you share a little bit of insight about costs?
20 Another thing that you look at, whenever you're looking at
21 functions, does the cost do something on any given base? And
22 they're all different.

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1 They're all different because, as General Bloom
2 eloquently stated, bases do different things. In my days as
3 a base commander, I had all sorts of things going on on the
4 base that support a core function, but there were other
5 things going on, and you get an overhead rate, a base ops
6 rate, base support rate, et cetera.
7 Could you maybe talk a little bit in general terms
8 about what you found when you looked at the various cost
9 rates of different bases, Reese versus Vance versus whatever?
10 And were there any ones that were -- were they all clustered
11 about the same or some higher, much higher, some much lower?
12 MR. FINCH: Maybe I could address the question in
13 broad terms and then, perhaps, asked my colleagues from the
14 military departments to fill in some of the details.
15 In the Joint Cross Service Group, we did not
16 address costs directly in terms of dollar costs. Just given
17 the broad look that we were looking -- we were trying to do,
18 given, you know, all of the literally, probably, millions of
19 alternative ways you can base these functions at a variety of
20 bases, it simply was not practical to go out and do a dollar
21 cost estimate of every combination that we had to consider.
22 And what we ended up doing was to consider some

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1 surrogates for costs, things that we knew that were
2 representative of costs but didn't necessarily work in a
3 precise dollar fashion.
4 One of the surrogates was excess capacity. We're
5 trying to minimize the amount of excess capacity out there.
6 Another one is just, basically, how many bases we would
7 ultimately end up operating. All other things being equal,
8 fewer sites cost less.
9 A point I mentioned a minute ago was we also looked
10 at how many functional moves you would have to make in the
11 short-term. In you're starting to move functions around,
12 that's going to be an expensive proposition, at least in the
13 short term. So we looked at a variety of surrogates for
14 costs but not dollars per se.
15 Now, within the military departments, of course,
16 given the alternatives we presented plus the alternatives
17 that served us within their own internal processes, there is
18 a much more detailed cost analysis getting down to dollars
19 that each of them conducted, and perhaps I could refer to my
20 colleagues here to give a descriptive --
21 COMMISSIONER ROBLES: Well, really, the question is
22 really at your level, and the reason I asked the question at

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1 your level is because they all have individual costs based on
2 what it costs to run their bases.
3 But someone needs to sort that out and say, well,
4 from a cost perspective, cost being one of the factors, it
5 makes more sense to train pilots at X base versus Y base
6 because it's inordinately cheaper to do it there than
7 somewhere else, and you can get the same equivalent training.
8 That's just one factor.
9 Obviously, military value is another factor.
10 Obviously, functional capability is another factor, et
11 cetera. And that has to be done, really, at your level,
12 because I -- that's the only way you can compare across.
13 So my real question is, now, did you do that
14 analysis, and if you did, did any of those recommendation get
15 adopted by the services with respect to training at a certain
16 base on a cross-service basis because it was economically
17 cheaper to do it there, and it can meet all of the other
18 constraints that you had?
19 MR. FINCH: As I'd mentioned, what we did as a
20 group was to look at things that were reasonable surrogates
21 for costs, but we did not look -- we developed a set of
22 alternatives that we provided for the consideration by the

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1 military departments.
2 They, in turn, went through a detailed -- using
3 their own methodologies, a detailed cost assessment of what
4 would be involved in each of those alternatives and then
5 ultimately produced their own recommendations.
6 So that we did not do a detailed cost analysis per
7 se in the Joint Cross Service Group, but the military
8 departments did indeed do that in their part of the analysis.
9 COMMISSIONER ROBLES: Okay. And my time is up.
10 I'm going to ask all of the departments to submit what their
11 average costs are to train pilots at their various bases, and
12 we'll form the question, for both variable costs and fixed
13 costs and just see how these all stack up, variable and fixed
14 costs, to train.
15 That's just one factor, but certainly costs have
16 been this underlying theme this whole BRAC '95. On one hand,
17 one of the big factors was how much does it cost to do this,
18 and we only had a limited amount of money to implement BRAC
19 '95. So that constrained it to some degree.
20 And on the other side was, you know, certain
21 decisions were made because it was "too expensive" to do it.
22 And so costs was a clearly underlying rationale in some of

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1 the decisions made in BRAC '95.
2 So it will be interesting to see how costs played
3 into this cross-servicing decisions and recommendations that
4 were made.
5 GENERAL BLUME: Could I make a comment? And that
6 is you have to realize, sir, that the primary function; that
7 is, the primary pilot training is one that will be joined is
8 now and will continue to be.
9 However, once you pass that or maybe even before,
10 the Air Force does flight screening, certainly it did for
11 cost aspect. The fact that the Air Force does all of its
12 training today on a base, you can compare one base with the
13 next.
14 I think it must be much more difficult, probably in
15 the Navy situation, where they have very different missions
16 at one base than the next.
17 COMMISSIONER ROBLES: I understand that, but I also
18 know that the cost accountants of the world slice cost every
19 way but loose. So there is enough way to get at the cost
20 data just with any good cost analyst start to dissect the
21 costs, right Charlie? We all know how to do cost analysis.
22 MR. NEMFAKOS: Sure. And if the Commissioner would

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1 tell me what answer he'd like, we can probably do that. I
2 think it's fair to say, Commissioner Robles, that in doing
3 our analysis we did not look at how much does it cost you to
4 move a pilot one day, two days, three days, unlike what we
5 did in some of the depots, for example.
6 What we did do on costs, however, in looking at the
7 alternatives that the Joint Cross Service Group recommended
8 that we examine, we did look at the cost aspect, and we
9 looked at the cost aspect in the context of closing something
10 down and moving the work someplace else.
11 So for example, the one that most immediately comes
12 to mind, in the context of co-locating helicopter pilot
13 training at Fort Rucker, we looked at the costs.
14 The costs we very high up front for this kind of an
15 activity, and the net present value after 20 years was under
16 $2 million. So we looked at a tradeoff between spending
17 $150- to $200 million up front to move it, and on a
18 discounted basis saving $2 million over 20 years, and we said
19 thank you but no thank you, and we didn't do it. So we
20 looked at costs in that context.
21 COMMISSIONER ROBLES: You say you looked at it from
22 a co-location, but did you also look at the from a

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1 consolidation point of view?
2 MR. NEMFAKOS: No, sir, we did not, because the
3 Navy operational imperatives are not to train Air Force -- I
4 mean Army and Navy helicopter pilots the same way. We have
5 operational considerations on why we train our pilots the way
6 we do, particularly given the B-22 coming in, as an example,
7 and replacing the CH-46 in the inventory.
8 We have a completely different dynamic, I think,
9 than what's being looked at elsewhere. That's an operational
10 consideration that was discussed at the senior operational
11 levels in the Department of the Navy.
12 And so co-location was what was looked at, and co-
13 location was what was recommended out of the Joint Working
14 Groups because the training is not the same.
15 COMMISSIONER ROBLES: Thank you.
16 COMMISSIONER DAVIS: I congratulate my Army
17 colleague at taking six minutes and making it look like ten.
18 COMMISSIONER ROBLES: That's also a skill.
19 COMMISSIONER MONTOYA: I'll see if I can catch us
20 up. Short questions, short answers. Put up Chart 2.
21 General Bloom, I want to ask you -- you can give a yes or no
22 answer or do a quick analysis for me, sensitivity analysis.

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1 Reese Air Force Base is clearly all by itself at
2 the bottom of that list. To what extent did the way you
3 calculated military value have an impact on that, or said
4 differently, if you had substituted for military value
5 component only that function dealing with actual pilot
6 training, would that have changed those standings any? Do
7 you understand my question?
8 The use of military value based upon what the Joint
9 Cross Service team did, and they had all kinds of things in
10 there besides just UPT training.
11 GENERAL BLUME: I guess I'm having trouble with
12 "military value." There was functional value developed by
13 the Joint Cross Service Group, and that's what I see on this
14 slide.
15 COMMISSIONER MONTOYA: And wasn't that used as the
16 main component of military value?
17 GENERAL BLUME: No. Military value, if you read
18 the DoD directives --
19 COMMISSIONER MONTOYA: It has four parts to it.
20 GENERAL BLUME: Four parts.
21 COMMISSIONER MONTOYA: Right.
22 GENERAL BLUME: How are they weighted? They're

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1 weighted according to equal -- probably the functional value
2 or Criterion One, the operational value of that facility is
3 probably the heaviest, but the others also --
4 COMMISSIONER MONTOYA: Well, let's stay with the
5 very first one.
6 GENERAL BLUME: Well, I can't. I can't in the Air
7 Force analysis, because the Air Force analysis takes in all
8 eight. So the Air Force analysis, we looked at the first
9 four.
10 We also looked at the cost, the payback and the
11 impacts, and then we tiered, and that was the value of that
12 installation relative to the other installations in that
13 category.
14 COMMISSIONER MONTOYA: So your answer is, I guess,
15 having sorted through that, is that regardless whether you
16 use strictly a very narrow definition of pilot training as
17 functional value for your first criteria, as opposed to what
18 the Cross Service Team did, the answer would have been the
19 same for Reese?
20 GENERAL BLUME: The answer would have been the
21 same.
22 COMMISSIONER MONTOYA: You think it would have been

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1 the same?
2 GENERAL BLUME: Yes, sir.
3 COMMISSIONER MONTOYA: Okay. Mr. Finch, in closing
4 Meridian and Reese Air Force Base, will the Navy and Air
5 Force are sufficient capacity to remain and perform all UPT
6 requirements and also accommodate surge? Is that your
7 position?
8 MR. FINCH: Indeed they will.
9 COMMISSIONER MONTOYA: Mr. Nemfakos, by closing
10 Meridian, we, apparently, put all our eggs in one basket
11 regarding strike training, in Kingsville; is that correct?
12 MR. NEMFAKOS: Yes, sir, it is.
13 COMMISSIONER MONTOYA: And can Kingsville satisfy
14 all your UPT requirements and still leave room for surge?
15 MR. NEMFAKOS: We believe it can, yes, sir.
16 COMMISSIONER MONTOYA: And General Bloom, same
17 question regarding Reese Air Force Base. Closing that, that
18 leaves sufficient capacity for the foreseeable future and any
19 foreseeable surge? You're satisfied with that?
20 GENERAL BLUME: Yes, sir, it does. As a matter of
21 fact, one more comment relative to the single siting of
22 anything. I mean, we single site C-17 training. We single

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1 site F-117 training. Those are not unique as far as the
2 military departments are concerned, if it is economically
3 feasible to do that.
4 COMMISSIONER MONTOYA: Just a follow-on question.
5 In visiting that base, it was gratifying to see some very
6 successful joint training going on. To see Navy pilots and
7 Air Force pilots praise each other, supporting each other was
8 truly a joy. Where will that go if you do close Reese?
9 GENERAL BLUME: All of the bases, sir, that do
10 primary training, will have what will be a replica of that
11 particular example, and that will continue following the BRAC
12 once it is decided which bases will stay and which one will
13 go.
14 COMMISSIONER MONTOYA: I must say that was very,
15 very gratifying. There were no service barriers there,
16 Charlie. They were really working well together and willing
17 to say so publicly. That's all I have, Mr. Chairman.
18 COMMISSIONER DAVIS: Thank you, Admiral Montoya. I
19 appreciate the time back. Mr. Chairman.
20 CHAIRMAN DIXON: Thank you very much, Mr. Chairman.
21 Charlie, I think I'm going to pick on you here a little, if
22 you don't mind. Now that my friend Admiral Montoya has been

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1 so complimentary, let me jump on you a little bit.
2 I have a letter here from Senators Shelby and
3 Heflin and Congressman Everett, and it touches on a subject
4 matter that I've asked about from time to time and been
5 somewhat confused about.
6 " Dear Mr. Chairman, as you prepare for your April
7 17 hearing on the Joint Cross Service Working Groups and so
8 forth, we would be most appreciative if you would raise a
9 number of issues with regard to the consolidation of
10 undergraduate pilot training and so forth.
11 "We applaud the addition of the Joint Cross Service
12 Working Groups into the base closure process. They provided
13 a new and important analysis and so forth. Unfortunately, in
14 the case of undergraduate pilot training, the Pentagon acted
15 on only half of the mission.
16 "While they agreed that introductory fixed-wing
17 training operations could be consolidated between the Air
18 Force and the Navy, the Pentagon chose not to act on the
19 recommendation to consolidate primary helicopter training
20 between the Navy and the Army.
21 "We believe this a grave mistake," and so forth. I
22 know it's an old saw, Mr. Nemfakos, but let me get into part

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1 of it here. In November 1994, the Joint Cross Service Group
2 on Undergraduate Pilot Training submitted three different
3 alternatives for consideration by the military departments
4 and Secretary Perry.
5 According to documents submitted to the BRAC, each
6 alternative reduced excess capacity while maintaining high
7 military value. Each of the three alternatives consistently
8 recommended consolidating all military undergraduate
9 helicopter pilot training at Fort Rucker.
10 So let's stop there, and then we'll go on to some
11 more from there, but what do you say to that? I know
12 that's -- like I say, we've been over this ground a lot of
13 times. I know we're not on something new, but I'd just like
14 to hear one more time.
15 MR. NEMFAKOS: Yes, sir, Senator. I think the
16 issue revolves around the word "consolidate." That is not
17 the recommendation from the Joint Cross Service Group.
18 CHAIRMAN DIXON: Okay.
19 MR. NEMFAKOS: The recommendation from the Joint
20 Cross Service Group was co-locate, and I believe, although I
21 was not part of that group, but I have an understanding of
22 what they were looking at, I believe the reason is that there

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1 is a fundamental difference in perspective of how the Navy
2 and the Marine Corps desire to train their pilots from a
3 operational perspective.
4 So the issue was to co-locate. That issue of co-
5 locating, as opposed to consolidating, is a very important
6 one because we use different systems both in terms of
7 aircraft systems as well as simulators and ground support
8 systems to train those bodies of pilots.
9 And so I think that's a fundamental difference that
10 the Department of the Navy, both the Navy and Marine Corps
11 and the service chiefs of those two services are convinced
12 that the way we are training our pilots and the systems we
13 are using to train those pilots are the correct thing, given
14 the way we utilize them.
15 CHAIRMAN DIXON: Are you satisfied with what's
16 recommended in this round to treat this problem?
17 MR. NEMFAKOS: Yes, sir.
18 CHAIRMAN DIXON: Now, on March 30, 1993, General
19 Powell stated at the House Armed Services Committee Army
20 Posture Hearing, "I believe the proper place to do the
21 centralization of UHPT where it can be done very well is at
22 Fort Rucker, Alabama."

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1 He went on to say, "I am committed to push this as
2 hard as possible, because there are real savings here. This
3 is where we ought to find the savings. The costs to transfer
4 the UHPT operation at Whiting Field to Fort Rucker is less
5 than $18 million," it's asserted here.
6 "In '92, the DODIG reported that relocation of UHPT
7 to Fort Rucker would save at least $79 million over five
8 years." What do you say to that?
9 MR. NEMFAKOS: Well, I have the highest regard for
10 the General, having worked with him off and on since the days
11 he was a colonel, and I'm not going to argue with him because
12 I don't know where that data came from.
13 I do know that the certified data that we have in
14 hand shows a cost of over $150 million to move the helicopter
15 portion of training from Whiting to Fort Rucker to co-locate
16 it there.
17 CHAIRMAN DIXON: All right. "During the BRAC '95
18 Navy hearing, as you know, earlier this year General Mundy
19 commented that in the '70s the Army was training marine
20 helicopter pilots and that this arrangement worked very well.
21 Is there any reason why the Marine Corps couldn't return to
22 this arrangement?"

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1 MR. NEMFAKOS: I would say to you that what General
2 Mundy was probably referring to were the measures that we had
3 to take because of surge requirements to use capacity that we
4 have and not necessarily the desirable methodology that we
5 want to train.
6 Given the changes, however, that are coming in the
7 Marine Corps inventory with the introduction of the V-22,
8 which, as you know, Mr. Chairman, works both as a helicopter
9 but then also works as a traditional prop plane, I don't know
10 that that statement by General Mundy was an indication that
11 he was prepared to change the syllabus of the training for
12 Marine Corps helicopter pilots.
13 CHAIRMAN DIXON: Mr. Nemfakos, according to the
14 Inspector General for the DoD, and I quote, "Relocating the
15 Navy's primarily helicopter training to Fort Rucker would
16 relieve ground and air traffic congestion as Whiting Field.
17 Is there a problem at Whiting Field both in the air and on
18 the ground, and if so, would relocation of Navy's
19 Undergraduate Helicopter Pilot Training Program free of space
20 at Whiting Field?"
21 MR. NEMFAKOS: In our military value analysis, and
22 I believe the staff has the matrices and can probably give

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1 you a better, more specific answer that I can right now, I do
2 not believe that we found that there was air traffic
3 congestion in the Pensacola Whiting area that worked to the
4 detriment of the value of that activity.
5 Obviously, moving anything out of that area is
6 going to relieve whatever traffic there is, but I believe
7 that the military value matrix, which the staff has, can
8 paint a more clearer picture for you, because there are a
9 whole series of considerations that were included in there on
10 the traffic issue.
11 CHAIRMAN DIXON: If you don't mind, I'm going to
12 send this letter to you. I've just taken excerpts out of the
13 letter. I'd appreciate it, as I do for all members of the
14 Congress, a response in writing to the letter in writing.
15 MR. NEMFAKOS: Yes, sir. We'll be happy to do
16 that.
17 CHAIRMAN DIXON: Thank you very much, Mr. Nemfakos.
18 MR. NEMFAKOS: Yes, sir.
19 COMMISSIONER DAVIS: Thank you, Senator.
20 Commissioner Cox.
21 COMMISSIONER COX: Thank you. Mr. Finch, I
22 apologize. I was in and out of the room. So if I'm asking

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1 you something you've already covered, I apologize in advance.
2 But I am still a little bit confused about
3 measuring of capacity and whether we're correctly at the
4 right number.
5 In your capacity analysis for factors that
6 influence it, do you look at things like aircraft
7 availability, instructor pilot shortages, delays of primary
8 student graduates as they come onto the base or whether
9 periodic runway maintenance -- are those kinds of things
10 included in the capacity?
11 MR. FINCH: What we look at when we're looking at
12 capacity are things that are inherent in the site itself as
13 opposed to, for example, number of students or instructors
14 available, which are really not inherent in the site but more
15 a matter, in that example, of personnel policy.
16 If you'd like, I can quickly read through a list of
17 the type of capacities that we considered.
18 COMMISSIONER COX: Okay.
19 MR. FINCH: First off is airfield operations, and,
20 basically, an airfield operation is one circuit around the
21 pattern, if you will, at an airfield.
22 COMMISSIONER COX: How do you get the number that

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1 determines the aircraft -- airfield operations? Is it based
2 on some past number?
3 MR. FINCH: It's based on -- from the Joint Service
4 Group, this is based on a data call that we put out to the
5 services based on that.
6 Now, it turns out in that particular number that
7 the services, particularly between the Air Force and the
8 Navy, used slightly different assumptions in terms of how
9 many circuits they could make within a given time.
10 They have, under current practice, often different
11 roles in terms of spacing between flights and that sort of
12 thing. So in that particular number, it was very important
13 that we have an apples-to-apples comparison across the
14 services.
15 So as a means of achieving this uniformity, what we
16 did in that particular case was to draft some rules used by
17 the FAA, which govern the rate at which aircraft can circle
18 through a pattern.
19 So in that particular case we, after receiving
20 information from the services and a great deal of discussion
21 decided that using this rule with respect that the FAA uses
22 that governs aircraft in the area of an airfield would be an

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1 acceptable one.
2 COMMISSIONER COX: Right. But the FAA, when they
3 look at that, use past history, in other words, not just a
4 number that says on a beautiful day you could have 55 flights
5 per hour or something.
6 MR. FINCH: At some point I will have to defer to
7 the real experts, but part of it is clearly safety of flight
8 that you want some special --
9 COMMISSIONER COX: Right. I guess what I'm getting
10 to is if we've gone back and said how many operations did you
11 have at this particular facility and that was the number that
12 became the capacity because that's what they've handled,
13 didn't that include, wouldn't that include different things
14 at different airports?
15 MR. FINCH: In the methodology we used, we tried to
16 not make it, you know, idiosyncratic but make it as a general
17 methodology, for example, in airfield operations just to
18 ensure that each of the sites concerned would be measured
19 equally.
20 And as I mentioned, in that particular example, we
21 used the FAA rules that govern how you conduct airfield
22 operations.

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1 COMMISSIONER COX: Okay. Maybe you could just
2 provide the actual formula that was used from the FAA, that
3 would be great.
4 MR. FINCH: Yeah. We'd be happy to do that.
5 COMMISSIONER COX: Okay. I'm sorry. Others?
6 MR. FINCH: Let's see, airspace, in terms of what
7 is the volume of airspace that you would have available in
8 order to conduct training operations.
9 COMMISSIONER COX: And that's just the military
10 airspace?
11 MR. FINCH: Yes. It would be airspace that would
12 be available for military training, which --
13 COMMISSIONER COX: Even if it were under FAA
14 control?
15 MR. FINCH: Yes. Right. Ground training in terms
16 of two dimensions. One is classroom capacity, another in
17 terms of simulators that would be available. A fourth area
18 is ramps, aprons and taxiways. This is, you know, sort of
19 the maneuver space, if you will, on the ground, and you'd
20 have to be able to locate and move aircraft.
21 Another capacity is hangar capacity, the ability to
22 have, you know, indoor space to be able to store and maintain

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1 aircraft. Another is supply and storage having to do with
2 various ability to -- you know, for example, in POL and that
3 sort of thing.
4 And then also housing in terms of the ability to
5 provide housing for families as well as single members of the
6 service. So those are the type of capacity dimensions that
7 we considered.
8 COMMISSIONER COX: Okay. Well, if you wouldn't
9 mind providing the record with some more detail on how the
10 FAA measures in and therefore you all measure in. General
11 Bloom, you shook your head there for a minute on --
12 GENERAL BLUME: In essence, though, agreeing,
13 because all airspace is FAA airspace.
14 COMMISSIONER COX: Right.
15 GENERAL BLUME: We borrow it for a time to use
16 whenever we can. I have a quick note on that. It's like
17 Mr. Finch as said -- and I was not in the Joint Cross Service
18 Group, but General Profitt was, and his information to me was
19 that they did use windows; in other words, three years for
20 look back and for weather as much as ten years.
21 COMMISSIONER COX: Sure.
22 GENERAL BLUME: So that was the way they captured

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1 that.
2 COMMISSIONER COX: But that then -- I don't know
3 it's bad. Obviously, you have to look at something on that,
4 but that might get you in a position if you're -- depending
5 on which window you use --
6 GENERAL BLUME: Well, three to ten years is a
7 pretty good --
8 COMMISSIONER COX: Three?
9 GENERAL BLUME: Three or ten.
10 COMMISSIONER COX: Oh, I'm sorry. I thought you
11 said three --
12 GENERAL BLUME: Whether it's ten. It was different
13 depending upon which ones you looked at, and probably, if you
14 went back ten years on airfield operations, it probably
15 wouldn't be that consistent with what we're doing today.
16 COMMISSIONER COX: I don't know. That's why I'm
17 trying to figure out whether some of these factors would have
18 been included, and I guess if they did use the number of
19 operations, they may have been included, but we'll get the
20 information on how that number got --
21 If I could just ask you a couple questions about
22 Reese Air Force Base, General Bloom, the Lubbock, Texas,

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1 community, apparently, has offered to purchase and then lease
2 back some of the housing, the family housing as well as a
3 40,000 foot hangar at Lubbock International.
4 Do these offers make you think any differently
5 about the Air Force decision? Are you looking at them?
6 GENERAL BLUME: Almost kind of like bribes. No,
7 ma'am. Those offers we did not consider and were not a part
8 of our analysis nor did we consider them in any way.
9 COMMISSIONER COX: Would it make any difference on
10 when we settle on the military value as 622, would that bring
11 the cost down some?
12 GENERAL BLUME: Well, I suppose if we got in a
13 bidding war, then each one of the bases would try and do
14 something, but no, ma'am. It would probably influence it,
15 but I would say that shouldn't be a consideration in our
16 deliberations, I don't believe.
17 COMMISSIONER COX: Okay. And you're not reviewing
18 whatever these offers were?
19 GENERAL BLUME: No, ma'am.
20 COMMISSIONER COX: Okay. Thank you.
21 COMMISSIONER DAVIS: Commissioner Cornella, please.
22 COMMISSIONER CORNELLA: General Bloom, other UPT

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1 bases own or control more airspace than Reese Air Force Base,
2 but much of this airspace is not necessarily usable for UPT
3 activities.
4 Was Reese Air Force Base downgraded because it
5 lacks actual ownership and control of required airspace even
6 though access to the airspace it uses for UPT training
7 activities is unimpeded and lacks any encroachment problems?
8 GENERAL BLUME: Sir, all the airspace at every one
9 of the bases supports the mission, and there is enough
10 airspace at every Air Force base to support the mission
11 that's going on there now and would be in the future.
12 The airspace that was in contention at Reese.
13 However -- you know, some airspace, you would probably say,
14 if it's closer in, is better than farther out. It takes you
15 less time to do your job.
16 But probably more -- not probably, but actually,
17 the more airspace that you would have, to a certain extent,
18 would certainly be beneficial, because assuming we're going
19 to train more pilots in the future or we have surge
20 capability, you may they'd that additional airspace.
21 So the quantity does have some significance as far
22 as importance. The airspace as Reese was looked at again

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1 from the aspect if there was a potential data problem that
2 was -- it was looked at. All the airspace was added up. The
3 additional areas were given in there. Reese still had less
4 airspace than any of the other bases.
5 COMMISSIONER CORNELLA: Although Reese contains a
6 smaller volume of airspace, its proximity to this airspace is
7 less than some other UPT bases. Why did the Air Force
8 measure the distance to the leading edge of available
9 training airspace rather than to its geographic center, and
10 wouldn't this more properly reflect actual flight training
11 practice?
12 GENERAL BLUME: And that was a problem that they
13 called our attention to. In two of the functional areas it
14 was measured incorrectly. That we went back and corrected,
15 but that was in the Air Force database.
16 The Air Force database was not used in develop the
17 Criteria One numbers. The database that was used in that was
18 a Joint Cross Service database, and those were correct.
19 Those distances measured were correct.
20 So the value, I would say, from the Joint Cross
21 Service Group back to the Air Force was a valid and accurate
22 value.

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1 COMMISSIONER CORNELLA: Several questions relating
2 to the weather, again at Reese. Why was percent of time in
3 the ceiling on visibility are better than 1,000 feet and 3
4 miles away given any weight in the analysis when it is 1,500
5 feet and 3 miles that represents a key weather decision
6 factor in conducting Air Force flight training operations?
7 GENERAL BLUME: I would have to defer this question
8 to the Joint Cross Service Group which developed the
9 methodology and the analysis that was performed. I could
10 give you a Jay Bloom answer, but I don't think that would be
11 appropriate.
12 I think that those -- in answer to that question,
13 sir, if it has not already been answered, we'll be glad to
14 present it for the record.
15 COMMISSIONER CORNELLA: All right. We will ask
16 that for the record, and also I have two other weather-
17 related questions I won't read, but we would like an answer
18 to that.
19 GENERAL BLUME: All right, sir.
20 COMMISSIONER CORNELLA: Mr. Finch, why did the UPT
21 Joint Cross Service Group functional analysis only measure
22 adequacy of housing and not whether it met Air Force Whole

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1 House Standards, a superior method, for measures the
2 condition on future cross requirements in military family
3 housing?
4 MR. FINCH: And that, sir, is one that I will
5 likewise have to take for the record.
6 COMMISSIONER CORNELLA: General Bloom, a lot has
7 been learned about conducting joint primary training at
8 Reese, as was mentioned by Commissioner Montoya. How has
9 this experience or how was this experience factored, weighted
10 or considered in the analysis to close a UPT base?
11 GENERAL BLUME: I don't think that this was
12 considered at all as far as the functional value is
13 concerned, and there is no measures as far as the DoD
14 criteria that would capture that particular element, sir.
15 COMMISSIONER CORNELLA: Mr. Finch, I understand the
16 Air Force operates a flight screening program to identify
17 suitable student pilot candidates for UPT. The Navy screens
18 by means other than a flight program. The Air Force
19 contended that including flight screening within the scope of
20 the UPT Joint Cross Service Group would unnecessarily
21 complicate the analysis of UPT base capacity and functional
22 value.

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1 The UPT Joint Cross Service Group concluded,
2 however, that since flight screening reduces attrition in the
3 primary UPT phase, it does have an impact on UPT capacity and
4 concluded -- and was included.
5 In the alternatives produced by the computer model,
6 the flight screening function was moved out of Hondo and the
7 Air Force Academy. Your group, however, chose to disregard
8 this result.
9 How does the functional value analysis of flight
10 screening help distinguish the relative merits of UPT bases
11 when the base has no intent to conduct a flight screening at
12 a UPT base?
13 MR. FINCH: To begin with, in our analysis, we
14 included flight screening more as a matter of completeness
15 and had as a result a great deal of discussion both with
16 respect to the Navy and the Air Force in terms of a variety
17 of ways that one can perform the general function of
18 determining prior to actually entering into flight training
19 whether or not candidate students are going to be adaptable
20 and suitable for those courses of instruction.
21 After a great deal of discussion, basically, what
22 we concluded was that each of the services, as you point out,

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1 have different methods for being able to conduct flight
2 screening and that there was no strong, compelling evidence
3 to say one service was better, had a better approach than the
4 other.
5 So failing any compelling argumentation evidence
6 one way or another, the group concluded that was best to
7 maintain the status quo with respect to that particular
8 function of flight screening, and given the arrangements that
9 were made for siting at those as well seemed to be sensible.
10 So as a result, when we actually began using the
11 linear program model in order no develop alternatives, the
12 thing that seemed to make sense was to just go ahead and say,
13 you know, with respect to the Air Force, you know, they will
14 continue using flight screening as a means of determining
15 suitability of candidate student and that the siting that
16 they're apparently using made sense. So we just settled it
17 that way.
18 COMMISSIONER CORNELLA: What you're saying is you
19 do not feel that the inclusion of the flight screening
20 constitutes a flaw in the process?
21 MR. FINCH: Absolutely not. In terms of the
22 alternatives that we provided for the consideration of the

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1 military departments, in retrospect, whether we included
2 flight screening or not would not have changed those
3 alternatives, and while, you know, the departments should
4 speak for themselves, I would anticipate that they would also
5 agree that flight screening did not affect their
6 recommendations.
7 COMMISSIONER CORNELLA: Thank you. Mr. Chairman.
8 COMMISSIONER DAVIS: Thank you, Commissioner
9 Cornella. Again, I beg your indulgence, Mr. Nemfakos. What
10 I'd like you to do is submit for the record, if you will, the
11 analysis on strike pilot training rates.
12 MR. NEMFAKOS: Yes, sir.
13 COMMISSIONER DAVIS: There are some that felt that
14 your percentages were a little tight, and I'm worried about
15 the capacity. That's one thing.
16 MR. NEMFAKOS: Yes, sir.
17 COMMISSIONER DAVIS: Mr. Finch, one final question,
18 and then we'll move on to the next group. This Commission
19 has the authority to add additional installations, and we
20 must add them prior to May 17th.
21 Some of the added installations may be reviewed for
22 cross-service potential. Obviously, there are allegations

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1 that the services have been a little tight with their data,
2 but my concern is would you be able to do on that short
3 notice to gather the data from the services, generate the
4 appropriate COBRA and other data to assist this Commission in
5 its review, which will be a very short time from the 17th of
6 May until the 30th of June?
7 MR. FINCH: Certainly, in principle, we'd be
8 prepared to assist you in any way that we can. In terms of
9 what is technically feasible, it really depends on what
10 specifics you're asking for.
11 If it were a matter of going through, for example,
12 another data call that required your going out to the bases
13 and asking for certified data, I mean, that was certainly a
14 very lengthy process for us, and there may be problems with
15 that.
16 In terms of exercising methodology and other
17 things, depending on what specifically your needs are, we may
18 well be able to provide --
19 COMMISSIONER DAVIS: Then I'd be happy with your
20 assurances that you'll be prepared to go full speed ahead and
21 provide us whatever data, because we want the best possible
22 data to make the best possible decisions.

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1 MR. FINCH: Absolutely, General Davis, and we
2 certainly support that and will help you in any ways that we
3 can.
4 COMMISSIONER DAVIS: Thank you, Mr. Finch. I
5 appreciate your time and that of the witnesses, and we'll
6 close this portion. I'll turn it over to Commissioner Kling
7 for the next portion.
8 COMMISSIONER KLING: Next we will hear testimony
9 from the Medical Joint Cross Service Group, and we are
10 privileged to have with us Dr. Edward D. Martin, welcome
11 Doctor, Principal Deputy Assistant Secretary of Defense for
12 Health Affairs, who headed the group.
13 We will begin Commissioners' questions as soon as I
14 have sworn in Dr. Martin and any other backup witnesses. Are
15 there any Doctor?
16 DR. MARTIN: There will be one.
17 COMMISSIONER KLING: Well, if there is, would you
18 all please rise, whoever is joining you? Perhaps that
19 gentleman would care to sit right forward here. And your
20 name is, sir?
21 DR. PONATOSKI: Edward R. Ponatoski.
22 COMMISSIONER KLING: Edward R. -- we'll just call

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1 you Edward R., I guess. Would you gentlemen please rise and
2 raise your right hand?
3 (Panel sworn.)
4 COMMISSIONER KLING: Thank you. Dr. Martin, in
5 this day of excess hospital beds throughout the country and
6 all the mergers and consolidations that are taking place in
7 the private sector, which are, of course, in order to
8 economize and consolidate special cares, I do not understand
9 or we don't understand why more was not done to reduce our
10 hospital structure in the military services, realizing, of
11 course, the need to provide superior medical services, the
12 need for additional beds in time of multiple engagements and
13 the costs associated with CHAMPUS and so forth.
14 And many of the questions I will ask, kind of, go
15 to this general point. So let me begin with the first
16 question, which I'm sure you're, kind of, anticipating, and
17 that has to do with the San Antonio area.
18 And if I could specifically, we have Chart Number
19 1, which chose the San Antonio, Texas, area, and we can see
20 from this chart that it is home to two large medical centers
21 and a large number of civilian hospitals.
22 This appears to be an example of an opportunity to

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1 eliminate as substantial portion of excess capacity and
2 indeed the Air Force facility Wilford Hall was on the Joint
3 Service Group list of realignment alternatives, yet neither
4 facility is on the Department of Defense list.
5 Would you mind commenting, Doctor, on why this is
6 so?
7 DR. MARTIN: Yes, sir, Mr. Chairman. I'd like to
8 preface it with commenting on your observation about
9 consolidation, because I think it's very important.
10 When our joint work group undertook the
11 identification of alternatives for infrastructure reduction,
12 there had already been a very sizeable activity that we had
13 accomplished, and in that regards were quite different than
14 other parts of the other joint working groups.
15 In the case of medical, we actually have the
16 responsibility for managing the Defense Health program. We
17 have the money. So for example, the Army, Navy, Air Force
18 budgets for health care delivery, essentially, are managed
19 directly by the health affairs -- the Defense Health program
20 in the Office of the Secretary of Defense.
21 So we've had much more aggressive opportunity in
22 the past to make changes in reducing excess capacity.

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1 Specifically, we closed 35 percent of our hospitals. We've
2 already reduced the number of expanded beds by almost 48
3 percent.
4 That becomes important that where our requirements
5 are a little bit different than other requirement for
6 infrastructure. While the active duty force, in fact, has
7 come down by 30 percent since 1988, the beneficiary
8 population we're responsible for has only come down by 90
9 percent.
10 So relative to the numbers of people that we serve
11 or continue to serve through the end of year 2000, there has
12 been a dramatic reduction in the number of beds available
13 within our system in CONUS and worldwide.
14 Specifically, in that context, looking at the
15 recommendation as an alternative that we posited to the Air
16 Force -- and it's not the first time there has been a
17 question about Wilford Hall and Brooke, as you well know,
18 essentially what you have is a situation where you have a
19 major Air Force medical center, in fact, the major medical
20 center for the Air Force in a very heavy Air Force populated
21 area with large numbers of active duty, dependents of active
22 duty.

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1 You also have, essentially, a brand new facility,
2 state-of-the-art facility that's been built for the Army in
3 that community. If an action had been taken, we would have
4 wanted to see Wilford Hall, as the much older facility,
5 reduced considerably, and that would only work if Brooke Army
6 Medical Center then could have become, essentially, the Air
7 Force medical center there.
8 We met with both the Air Force and the Army, and
9 the real crucial issue is duplication. And as we have done
10 or seen in many communities across the country, essentially,
11 it was decided that we needed about 130 to 150 percent of the
12 beds that we had, and the much smarter way of consolidating
13 our capability was to dramatically change how we did work at
14 both facilities.
15 In fact, as of last week, based on this exercise,
16 all the graduate medical education at the two major medical
17 centers, which makes them the unique centers in that area,
18 will be consolidated, completely integrated and, in fact,
19 ultimately integrated with University of Texas at San
20 Antonio. So one of the great drivers for duplication will be
21 gone.
22 The second set of changes or what other facilities

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1 or other hospitals are doing that you know very well, and
2 that will be the consolidation of duplicate services. For
3 example, we intend to do no more obstetrics and neonatal
4 intensive care at Brooke.
5 We will take that capacity and probably expand our
6 capability at Darnell, which is a very large dependent of
7 active duty population needs augmentation, and essentially
8 systematically move through the services as we've done in the
9 national capitol region where we also have two major medical
10 centers within the same distance, essentially, that used to
11 be duplicated, as these two are.
12 We've been able to accomplish consolidation of all
13 the residences here or plan by 1997 and, essentially, the
14 reduction of all duplicate services.
15 This was what the Army and the Air Force felt was
16 the appropriate way to "right-size" or reduce excess and
17 duplicative capacity, and I think the plan is, in fact,
18 superior, particularly given the unique roles those two
19 facilities serve in trauma training and a major role they
20 serve in San Antonio for trauma care, which is an important
21 part of our training.
22 So we feel that the alternative proposed

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1 effectively accomplished the intent of the Joint Working
2 Group.
3 COMMISSIONER KLING: I guess we could look and say,
4 though, in San Antonio, as a total, there quite an excess bit
5 of hospital bed, correct, private and -- if you added the
6 private and military?
7 DR. MARTIN: I would have to defer to a local
8 planning activity for that determination.
9 COMMISSIONER KLING: If there is that excess
10 capacity in the private sector, and if one of these hospitals
11 is only one half needed, would it have not made sense to
12 continue on with your recommendation a little faster and
13 stronger, say, to close -- to make a clinic operation out of
14 Wilford Hall and go forward in that manner?
15 DR. MARTIN: Well, the right time to address that
16 issue, very candidly, was before we built Brooke Army Medical
17 Center. I mean, if you had asked my opinion prior to
18 building a $400 million brand new facility at San Antonio,
19 whether, in fact, we should -- like the Army is doing now in
20 other places, purchase that capability from excess
21 infrastructure in the private sector, I would have said that
22 sounds like a much better idea, particularly for level 2

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1 beds.
2 It's also important to point out that except for
3 UTSA and at least one of the private hospitals, the type of
4 facilities that we are concerned about obtaining our services
5 are very specialized, and, in fact, the only other hospital
6 that duplicates is a medical center is UTSA.
7 We're talking about very sophisticated procedures.
8 Probably the world class burn center in the entire world is
9 run at Brooke, liver transplants done at Wilford Hall. So
10 we're talking about just not simply square feet. We're
11 talking about the quality of the respective facilities.
12 I think that our philosophy, as we are looking to
13 the future, is, in fact, reflected in our MILCON budget. We
14 are building no more large hospitals in our FYDP, and, in
15 fact, we are looking at places where we need augmentation of
16 beds to the private sector to the extent even of renting
17 wards or parts of hospitals to carry that out.
18 I think we made the correct judgment in regards to
19 the two existing facilities, particularly given their very
20 unique training responsibilities for both the Army but
21 especially for the Air Force.
22 This is the major training facility for

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1 subspecialty surgery for the United States Air Force, and
2 that's not simply beds and wards. That's an entire
3 installation capability.
4 COMMISSIONER KLING: To just not belabor the issue,
5 and I'm going to get on with it --
6 DR. MARTIN: Yes, sir.
7 COMMISSIONER KLING: -- just one last question on
8 that subject. Is it not possible, however, to close Wilford
9 Hall and everything that is being taken place there, move it
10 to Brooks or get from the private sector?
11 DR. MARTIN: I think our current assessment this
12 time that is not the appropriate programmatic judgment.
13 Maybe it's my bias as a physician, but we, sort of, like to
14 scaffold much better than the meet cleaver, and we think the
15 proposal we've come forward to is the correct one given the
16 military medical training requirements, given the major
17 effort taken by the two services. I think we stand by our
18 current recommendation.
19 COMMISSIONER KLING: However, again, to what you're
20 stating, however, though, it was your recommendation to make
21 Wilford Hall into a clinic, as opposed to --
22 DR. MARTIN: No. Our list was a bit different.

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1 We, essentially, put forward to the three services
2 alternatives for consideration, and, in fact, we had not
3 assessed military value directly in regards to installations.
4 And so our process allowed for, then, specific discussion of
5 the alternatives proposed, some of which the services
6 accepted, some of which we found better alternatives in the
7 process for the three services. So I think the Department's
8 current recommendation is the correct one.
9 COMMISSIONER KLING: Thank you. Our staffers have
10 viewed what might be considered overlapping areas throughout
11 the country where we have a number of small hospital
12 clusters, I might say, within a 50- to 100 mile radius.
13 In fact, I believe there are 56 hospitals that are
14 smaller than 50 beds, not that that's the important thing
15 here, but one would think that there would be prime
16 candidates within these clusters for mergers and
17 consolidations, and I refer to such areas, as we're passing
18 out and that are up here, these circles would be like the
19 area of Fort Sill, which has 100 beds, where there is also
20 Tinker Air Force Base with 25 beds, Altus seven beds,
21 Sheppard with 80 beds and also, then, we have a lot -- we
22 have a number of the maps of the different areas showing

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1 around Beale, Travis and Mather where there are two small
2 hospitals -- and I'm sure I'm not telling you anything you
3 don't know -- where you have Travis having 195 beds.
4 And of course, I guess we might add that here in
5 the D.C. area we have a similar situation that I think we
6 won't get into right now.
7 As I understand, maybe through the budget process
8 you're considering some realignment or clustering and the
9 merger, consolidation of these areas, and if so, would you
10 please describe what you intend to do and where and what time
11 period this might be done and why you've decided to do it
12 through the budget process as opposed to BRAC?
13 DR. MARTIN: The central tenant of that is the new
14 program that, essentially, we're standing up called Tricare.
15 As the Committee is aware or the Commission is aware, we've
16 recently adopted a new HMO type approach, very heavy
17 privatization, dependence on the private sector, and the
18 program expects that those contracts will be fully
19 implemented by the end of FY '97.
20 And it's comparable to what HCA or Humana or Kaiser
21 or those kind of companies do. What you basically do is
22 assess your product lines. You make judgments about where in

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1 fact -- that you should make the services provide them or you
2 should buy the services.
3 What we're seeing is a fairly significant change in
4 the character of how we deliver the care within our
5 facilities. For example, the Air Force has stopped doing
6 emergency services in 11 hospitals, closed 17 others.
7 The Navy is in the final process of making judgment
8 about downsizing five hospitals to clinics. We've cut out
9 obstetric services in the last year to three Air Force
10 hospitals. A fourth almost certainly we will approve and cut
11 it out, as a matter of fact, as Maxwell.
12 So we have a process, and essentially, what the
13 process is driven by is the population we take care of, the
14 alternatives of buying that care, unique mission
15 considerations, 30- 50-mile access of emergency rooms and
16 other kind of capabilities.
17 So we feel that since we're almost always in the
18 Air Force and mostly in the Navy, essentially, tenant-
19 sponsored. I mean, we're a part of a bigger organization.
20 We, actually, are downsizing many of those
21 facilities in the face of large base activities. The good
22 example on our list is the Air Force Academy, which we will

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1 see being right-sized downward with Carson, I think, assuming
2 much more of a responsibility.
3 In fact, I think you'll see that with Wilford Hall
4 and Brooke. The process that we feel as much better to carry
5 that out is along product lines, like obstetrics, like
6 surgery, like emergency, and indeed, I think, including and
7 especially the national capitol region where we think we
8 ought to close the hospitals we're closing.
9 Where we turn them into clinics, we turn them into
10 clinics. Where we stop doing services in those facilities --
11 like obstetrics at Walter Reed we are going to stop doing --
12 it makes good sense in regards to the patients, where they
13 are and what their requirements are.
14 We found this process has resulted in a very
15 substantial reduction of our beds, redistribution of our
16 people, particularly between military and civilian, and
17 frankly, we feel it's a lot more sensitive way or appropriate
18 way to deal with the health care facilities, particularly
19 given the very strong feeling on the part of our
20 beneficiaries, particularly active duty dependents, about
21 that particular service.
22 When the close a base, the one thing we hear about

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1 very quickly is the pharmacy and the hospital, probably more
2 quickly. And I think how we do that becomes very, very
3 important. I think we've learned a lot of BRAC I through
4 III, and I think the way we're doing it now is the correct
5 way to do it.
6 COMMISSIONER KLING: Last question from me on just
7 this same subject. Could we just take an example such as the
8 Beale, Travis and Mather where you happen to have -- within
9 40 miles you have a nine-bed hospital with 30 that was up
10 here and a 195-bed hospital? Specifically what do you intend
11 to do there and when and how?
12 DR. MARTIN: The nine-bed hospital, essentially, is
13 becoming a dispensary. I mean, it's, essentially, a super
14 clinic with an ability to hold people overnight so you keep
15 them with their family or on the base.
16 You move to not providing lab, X ray, pharmacy,
17 blood bank at night. So it, essentially, becomes analogous
18 to a dispensary. So it really isn't a hospital. We call it
19 a hospital, but it really isn't.
20 And then, essentially, what you do is, for the 30-
21 bed hospital, you just use it for more routine kinds of
22 missions where you want to keep particularly dependents on

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1 base near families.
2 It's a lot like they're doing in large cities,
3 which is, essentially, leaving a surprising amount of the
4 capital investment there but dramatically changes how they
5 use those facilities.
6 The crucial thing is the access is reasonable, but
7 at the same time you don't have duplicative specialty care.
8 I mean, what you do not want in our system is competitive
9 departments of surgery in your 30- and 100-bed example you
10 just used. That would be unacceptable.
11 COMMISSIONER KLING: But sometime, as you went
12 around, you didn't see this happening yet? Is this happening
13 now?
14 DR. MARTIN: Oh, yes, sir. The example I used in
15 the Air Force, 17 closures, 11 emergency rooms closed. 4
16 obstetric departments closed.
17 COMMISSIONER KLING: Has that been done
18 specifically in just these three we were just talking
19 about -- Mather, Beale and Travis?
20 DR. MARTIN: In the nine-bed, both emergency,
21 obstetrics are gone, and I think we're moving from a JCHO
22 accredited hospital to, essentially, what we call a super

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1 clinic with still the capability like we'll keep at the
2 academy.
3 I mean, you need the ability to admit people
4 overnight, to have some capability to see them, because
5 they're mission-related, and you want to try to keep them on
6 the base with the dependents.
7 At the same time, you don't duplicate any specialty
8 services, and that's the crucial duplication. You can see
9 from the numbers I gave you, with a 9 percent decrease in the
10 beneficial population that our normal beds are down by 43
11 percent. I mean, we've seen a pretty dramatic reduction.
12 COMMISSIONER KLING: I'm sure one of the other
13 Commissioners will go through a chart that we have showing
14 the beds and so forth, but I'll turn it over to Commissioner
15 Cornella.
16 COMMISSIONER CORNELLA: Thank you, Mr. Chairman.
17 Dr. Martin, the Commission has been receiving many letters
18 from people worried about their access to health care
19 services if their military hospital closes.
20 Most of these letters come from retirees, many of
21 whom are over age 65 and no longer eligible for CHAMPUS.
22 Beyond their worries with access, many of these letters talk

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1 in very heartfelt terms about promises of lifetime medical
2 care that will be broken with the closure of a hospital.
3 Would you please tell us who is entitled to care in
4 DoD medical facilities?
5 DR. MARTIN: Well, I can tell you both statutorily
6 and in the basis of the genesis of your letters. In
7 regardless to Title X, the statute, essentially, all the care
8 that is, in fact, available to retirees over the age of 65 is
9 space available care; said differently, if you can get into a
10 military facility.
11 For those CHAMPUS-eligible dependents of active
12 duty and retirees, if they cannot get space-available care,
13 which is the statutory provision, they have the right to use
14 CHAMPUS, which is, essentially, a program that we manage on
15 their behalf.
16 Now, that's the statutory framework. It's also
17 absolutely correct that the clear preponderance of people who
18 served in the late '40s to now, when they reenlisted and in
19 their enlisted documents -- we've got any number of documents
20 that have been sent into is -- they have been promised a
21 lifetime of free medical care.
22 I mean, it was right -- and as a matter of fact,

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1 the latest brochure I saw was published in 1989 by the United
2 States Army. So if you were a retired sergeant, you would
3 vividly recollect being told among the reasons why you ought
4 to join up for another four to six years is this, this, this,
5 and this.
6 And very high on that list, and as you got older,
7 higher and higher on that list, was this idea of free medical
8 care. So I think the dilemma that we face is there is an
9 absolute fact that the Congress has had to face in regards to
10 the benefits like the pharmacy benefit and other kinds of
11 unique problems in BRAC areas is that there is a very good
12 case that could be made that these individuals were told
13 something.
14 In fact, it was not in the statute. They did not
15 have an inalienable right to that, but it didn't change their
16 feeling when it was taken away. What we've tried to do is
17 adapt fairly aggressively to trying to create something in
18 those communities where we do close hospitals, which, as I
19 pointed out, are not inconsiderable in number, some mechanism
20 by which care can be provided to those retirees which at
21 least is reasonable but certainly not free and certainly not
22 in a military treatment facility.

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1 COMMISSIONER CORNELLA: Would you please describe
2 what you see as the impact of closures and realignments on
3 the users of closed or realigned hospitals as well as any DoD
4 or service programs that will be put in place to mitigate the
5 impacts on these people?
6 DR. MARTIN: Well, our current hope is that we
7 will, essentially, be able to create both in the areas where
8 we have hospitals and in areas where we used to have
9 hospitals the equivalent of an HMO option, sort of like a
10 Kaiser option where they can have a primary care manager,
11 where they have the same scope of benefits, where they have
12 very low cost shares, where, if they were Medicare eligible
13 and not CHAMPUS eligible, hopefully we're working with HHS so
14 that any penalties for Part B can be waived.
15 Congress has provided a mechanism by which we can
16 provide mail order pharmacy to Medicare eligibles in their
17 area. Our intention is to first -- the most important
18 categories statutorily are active duty, dependents of active
19 duty, and by the way, some numbers of those stay.
20 In fact, some numbers of those individuals are in
21 areas where we have no hospitals. We have been working to --
22 recruiters are the classic example of that, of course.

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1 We've been working to make sure that what they have
2 access to is no more expensive, as accessible as our military
3 treatment facilities if they lived close by, and to the
4 extent that can with retiree populations at least to stand up
5 alternatives that are, while cost-effective, provide the
6 access and quality of those kind of services with not a
7 significant out-of-pocket cost.
8 Remembering that when you go to a military
9 treatment facility it's, essentially, free, the cost
10 differences, particularly when you get into Medicare, the
11 average out-of-pocket cost for a Medicare individual is over
12 $3,000.
13 And to go from going to, for the want of an
14 example, Carswell where it was zero when you got admitted to
15 all of a sudden on the average being 3,000 requires quite a
16 bit of work on our part to create alternatives that are
17 reasonable. That's quite a sizeable change in the impact on
18 that population. There is no question about it.
19 COMMISSIONER CORNELLA: Well, Commissioner Kling
20 and I were in Denver on Friday, and I can assure you we met
21 up close and personal many concerned people, Commissioner
22 Kling even more so.

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1 At many times I wish a lot of you folks were at
2 some of these base visits so we could introduce you and
3 explain your part in the process.
4 DR. MARTIN: Actually, this is my fourth year at
5 base closures, and I would submit that possibly except for
6 the Chairman I have spent a very large amount of time with
7 retiree groups and other groups who were very uncomfortable
8 and unhappy about what I think is the driving force behind
9 BRAC, and that is the DoD infrastructure is going down.
10 We are not planning to fight Russia in a land war,
11 and we don't need this infrastructure anymore. So it's a
12 tough process we're going through. I think the Department is
13 trying very hard to live up to the commitment we believe
14 we've made to those retirees as best as we can.
15 COMMISSIONER CORNELLA: Well, I think we try to
16 make that explanation when we're in the community, and I'd
17 like to say I think we do a fairly good job of that. In
18 Denver, for example -- well --
19 COMMISSIONER KLING: Go ahead.
20 COMMISSIONER CORNELLA: Yeah. I'd like to ask one
21 more question. In Denver, there are an amazing amount of
22 tenants on that installation, that hospital, not related

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1 necessarily to medical service. Did those tenants come under
2 any consideration in the determination to close Fitzsimmons?
3 DR. MARTIN: Yes, sir.
4 COMMISSIONER CORNELLA: Okay. That's all I have.
5 Thank you, Mr. Chairman.
6 COMMISSIONER KLING: Commissioner Cox, please.
7 COMMISSIONER COX: Thank you. I wonder if we could
8 bring up Chart 2. Dr. Martin, this chart shows a current
9 inventory at -- not that one. Thanks -- current inventory of
10 military hospitals and hospital beds in the United States
11 which was taken from the Joint Cross Services lineal
12 programming model data set.
13 In your view, does the Department need all of these
14 hospitals and beds, and how many staffed and operating
15 military hospital beds does the Department need to meet just
16 the peacetime requirements?
17 DR. MARTIN: As the GAO very and, I think, very
18 succinctly pointed out, there is considerable difference of
19 opinion about what are our requirements depending on how you
20 define what those requirements are.
21 The current 2 MRC scenario, the bottoms-up review,
22 is going to require us to have about 10,000 beds just to meet

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1 that requirement. If you add onto that requirement taking
2 care of the active duty, Reserve Guard and their dependents
3 who are still going to be seeking care from us, that number
4 is now above 15,000.
5 If you then say that you are going to continue your
6 training programs, which are the basis for both the
7 retention, recruitment and retention of particularly
8 specialty physicians, you get very close to the 15,000 or
9 16,000 beds.
10 Now, the way that you have a lower requirement is
11 relatively simple, and I think it goes to Commissioner
12 Cornella's point is that if we all of a sudden decided that
13 we're not going to take care of any retirees or no Medicare
14 retirees or if we go to war we're not going to take care of
15 the dependents of the soldiers who are deployed, then you
16 need less beds.
17 The Department's feeling about that, as reflected
18 in the last couple times that we've been put in that
19 position, Southwest Asia being the biggest, is that, in fact,
20 the expectation is, A, we take care of casualties; B, we take
21 care of families; and C, we continue to take care of as many
22 of the retirees as we can relative to our hospital structure.

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1 In that case, our available beds inventory, which
2 like I've said, is about half of what it used to be, is sized
3 to requirement. The debate gets into only do active duty or
4 only do casualties, then, of course, you need less beds.
5 That policy decision is not yet made, and I think
6 the GAO covered that pretty well in their summary, that there
7 is a lot of difference in those projections.
8 For example, the 2 MRC estimate is based on us
9 needing a total of 10,000 beds. The Commander-in-Chief's in
10 Korea public estimate and a land-based war over there is as
11 high as 100,000 casualties.
12 Well, as you know, we're not going to get 100,000
13 casualties into 10,000 beds. So there is a lot of divergence
14 in what those requirement are.
15 Our current estimate is we need somewhere between
16 9- and 11,000 to meet the purely military requirements, and
17 the rest take care of families and other active duty
18 personnel, and available beds are pretty close to our current
19 requirement.
20 COMMISSIONER COX: You talk about the policy on
21 dependents, et cetera. It sounds like it's under review, or
22 did I just --

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1 DR. MARTIN: I think the policy on moving certain
2 populations of people outside of our facilities has been
3 under review for years. There have been proposals by the
4 CDO, by certain individuals, by some commissions which come
5 to mind to say, basically, just stop doing that.
6 COMMISSIONER COX: Do you expect a decision along
7 those lines, if it's going --
8 DR. MARTIN: I don't believe Congress has any
9 intention of telling three or four hundred thousand veterans
10 of WW II and Korea that we're not going to get care in our
11 hospitals anymore. I just don't think that's going to
12 happen.
13 COMMISSIONER COX: Are the Veterans Affairs Medical
14 Center beds counted as the wartime or peacetime requirements?
15 DR. MARTIN: No. There are two types of our
16 requirements that we do count. Number one is that for all
17 those casualties which we believe we cannot get back on
18 active duty within 60 days, they're rapidly triaged or moved
19 to the Veterans Administration Hospital.
20 So that is net of this number, but we also net out
21 the requirement. The other requirement we take out is we
22 have dependents on the Veterans Administration addition for

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1 those beds, which are in the thousands for very specialized
2 kind of beds like spinal cord injuries.
3 They have a network of extremely good capabilities
4 in prosthetics, spinal cord injuries where our assumption is
5 if that's the best place to send our people, we will plan on
6 sending them to those places, and that's a part of our plan.
7 COMMISSIONER COX: How about civilian beds in
8 hospitals enrolled in the National Disaster Medical System?
9 Are they counted?
10 DR. MARTIN: When we required -- I was in the
11 Public Health Service when NDMS was put together. When we
12 required 100,000 beds, we depended very heavily on that
13 system to provide those beds. A, fortunately, we never had
14 to use it, but B, now the current expectation is that the
15 military and the VA system can handle the expected casualties
16 from at least the current anticipated MRCs.
17 COMMISSIONER COX: I'm sorry. So we don't need
18 those that are --
19 DR. MARTIN: We don't plan on using those beds as
20 we did in the '80s. The reason we did in the '80s, very
21 civilly, is we needed 60,000 more beds that we had.
22 We anticipated a 100,000 bed requirement if we went

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1 to war with Russia on the European land continent, and we had
2 30,000. The VA would probably free up 10- or 12,000
3 additional.
4 We just were way short, and the only way to make up
5 those beds in case of that kind of catastrophe was to develop
6 contingency arrangements with private hospitals, which we've
7 had to discharge many of their patients.
8 COMMISSIONER COX: Those contingencies are still in
9 place?
10 DR. MARTIN: Those contingencies began to fade away
11 when the probability of going to war with Russia faded away.
12 When you don't need 100,000 beds, you don't have that
13 particular --
14 COMMISSIONER COX: But you still have contingency
15 plans in place?
16 DR. MARTIN: Right now, NDMS stands up -- we're
17 going to particularly need NDMS for specialized kind of
18 surgery. Modern warfare, bluntly spoke, creates sort of
19 targeted groups of casualties, for example, ophthalmologic
20 injuries, particular kind of neurosurgical insults.
21 There is no question that we're going to have to
22 depend in a lot of different ways on those particular

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1 facilities to help us out in those specialized areas, but
2 just general beds we feel we've got the capacity to take care
3 of our own.
4 COMMISSIONER COX: Thank you.
5 COMMISSIONER KLING: Thank you. General Davis,
6 Commissioner Davis.
7 COMMISSIONER DAVIS: Thank you, Mr. Chairman. Of
8 course, I have lots of concerns in this particular area.
9 Being one of the three retirees up here, I can understand
10 that, but there is one thing that you said that is very
11 striking. Medical care is certainly an implied contract.
12 Would you agree with that, Dr. Martin?
13 DR. MARTIN: Yes, sir.
14 COMMISSIONER DAVIS: It's been an implied contract
15 for a long time. It's getting less implied as we go along,
16 and when you recruit these young folks to come out and be
17 soldiers, sailors, airmen and Marine Corps folks, you, sort
18 of -- you go up to them, and if you were a commercial
19 corporation, you'd have a hell of a time saying, "Well, I
20 maybe can promise you a 20-year career, which at least twice
21 during that career I'm going to send you away from your
22 family a year at a time, and oh, by the way, you might even

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1 get shot at, and I can't guarantee your medical benefits,"
2 we're going to have a hell of a time doing any recruiting in
3 the future.
4 So what you're doing is a very important process.
5 I would like to take whatever time I have available and go
6 back to this two major regional conflicts and estimation of
7 medical requirement in the process.
8 Now, I'll need your help here a little bit. The
9 basic philosophy is to wherever we have these major regional
10 conflicts is to triage the folks as close to the front line
11 as possible, move them back to a next staging level, and when
12 they stabilize we bring them back to the United States.
13 Two major regional conflicts is kind of a squishy
14 number, I suspect, depending on where you do your planning.
15 Do you have planning factors that allow you to figure the
16 maximum amount of casualties you're going to have and how
17 you're going to depose those as opposed -- as you deal with
18 regional areas?
19 DR. MARTIN: I think there was a study done called
20 the 733 study, which, basically, assumed -- you always have a
21 series of assumptions, conservative, optimistic, the
22 magnitude, the forces you're going to be deployed against and

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1 then other considerations that you can factor in like chem
2 and bio, I mean, which are a part of it.
3 So there is a requirements process developed by the
4 Joint Staff which, basically, models what the expectations
5 are for casualty requirement, casualty handling and
6 requirement.
7 The 9- to 10,000 number I was talking about is one
8 that was developed by the Rand Corporation under contract to
9 DoD working, essentially, with the three services, Joint
10 Staff and us to come up with a set of ranges for what the
11 casualties might be.
12 Now, there are people who disagree with that.
13 There are those who believe that we're going to have, sort
14 of, a bloodless technologic war where, like, Southwest Asia.
15 we don't have large numbers of casualties.
16 Another group of people, occurring the CINC in
17 Korea, believes that is a bit optimistic and indeed would say
18 we would have more casualties. I would say the 733 study is
19 a pretty good number to work around.
20 I mean, one of the reasons we use 733 is that we
21 knew no matter what we did we didn't want to drop below that
22 requirement. I mean, if we've got a number of 10,000 or

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1 9,000 beds that we need we know, we certainly didn't want to
2 say our requirements were less than that.
3 So I think there are at least -- the policy process
4 at the point we are now is pretty reasonable estimates. We
5 haven't estimated other things, for example.
6 We've got a hospital in Zagreb. We're providing a
7 major amount of care in Guantanamo right now. None of that
8 is factored in. So these missions other than the two MRCs
9 and/or other contingencies aren't built in.
10 But I think the estimating of 10,000 plus or minus
11 2,000 is a reasonable planning base for making our
12 assessment, and currently I think the services pretty much
13 agree that our system is able to meet the requirement.
14 COMMISSIONER DAVIS: But when you talk about two
15 MRCs or two MRCs, I wouldn't consider Zagreb or Guantanamo in
16 that criteria. Have you looked at some of our recent
17 conflicts, regional conflicts called the Korean War and the
18 Vietnam War and factored that into the process.
19 DR. MARTIN: Actually, the Korean War and the
20 Vietnam War were critical parts of the planning
21 considerations. Also important to point out, and this is
22 something that I'm sure you're aware of, of course, that many

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1 aren't, that a very substantial proportion of our
2 requirements are disease, not-battle related.
3 I mean, a substantial proportion, some 60 percent
4 to two-thirds of the people actually in beds are not ones
5 that actually suffered wounds in combat. I mean, it's the
6 risk of the theater which hospitals large numbers of people,
7 and that was factored in as well. But yes, we used the
8 Vietnam War and the Korean War as a part of the estimated
9 technique, or Rand did.
10 COMMISSIONER DAVIS: And I know General Luck very
11 well, and he's not known to exaggerate. My concern, as a
12 member of this Commission, is that we retain sufficient bed
13 capacity to handling the casualties we'll receive in the 2
14 MRC.
15 DR. MARTIN: That was very much a concern of our
16 work group.
17 COMMISSIONER DAVIS: Mr. Chairman, I yield back the
18 rest of my time.
19 COMMISSIONER KLING: Mr. Chairman, are you
20 prepared?
21 CHAIRMAN DIXON: Yes. Thank you, Mr. Chairman.
22 Dr. Martin, first of all, let me, kind of, summarize your

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1 testimony. I get the impression that just, basically, you're
2 saying to us that you made a 45 percent reduction largely out
3 of the BRAC process. You're fairly satisfied with the
4 progress you've made so far. Would that be substantially
5 correct?
6 DR. MARTIN: And we think that the way we're doing
7 this is the correct way, yes, sir.
8 CHAIRMAN DIXON: Okay. And do I understand that --
9 my general impression of your testimony is that you doubt, in
10 the circumstances, that there is any particular surplus bed
11 availability in our hospital system for our veterans, for the
12 service people, retirees and so forth. Is that, roughly,
13 your testimony?
14 DR. MARTIN: Yes, sir, except I think, as
15 Commissioner Kling pointed out, that changes over time. As
16 you change how you do care, your bed requirements continue to
17 go down, and I think you're going to see a continued decrease
18 in our hospital bed requirements just like you do in the
19 private sector.
20 CHAIRMAN DIXON: Well, I would ask, though, in the
21 present peacetime situation, which is a, roughly, normalized
22 situation, I would say, at least in my historical experience

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1 in my lifetime in public service, would you say that you
2 don't have any particular surplus amount of beds around? Is
3 that your testimony?
4 DR. MARTIN: Yes, sir. I think currently our
5 available beds are roughly equivalent to our requirements.
6 CHAIRMAN DIXON: Now, let me just ask you a couple
7 of questions here. I have no reason to argue with that.
8 This is a fairly sensitive topic, and there isn't anybody up
9 here who wants to do away with the possibility of the need
10 for beds for our service people.
11 Do we have that particular chart that I'm looking
12 at right here? No, no, no. That isn't the one I want to
13 see. This is the one I wanted to see. I just wanted to,
14 kind of, ask about that a little.
15 I just want to get a, kind of, reading from you,
16 Dr. Martin. I've been doodling on that. Will it be all
17 right? No, no. I wanted to see that -- you can't do that
18 one?
19 Well, I'm looking at a list here. I can't really
20 compare it too well with that one. They're telling me it's
21 the same list. But anyway, here it says, "Noble Army
22 Community Hospital, Fort McClellan Alabama realigned to

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1 clinic, concur." That was done? Is that on there?
2 DR. MARTIN: Yes, sir.
3 CHAIRMAN DIXON: Okay. Then it says, "Lyster Army
4 Community Hospital, Fort Rucker Alabama, realigned to clinic,
5 none concur." Are you all getting those lists there? Is
6 that what you're getting there now?
7 See that? There is 1, 2, 3, 4, 5, 6, 7, 8, 9, 10,
8 11, 12, 13, 14, 15 -- there is 16 different ones on there.
9 Do you see that, Dr. Martin?
10 DR. MARTIN: Yes, sir.
11 CHAIRMAN DIXON: And it shows certain concurrences,
12 and then will say from time to time, "none concur." I see
13 that once, twice, three times, four times -- at least seven
14 times you can arguably say nine.
15 So I'll just ask you for the purposes of staff, are
16 you satisfied with the places where these things show a none
17 concurrence with the original recommendations?
18 DR. MARTIN: Yes, sir.
19 CHAIRMAN DIXON: You don't have any quarrel with
20 that?
21 DR. MARTIN: No, sir.
22 CHAIRMAN DIXON: Okay. Now, I just want to ask you

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1 one last thing because it confused me a little, and I won't
2 pursue the matter further.
3 A little thing you said kind of confused me a
4 little. I'd, sort of, like to revisit it, Dr. Martin. My
5 colleague, Commissioner Kling, in his capacity as chairman,
6 asked you about the use of priority facilities and so forth,
7 and I thought you said that had some appeal to me before we
8 spent 400 million or whatever the number was doing the state-
9 of-the-art hospital we have at Brooks. Did you say that?
10 DR. MARTIN: Yes, sir. We had two 50-year-old plus
11 hospitals. And so when Brooks was built, if we had the
12 wisdom of retrospection, I think one of the -- in fact, less
13 put it more to the point.
14 If a service now proposed another hospital like
15 Brook to replace an aging plant, we would first look in the
16 community to find out whether there was space that we could
17 rent or utilize.
18 CHAIRMAN DIXON: Sure.
19 DR. MARTIN: And, in fact, we've already done that
20 in a couple of circumstances, worked together with the VA so
21 we're not building "duplicating" level 3 beds.
22 CHAIRMAN DIXON: But the only part I wondered about

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1 was now that you built Brooks, which you describe as state-
2 of-the-art.
3 DR. MARTIN: Right.
4 CHAIRMAN DIXON: And you said that had you not done
5 that you might have had adequate facilities available in the
6 private institutions around town. I'm wondering why it
7 wouldn't follow, then, if that's the case, that you could
8 close Wilford Hall now. I don't quite follow that logic.
9 You had sufficient extra private units around. You
10 built Brooks, and so now you have an additional 367 beds
11 state-of-the-art, but I still need Wilford Hall. I don't
12 quite understand that.
13 DR. MARTIN: First, Wilford Hall has been, in part,
14 renovated. I mean, for example, it's got laminar flow
15 technology for autologous bone marrow transplants that is
16 second to none in San Antonio. So that there is within the
17 Wilford Hall facility very significant and modern capability.
18 CHAIRMAN DIXON: And you're suggesting that's not
19 transferable to the other units?
20 DR. MARTIN: Well, it's actually cheaper for us to
21 retain the facility we've got. I think there is a different
22 question. Are we going to spend $400 million to build a new

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1 facility? Well, there is a good one, Fitz.
2 I mean, we were ominously close to spending almost
3 $400 million building a new Fitzsimmons. Congress had a very
4 keen interest in that, if I recollect. Even if we needed a
5 hospital there, which we didn't, our preference would have
6 been very much to rent facilities.
7 But really, there is no logic in renting a facility
8 if you already own one. So I think the point is do you build
9 new beds, as opposed to close old beds which are already on a
10 base, and it's on Lackland. So it makes sense to keep the
11 facility we've got.
12 Now, if the Air Force came in -- let's just take
13 your question exactly right. If the Air Force came in now
14 and said the Wilford Hall facility no longer can meet life
15 safety codes, we need to build a 300-bed facility, our
16 position would be I think we need to look at alternatives
17 either with the Veterans Administration or downtown, because
18 we do not believe we need 300 more built bids in San Antonio.
19 But I think there is two different questions. That
20 is different than saying should we close the 300-plus beds
21 we've got now in the right place that the taxpayers have
22 already paid for.

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1 COMMISSIONER KLING: Let me just jump in there with
2 just one point.
3 DR. MARTIN: Yes, sir.
4 COMMISSIONER KLING: I still can't understand. Are
5 you saying that just because we have it up and we paid for it
6 we should continue it, or is it really necessary in the
7 facilities that Wilford Hall cannot be replaced at Brooks, or
8 you take the bone marrow -- is that not available in San
9 Antonio at any other private hospital, could have a
10 specialized area?
11 DR. MARTIN: I understand, Mr. Chairman. The
12 crucial thing is that once we decided how many beds we
13 needed, which was more than we would just have at Brooks,
14 then, essentially, the question it what is itself most
15 effective way of getting those beds.
16 If you currently have a facility that can provide
17 that capability and has been modernized as Wilford Hall has
18 and as on Lackland, as it is, that makes about business
19 sense.
20 If, on the other hand, let's say that in order to
21 have those 300 beds on Lackland you'd have to build a new
22 hospital, I think that's a new question altogether.

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1 The question that we were asked is, first of all,
2 the model says look at this as an alternative. We looked at
3 it very carefully with the Air Force, and the big reason it
4 came up, as you've pointed out in your questions, is there
5 was a great deal of duplication.
6 We felt the answer was to get rid of the
7 duplication and change the roles of the two hospitals very
8 much like a lot of communities do.
9 A lot of communities have three or four hospitals.
10 What they do is realign what the hospitals do. That's what
11 we did in response to the concern about duplication.
12 COMMISSIONER KLING: Thank you. Commissioner
13 Montoya.
14 COMMISSIONER MONTOYA: I just have one question.
15 Please educate me on your use of the word "clinic" in the
16 context in which you've been talking about, downsizing non-
17 BRAC process, how the word "clinic" and "hospital" relate to
18 each other vis-a-vis "beds; i.e., if you go from a hospital
19 to a clinic, do the beds disappear by the nature of service
20 you provide?
21 And the second piece of that is how do the services
22 use that definition? Is there consistency as they apply

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1 those two words? So that later on, if we're doing further
2 analysis, I'll have in my mind those relative terms and what
3 they mean.
4 DR. MARTIN: Let me answer your second question
5 first. In fact, the services, particularly around important
6 facilities, sometimes use terminology that is not correct.
7 For example, Womack Army Medical Center -- Army
8 Medical Hospital is clearly, to us, a hospital. It is at
9 Fort Bragg. It is also the home of the 18 Airborne Corps,
10 and therefore it is the Womack Army Medical Center.
11 There are examples. However, it doesn't have any
12 graduate training or the like. So not unlike communities
13 across the country, sometimes you want to say "hospital" or
14 "medical center" and it, sort of, has a different kind of
15 meaning.
16 The definitions that we use are at least consistent
17 relative to how we engage with this Commission. To us,
18 medical centers are ones with subspecialty graduate medical
19 education consistent with institutions of higher learning,
20 universities.
21 In other words, they have residences in surgery or
22 orthopedics or neurosurgery. They would be comparable to a

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1 Georgetown or a University of Texas San Antonio. Those are
2 medical centers -- major teaching institutions, major
3 subspecialty capabilities.
4 Hospitals, not unlike in the private sector, range
5 between a very large number of beds, 400 or 500 beds or, in
6 wartime even as high as 1,000 beds down to some very small
7 facilities.
8 Generally, the private sector doesn't like to call
9 facilities with less than 25 or 20 beds a hospital, but in a
10 lot of little communities not unlike some places where we've
11 got Air Force bases, you've got 8-, 10-, 12-bed "hospitals."
12 The usually thing for us is that hospitals have to
13 offer a range of services and accreditation by the Joint
14 Commission. They have to have lab, X ray, pharmacy, blood
15 bank, maintain a 24-hour capability, an anesthesiologist on
16 call, you know, the capability to admit an acutely or
17 critically ill patient and handle that patient within the
18 facility overnight.
19 Many of our smaller hospitals are holding --
20 essentially holding hospitals where, essentially, you've got
21 less than that particular set of requirements of the hospital
22 and if, in fact, somebody is very sick, you immediately

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1 transfer them to another facility with that capability.
2 More and more we have found that particularly in
3 had isolated areas it is a good idea no longer to maintain
4 the emergency rooms, the overnight blood bank those
5 activities.
6 And so what we've, essentially, graduated into are,
7 essentially, large clinics which meet the basic requirements
8 with holding capabilities for patients who could be admitted
9 overnight.
10 A great example of that would be where you've got
11 people in training, young people, and you can't really send
12 them back to the barrack, but you don't want to admit them
13 downtown, so you put them in a holding facility.
14 The word "super clinic" we've provided in
15 definition to your staff where actually you've got an
16 extremely large clinic where you do subspecialty ambulatory
17 surgery and the like.
18 So I think what you are seeing is a continuum of
19 those kind of capabilities that goes back to what do you
20 really need to do that is smart make or buy in those
21 facilities, and it's very much like is going on in the
22 private sector.

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1 I mean, a lot of towns 20 miles apart used to build
2 two hospitals. Neither can afford them anymore. So they
3 figured out ways to at least maintain certain kind of
4 capabilities, and most of the big hospital chains now are
5 doing away with all the duplication but trying to keep the
6 geographic access by keeping the facility where they can.
7 And I think we're, basically, modeling our efforts
8 after that. So, essentially, you have big, true training
9 programs down to what could be a 4 to 6 bed holding facility,
10 but very frankly, if you had a very sick patient, you'd
11 transport them quickly to a much larger facility.
12 COMMISSIONER MONTOYA: The chart we were looking at
13 says, "Hospitals, 20,000 beds." Are there clinics -- are
14 there beds there that are clinics? That really is hospitals?
15 DR. MARTIN: Yes, sir. Under the available bed --
16 the critical number there is the 15,608. In the available
17 beds, are there probably several hundred but not a
18 significant number who are in the 6- or 8- or ten-bed, but
19 there are not a large number.
20 COMMISSIONER MONTOYA: Okay.
21 DR. MARTIN: If you look at Wilford Hall has got
22 1,000 of them. I mean, that did where our real beds are.

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1 COMMISSIONER MONTOYA: And the services pretty much
2 conform to your definition that I just heard?
3 DR. MARTIN: Yes, sir, at least in our process
4 relative to this Commission. Now, sometimes the title
5 outside reflects a local pride in that facility that may be
6 different.
7 COMMISSIONER MONTOYA: I'm talking about services
8 that delivered fundamental --
9 DR. MARTIN: Oh, absolutely. Yes, sir.
10 COMMISSIONER MONTOYA: Okay. Thank you. That's
11 all.
12 COMMISSIONER ROBLES: To quote a famous American,
13 Yogi Berra, this is deja vu all over again. In three
14 previous incantations, when I was force structure and budget
15 work in DESOPS, when I was the O&M Director and was the
16 budget director, this was one of the most emotional issues
17 that I ever tackled and got bloodied many times literally.
18 So I won't plow this ground all over again, but I
19 have one question. At that time what was real driving us,
20 the requirement has always been whatever requirements --
21 whatever assumptions you want to take, and that will always
22 be because you want a safe side where you don't error on

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1 saving lives or treating patients.
2 But the issue is cost. At a time when inflation
3 was running 3, 4, 5 percent in general inflation, medical
4 inflation was double digit. And then along came a threat of
5 a national health care bill.
6 And in the private sector I can vouch that our own
7 experience in the company that I watch closely, its health
8 care costs have come way down. So my question is the
9 following:
10 And oh, by the way, we've been trying to manage
11 health care in DoD for a long time. So the question is, and
12 this is your professional judgment, one, now that we're
13 seemingly going to get medical costs, inflation more under
14 control and the things like telemedicine and other things
15 offer some real opportunities, do you really believe we're
16 going to able to, one, have a managed health care system in
17 the Department of Defense that addresses the pseudo
18 entitlement issue that has been around forever, and two, are
19 you making real progress in getting an efficient medical
20 model in the Department of Defense?
21 DR. MARTIN: Yes, sir. Beginning with the efforts
22 in the late '80s, which you remember, CRI, CAMS, plus

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1 Dr. Mendez' efforts in the early '90s where he put together
2 the Coordinated Care plan, I think the Department has a very
3 clear plan -- Congress has now blessed it -- that I think
4 takes a great deal of the lessons from the private sector,
5 implements them with our system and very heavily is depending
6 more and more.
7 I mean, we have prime vendor, dropping shipping.
8 We are not interested in doing things the private sector can
9 do better. We process no claims. We are getting out of the
10 depot business relative to DLA and these big warehouses full
11 of medical gear. We just get them directly from the vendors.
12 So a lot of those smart things we are doing. I
13 think the big change was the formation of the Defense Health
14 Program. One all the money was put in one place, another
15 famous American quotes the golden rule. You know, the people
16 that have the gold sometimes make the rules.
17 And I think that's had a very positive effect on
18 pulling things together. There has also been, sort of, a
19 survival mentality relative to making the MHHS work.
20 It's been under siege, as you well are aware. I
21 think the best way to measure it is with a reasonable
22 comparison with the private sector. In the 733 study, other

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1 than the demand phenomena, where if you had very low prices,
2 large numbers of people not getting care from us may swamp
3 us, our current costs compared to the private sector is
4 somewhere between 12 and 14 percent less than what we buy the
5 same good for downtown. And that has to do with salaries and
6 other kinds of efficiencies, malpractice insurance.
7 More importantly, if you look at the FITA, our
8 budget for the next six years, if we had the inflation factor
9 which is accepted now in the private sector, health care in
10 DoD would cost 17 billion more dollars than our current plan.
11 We're running about 1 and a half to 2 percent less
12 than the private sector annually in inflation. Now, if you
13 remember the late '80s, we were twice in CHAMPUS. So,
14 basically, we went from 12s and 15s and 18 percent per year
15 increase in CHAMPUS to now less than a 3 percent increase per
16 year, which compares favorably to the national 5.
17 The other thing is as things in the private sector
18 change that also improves our costs because, essentially,
19 we're able to purchase things better.
20 I think we've got a very good plan. It's working.
21 I think the three services are working to make it work, and I
22 think we've got a rural quality HMO that is able to go to

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1 war, and that's what our job is.
2 COMMISSIONER ROBLES: Well, I thank you. And I
3 thought I'd never say this, but the fact of the matter is in
4 my last job on active duty, my hospital, Irwin Army Community
5 Hospital, was using your approach running a catchment area
6 and letting the -- determine, the hospital commander, what is
7 the best approach to use was, in fact, working beautifully,
8 and it is a model.
9 So I commend you, and I think that's a great step
10 forward. I really never thought I'd say that, but
11 congratulations.
12 DR. MARTIN: I thought I'd never hear it. Thank
13 you.
14 COMMISSIONER KLING: Commissioner Steele.
15 COMMISSIONER STEELE: I'd love to quote another
16 American -- we're on a roll here -- but I think I'll pass on
17 that. It's probably a rare moment in BRAC history, but due
18 to our chairman's leadership in the health care issue, I
19 think I'm actually going to yield all of my time to the
20 Chairman and refrain from questions. So just take note.
21 I've done it once. It's all yours.
22 COMMISSIONER KLING: Well, we did this at the right

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1 time with two minutes to go. So if I may just one question.
2 We noticed at Fitzsimmons this was brought up that when
3 medical care is not available directly from a military
4 hospital in a location and a person is over 65 and now would
5 have to go and enroll in Medicare B, I think Part B --
6 DR. MARTIN: Yes, sir.
7 COMMISSIONER KLING: -- that every year that goes
8 by that they have not enrolled they will pay a penalty of 10
9 percent, what's the intention to do -- is there any intention
10 to pay for those penalties?
11 DR. MARTIN: We've actually got a legislative
12 proposal that we have been working with Health and Human
13 Services to attempt to either waive or forgive in all of our
14 BRAC areas individuals who are in that circumstance.
15 The argument is that indeed they anticipated they
16 would not need Part B, and so they made now -- and all of a
17 sudden we took away the hospital. We've estimated that the
18 cost to either HHS, if they waive it, or to us, if we paid
19 it, we're talking $10- or $12- $14 million over a three-year
20 period of time.
21 So it's not a large amount of money relative to the
22 very substantial savings derived in those places where we do

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1 BRAC closures. Our position is that we need to find a way to
2 make sure that all of our future retirees get Part B, that
3 where they have made judgments that, in retrospect were in
4 error, we should find a way either ourselves or through
5 congressional action to get it waived.
6 COMMISSIONER KLING: So you are addressing that?
7 DR. MARTIN: Yes, sir.
8 COMMISSIONER KLING: Thank you. Well, let me just
9 ask the last one. Will you be able, on short notice, to
10 gather appropriate data from the services if we need same?
11 DR. MARTIN: I think my answer would be comparable
12 to Mr. Finch's. We will give you every effort to everything
13 we can. I think we've got a large amount of the information
14 that we need to be responsive to the Commission.
15 COMMISSIONER KLING: Very good. Well, I certainly
16 thank you, and you've certain done an excellent job of aiding
17 your assistants there at your table to answer every question
18 by yourself. So we're proud of you.
19 DR. MARTIN: Thank you, sir.
20 COMMISSIONER KLING: And we thank you, by the way
21 very much, and with that the Medical Service Group is now
22 complete.

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1 COMMISSIONER MONTOYA: It seems like everyone is in
2 fine spirit, strong and ready to go for the last hour. It is
3 my pleasure to end it. Our final group is a Joint Cross
4 Service Group on Labs and Test and Evaluation.
5 And we're pleased to have with us as co-Chairs of
6 the T&E group a Mr. Philip E. Coyle, who is Director of
7 Operational Test and Evaluation, and Mr. John A. Burt, who is
8 Director of Test Systems Engineering and Evaluation in the
9 Department of Defense.
10 And we also have with us Dr. Craig Dorman, the
11 Deputy Director for Laboratory Management, who was a lab
12 study team leader. Now, if you three gentlemen and any other
13 backup witnesses who you might call to answer questions, I'll
14 ask you to rise so I may administer the oath.
15 (Panel sworn.)
16 COMMISSIONER MONTOYA: Thank you. Please be
17 seated, and welcome. I'm going to open the questioning and
18 then go to a couple of colleagues who have to leave here
19 fairly soon.
20 Let me start with you, Dr. Dorman, because we have
21 no opening statements, and go right to the questions. I'm
22 going to give you the opportunity to make a speech if you'd

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1 like.
2 My question is in an area that probably no one up
3 here has great knowledge in because the laboratory business
4 is, in many cases, highly classified, black in some areas,
5 all of services have some, are you satisfied with where the
6 labs are today and where they are going given what you know
7 about force structure and where each of the services is
8 taking their particular endeavors?
9 I'd just like a general assessment from you as to
10 your personal satisfaction.
11 DR. DORMAN: The labs, of course, are an integral
12 part of the acquisition structure of each of the military
13 departments, and they make their determinations about the
14 size, structure and nature of those laboratories based upon
15 their roles, missions and anticipations for future
16 requirements.
17 From a personal perspective, I am satisfied that we
18 are in the process of reducing the overall laboratory
19 structure in such a way that we will end up, roughly by the
20 turn of the century, with an organization that, from the
21 standpoint of personnel, is effectively sized to meet what I
22 believe to be the projected requirements and yet will retain

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1 internally the necessary technical capacities.
2 One of the real tough things in making the
3 decisions with regard to laboratories is not to eliminate
4 something that you may be may be fundamentally essential in
5 the future for which a capacity either doesn't or may not
6 exist in the civilian market.
7 COMMISSIONER MONTOYA: Are you satisfied in the
8 area of redundancy or duplication that the way we are today,
9 is there some and do you feel that the planning to get rid of
10 that is well underway to your satisfaction?
11 DR. DORMAN: No. I don't believe that the issue of
12 redundancy is one that has been completely handled. From the
13 standpoint of each of the military departments -- and let me
14 back up for just a second and say we just, in addition to our
15 BRAC deliberations, completed a study in support of the
16 National Science and Technology Council, not only ourselves
17 but also the Department of Energy and NASA was asked to take
18 a look at our overall laboratory requirements and how we met
19 the needs of nation in those areas.
20 I think, in our case within the Department of
21 Defense, each of the military departments has very carefully
22 assigned missions responsibilities so that within each of

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1 them there is very little, if any, redundancy.
2 So that has been eliminated. They have very
3 carefully stated their missions. They understand their
4 requirements. They have taken themselves down to what their
5 core requirements are.
6 However, inevitably, because each of the services
7 do similar things, in many cases, or have similar needs,
8 command, control and communications I think is an example,
9 they all have to talk to each other.
10 They all have intelligence needs. Each of them has
11 built internally a capacity and a capability to do that. In
12 many cases, C4I again I think is an example, we have not yet
13 dealt effectively with the issue of combining and eliminating
14 the cross-service aspects of that redundancy.
15 One area where I believe that has been effectively
16 accomplished and will continue to be, and I believe this was
17 part of our report, was in the medical area.
18 Determination was made and is being staffed within
19 the military departments to create an armed forces medical
20 research and development agency or institute. In that area
21 in particular, I think, as you've just heard from Dr. Martin
22 with regard to hospitals, there is much comparability in what

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1 the individual military department need and a perception that
2 they can rely very heavily upon each other.
3 In the hardware areas, in many of the other areas,
4 they have their own views. Certainly the types the war
5 fighting capacities that they bring depends heavily upon
6 their ability within their laboratory systems to develop and
7 devise new ideas.
8 And I think from the standpoint of maintaining
9 their individual capacity in what they believe to be their
10 core product areas they've made the determination that they
11 need to maintain to meet their Title X responsibilities those
12 internal capacities.
13 COMMISSIONER MONTOYA: Let me ask you another broad
14 question, and then I'm going to turn to my colleague
15 Commissioner Robles, who is going to stay on the issue for a
16 bit.
17 One of the concerns I have and a concern that I've
18 experienced in the private sector is that in times of
19 turmoil, downsizing, moving, who are the personnel that leave
20 you first?
21 Generally, it's your very, very top people who are
22 in demand and who live in a very delicate balance. Have you

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1 done an in-depth analysis of your personnel in the lab
2 business to have some sense as to how they would react to
3 closings or moving from one place to another where they have
4 lived for years and developed an expertise and a community
5 rapport, professional rapport with expertise in their areas
6 of work? Do you have a sense of where that would go?
7 DR. DORMAN: I think we have a general sense of it.
8 I certainly have not conducted an in-depth study or an
9 analysis of it. I think the laboratory personnel are,
10 perhaps, no different than those in any other community when
11 it comes to the moves associated with any BRAC closures and
12 changes.
13 The issue that you've mentioned, though, of
14 deferential loss of talent during a downsizing process is one
15 that is with us and is a very significant problem for the
16 laboratories, but that is not immediately and directed
17 related to the base realignment and closure process.
18 I think that comes about from the standpoint that
19 the downsizing that we're going through -- and overall we're
20 talking about elimination of something like 35 percent of the
21 total laboratory population from its peak to where we'll be
22 by the end of the century.

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1 That process is occurring roughly at the rate of
2 attrition given the Civil Service rules and regulations and
3 with the inducements for early retirement, et cetera, you
4 tend to lose in two areas, one of which is your more senior
5 folks, your mentors and so forth who are lost through the
6 retirement process and the other in those cases where RIFs
7 have to occur you selectively lose at the lower end. You
8 lose your new folks and you lose your new ideas and your
9 freshness that is brought in at the lower side.
10 So yes, sir, that's a significant problem for us.
11 I think that the BRAC aspects are just a part, if you would,
12 and not a specific aspect of that.
13 COMMISSIONER MONTOYA: Thank you, Dr. Dorman. Let
14 me now turn the gavel over to Commissioner Robles.
15 COMMISSIONER ROBLES: Thank you, Mr. Chairman.
16 Mr. Boatright, this is going to be directed at you, and the
17 subject is Brooks Air Force Base.
18 I was one of the folks who visited Brooks, one of
19 the four Commissioners and staff, but I guess the impression
20 that I left and I think most of us left with is that it is a
21 very unique facility, has a lot of very unique things that go
22 on there, very complex facility.

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1 Admiral Montoya looked at it from an engineering
2 point of view and was looking at all the piping and tubing
3 and all the things that are there and how long it would take
4 to replicate that somewhere else.
5 I was looking at things like special certification
6 required, accreditation that's required, talking to a couple
7 from the Navy and the Army -- they had moved some things
8 there -- and how long it took them to get everything
9 reestablished, rebaselined, recertified.
10 So there is a very large set of complex issues on
11 that facility because of what it's all about, and so the
12 thrust of my questions will be along that vein.
13 First one, it was our understanding that about 35
14 to 40 percent of the human systems research and technology
15 development is done there at Brooks, about half of that at
16 Wright-Patterson, and the rest of it is scattered throughout
17 the rest of the services in 15, 16, 17 spared individual
18 sites.
19 So there appeared to be some synergy to get all
20 that consolidated or more consolidated. Given that, it's my
21 understanding that the Joint Cross Service Group recommended
22 that we consolidate some Navy and Army human systems lab

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1 function at Brooks and at Wright-Patterson.
2 It was also found as part of that recommendation
3 that Brook had some capacity to do that or sufficient
4 capacity to do some of those consolidations.
5 First of all, my question is is this factual, or is
6 this -- this is, again, some of the things we came up with
7 the staff, and if it is factual, were, in fact, the Army and
8 the Navy thinking about moving some functions there, and if
9 not, where is that work done in the other services at these
10 other 15 or 16 locations?
11 Are there some other places that are better suited,
12 and given all that, kind of what's the rationale for the
13 Brook decision?
14 MR. BOATRIGHT: I think the rationale for the
15 Brooks decision is to save money for the Department of
16 Defense. When the Air Force went through its analysis of its
17 lab installations; that is, the installations where
18 laboratory function was the predominant function on the
19 installation, Brooks came out at the bottom of our ranking.
20 It was in the lowest tier of the ranking after we had applied
21 all the criteria that we had applied to that particular
22 category of installation.

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1 And based on that we began to focus on closing
2 Brooks to see whether or not we could come up with a cost-
3 effective proposal that would save money and that would allow
4 us to continue operations at Brooks, very important
5 operation.
6 And I would agree with you there are very complex
7 activities there, but we believe that they fit very well at
8 Wright-Patterson, which is the base which the Air Force has
9 proposed to realign most of that workload to.
10 In the spirit of jointness in the human services
11 research and development business, the Air Force felt that
12 there were some of the things that we were doing at Brooks
13 that could be better consolidated with some other activities
14 and some other things that could be better consolidated with
15 Navy activities.
16 We did offer to relocate or realign those
17 activities into Army and Navy. However, as we began to work
18 through that with both the Army and the Navy, it was
19 determined that there was, in one case, there was
20 insufficient capacity at the facility to accommodate the
21 activities at the other. It did not appear to be a cost-
22 effective way to do it. So instead the Air Force decided to

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1 realign all of the work to Brooks.
2 Now, we could turn this around, and we could have
3 considered consolidating Army-Navy activities at Brooks, and
4 the reason the Air Force didn't pursue that is we were trying
5 to shed from the Air Force some considerable excess capacity.
6 So Brooks, based on our analysis, was the most
7 attractive one for us to close, and so we went that
8 direction. I don't want to tell you that it would be
9 impossible to go the other direction, because Brooks does
10 have some fine facilities and some fine activities there.
11 And I think you're correct in general, at least,
12 that about 50 percent of the activity in that arena is done
13 within the Air Force at Wright-Patterson, at the Armstrong
14 Lab out at former Williams Air Force Base and at Brooks Air
15 Force Base.
16 COMMISSIONER ROBLES: Well, that's a message we got
17 loud and clear, that costs seemed to be one of the
18 determinants if not the determinant. But certainly, if
19 that's the case, we asked was there a site visit conducted to
20 see just what the costs estimates would be to move all that
21 piping and tubing and labs and chambers and centrifuges and
22 on and on and on, and the answer we got was not really.

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1 And I understand how the BRAC process works, that
2 first you got to do in a dark room so that you don't get
3 panic in the streets, and then, when it's released, then you
4 try and clean up.
5 And the impression I got was that as a site survey
6 is being conducted it looks like it will cost considerably
7 more than initial estimates to move all that stuff into
8 places that it was determined to move.
9 And so the question I have to you is, one, do you
10 have an updated good feel for what the site survey is going
11 to say about moving all that stuff?
12 And secondly, one of the big issues there was a lot
13 of those things are going to be moved to other places. So
14 what you're doing is moving the personnel other places, and
15 so not a lot of personnel savings, which generally is your
16 big cost driver, so what you're really saving are base op
17 costs. Is that a fair assessment?
18 MR. BOATRIGHT: Yes, sir. I would say that the
19 majority of the cost savings do come from the base operating
20 support costs.
21 COMMISSIONER ROBLES: And since my time is up, just
22 one final comment as I go. I also noticed that in the

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1 analysis you talked about one of the reasons it had low
2 military value was it didn't have an active runway, yet the
3 last time I checked at San Antonio there were several runways
4 in close proximity. So why was that a factor, having an
5 active runway on that installation, from a military value
6 point of view?
7 MR. BOATRIGHT: I would tell you that while we
8 considered whether or not an installation had a runway as a
9 factor, and we believe that bases with the dual capability;
10 that is, a capability to support a military flying operation
11 as well as technical operations is better than a single
12 mission installations, but it was not a major factor in that
13 particular category.
14 I would tell you, in regard to the surveys that are
15 being done, the Air Force is conducting surveys to verify the
16 information that we have presented to the Commission. We
17 will be providing updated information here in the near
18 future. That effort at Brooks is not completed.
19 I would tell you similar to what Mr. Nemfakos said
20 this morning that folks at the installation who work there
21 and that's their career and that's their livelihood, when you
22 ask them -- and the community officials as well -- when you

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1 ask them about the costs and the complications of doing
2 closures and realignments, you're going to get one answer.
3 We have to really scrub these answers, and that's
4 the reason we send survey teams out there, and we'll be
5 reviewing them at each level within the Air Force to be sure
6 that we come back to the Commission with valid costs and
7 savings.
8 I would submit to the Commission here that the Air
9 Force does not want to close or realign any installation in
10 it's not cost-effective. And so if the numbers that we get
11 in our survey process, if our conclusion would have been
12 different as a result of those numbers than what it was based
13 on our initial estimate, we will advise the Commission of
14 that.
15 COMMISSIONER ROBLES: Thank you, Mr. Boatright.
16 COMMISSIONER MONTOYA: Senator Dixon.
17 CHAIRMAN DIXON: Thank you, Mr. Chairman. I
18 apologize to my colleagues for the fact that I have to leave
19 here very shortly, but I did want to talk to Dr. Dorman a
20 minute before I left.
21 Dr. Dorman, is it my understanding that you're the
22 deputy to Dr. Jones? Is that an accurate statement?

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1 DR. DORMAN: Yes, sir. That is correct.
2 CHAIRMAN DIXON: Dr. Jones could not be here today.
3 DR. DORMAN: That's correct.
4 CHAIRMAN DIXON: I don't want to assume anything
5 that isn't true, but I'm told by staff that in summarizing
6 the results of the services laboratory cross-servicing that
7 Dr. Jones wrote, as Chair of the Laboratory Joint Cross
8 Service Group, and I'm told by staff we have the letter, and
9 I quote, "The final results are disappointing and unbalanced.
10 Cross-servicing is minor at best." Is that a fact?
11 DR. DORMAN: That's a fact, sir.
12 CHAIRMAN DIXON: Well, then I'll ask you what's the
13 impact of DoD's 1995 BRAC recommendations on excess
14 laboratory capacity in your view?
15 DR. DORMAN: The BRAC itself is going to have a
16 minimum impact upon the elimination of excess capacity.
17 CHAIRMAN DIXON: Is there substantial excess
18 capacity?
19 DR. DORMAN: There is substantial excess capacity.
20 CHAIRMAN DIXON: In sort of a gross way, can you
21 say how much?
22 DR. DORMAN: Yes, sir. The number provided in the

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1 GAO report indicated something like 9,800 work years. That
2 is for the common support functions that were looked at by
3 our Joint Cross Service Group.
4 If you define "excess capacity" as we elected to as
5 the difference between the peak number of work years at any
6 time between Fiscal 'Year 86 and '93 and the projected number
7 of work years in the laboratory systems in Fiscal Year 1997,
8 which was the last year that we expected the labs to have
9 reasonably certifiable data, the total difference across all
10 of what we call laboratory activities in all three services
11 is something like 30,000 work years.
12 And the base realignment and closure process will
13 be eliminating something on the order of 3,000 of those work
14 years.
15 CHAIRMAN DIXON: Dr. Dorman, I hold in my hand what
16 purports to be the recommendations of the Chair of the
17 Laboratory Joint Cross Service Group writing for the group,
18 and is this the recommendation: "Consolidate most command
19 control communications, computers and intelligence,
20 acquisition, research and development at Fort Monmouth, New
21 Jersey; consolidate air-launched weapons research development
22 test and evaluation at Naval Air Warfare Center China Lake,

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1 California; consolidate explosives at Armament Research
2 Development Engineering Center, Picatinny Arsenal New Jersey
3 at Naval Air Weapons Center China Lake; and consolidate
4 propellants at Naval Air Warfare Center China Lake"?
5 DR. DORMAN: Yes, sir. This is a reasonable
6 summary of the recommendation --
7 CHAIRMAN DIXON: And is that the view -- I don't
8 want to characterize it as your view, but is that your
9 understanding of the view of what Dr. Jones and others in the
10 Laboratory Joint Cross Service Groups recommended?
11 DR. DORMAN: That is correct, sir.
12 CHAIRMAN DIXON: I'll ask you further what would
13 have been the impact on excess laboratory capacity if the
14 Laboratory Joint Cross Service Group's four priority
15 alternatives had been accepted by the separate services in
16 the Department of Defense?
17 DR. DORMAN: I'll have to take that question for
18 the record. I'll have to go back and do some numerical
19 calculations as to the total size of those bases and what the
20 elimination may have been.
21 CHAIRMAN DIXON: Would it have substantially
22 reduced the excess capacity you've testified about?

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1 DR. DORMAN: It certainly would have in those
2 areas, yes, sir.
3 CHAIRMAN DIXON: In your view, what were the
4 deficiencies in the process -- in your view, in all fairness
5 to you, sir, many of these quotations are Dr. Jones'.
6 DR. DORMAN: Certainly.
7 CHAIRMAN DIXON: If you do not share them --
8 DR. DORMAN: I certainly share them.
9 CHAIRMAN DIXON: Oh, you do share them?
10 DR. DORMAN: Of course, sir.
11 CHAIRMAN DIXON: Then I am not out of line in
12 asking you, Dr. Dorman, in your view, what were the
13 deficiencies in the process that allowed the services to
14 disregard the Laboratory Joint Cross Service Group's proposed
15 priority alternatives? What caused that to happen?
16 DR. DORMAN: Well, I don't think it's a matter of
17 deficiencies in the process. It was the way the process was
18 basically defined at the beginning.
19 Again, I would reiterate that these organizations
20 are an integral and very essential part of the military
21 departments overall acquisition structure. In the nature of
22 the weapon systems that they develop, what they buy in the

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1 future, their ability to maintain them, upon that rests a
2 good degree of their roles and missions.
3 My belief is that the military departments were
4 considerably reluctant during this process to give you core
5 capacity that has such a strong impact upon their basic
6 capability to perform their Title X functions.
7 I also would reiterate that the laboratory system
8 overall will, in fact, eliminate a considerable portion of
9 its excess capacity. It's the nature of how that is
10 occurring.
11 The military departments have elected not to do
12 that, basically, but closing these structures, by closing the
13 facilities and installation, rather, they have elected to do
14 it by FTE, Full-Time Equivalent or internal force structure
15 reduction.
16 So they are eliminating people, basically, but they
17 are not closing the facilities, and I think one of the
18 reasons for that -- it's a personal opinion in this case,
19 because I, obviously, was not the one that made the
20 judgment -- part of it is their decisions to maintain their
21 internal capacity, each one, and secondly, it is as a
22 Commissioner mentioned just a couple of minutes ago, you do

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1 have a lot of specialized facilities, capabilities at each of
2 these organizations. Those are hard to reestablish.
3 CHAIRMAN DIXON: Let me ask you this, Dr. Dorman,
4 here is what troubles me. Dr. Jones is quoted further as
5 saying, "If we are to achieve desired results, it appears
6 that we have a system in which only a heavier-handed
7 instrument will suffice."
8 I presume she alludes to the fact that this
9 Commission has that power. I don't know. But I wonder
10 whether we have the sensitivity and the understanding in this
11 highly esoteric kind of field --
12 DR. DORMAN: No. I understand.
13 CHAIRMAN DIXON: We may call upon your shop, you
14 and Dr. Jones and others, to supply some expertise that might
15 be helpful to staff. I greatly appreciate your cooperation.
16 I think we'd want to invade this province pretty carefully.
17 It isn't exactly numbers entirely here, is it?
18 DR. DORMAN: That's exactly correct, sir.
19 CHAIRMAN DIXON: So as a man who admits his lack of
20 expertise I can only say that what is said here bothers me
21 considerably, you see, and yet at the same time I wonder
22 whether we have the capacity to make those judgments in the

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1 kind of a finite way and be comfortable when we walk away
2 from it.
3 In any event, I let you know, Dr. Dorman, that
4 Dr. Jones and you will be hearing from us.
5 DR. DORMAN: Yes, sir.
6 MR. NEMFAKOS: Chairman Dixon?
7 CHAIRMAN DIXON: Mr. Nemfakos.
8 MR. NEMFAKOS: And I hope Dr. Dorman will forgive
9 me, but I feel compelled to add a couple of points. The
10 closure of 19 laboratory activities, as was the case in the
11 Department of the Navy, is not a small exercise in reducing
12 excess capacity.
13 So I am uncomfortable with leaving the
14 characterization that a lot of excess capacity was taken out.
15 I certainly think that the people at Warminster,
16 Pennsylvania, at Annapolis, Maryland, at Lakehurst, New
17 Jersey, at Louisville, at Indianapolis, and I can go on,
18 obviously, for some time, would share the view that there was
19 not a lot of excess capacity taken out.
20 A lot of excess capacity was taken out. Some
21 aspects, perhaps, of cross-servicing were not performed as
22 aggressively as possible, but remembering that this was the

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1 first time that we engaged in an enterprise like this, that's
2 not entirely surprising.
3 But from a Department of the Navy perspective,
4 there was a lot of our excess capacity to include capacity
5 that we closed and moved work out of laboratory technical
6 center areas and into the depots.
7 In the context of the Joint Cross Service Groups,
8 they did provide recommendations based on their analysis of
9 work functions, and those recommendations were looked at and
10 given quite a bit of care in terms of what we needed and what
11 we didn't need.
12 In the context of the recommendations that came
13 from the Secretary of the Navy to the Secretary of Defense,
14 those were the recommendations that the Secretary of the Navy
15 felt that he could make and still fulfill his
16 responsibilities, and those responsibilities are, after all,
17 his.
18 CHAIRMAN DIXON: Well, I want to say to my good
19 friend Mr. Nemfakos that's well said, and I want to make it
20 very clear, in all fairness, Charlie, to you and to everybody
21 else involved here that when we go through this exercise with
22 Dr. Jones and Dr. Dorman we'll get back to you and kind of

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1 carefully evaluate.
2 Now, I don't mean to suggest that we take
3 everything, you know, on the basis of Dr. Jones' letter.
4 We'd certainly get back to you. We'd get back to General
5 Shane. We'll get back to General Bloom, Mr. Boatright,
6 everybody that's part of the loop here.
7 I recognize this is kind of sensitive, and it's
8 pretty new, pretty new, but I am concerned about the feeling
9 here by the Chair of that group that we fell so substantially
10 sort of our goals. But what you've said is well said
11 Mr. Boatright.
12 MR. BOATRIGHT: Could I make one point falling
13 along the lines --
14 CHAIRMAN DIXON: Absolutely. I might have started
15 an awful argument here.
16 MR. BOATRIGHT: The Air Force believes that our
17 recommendations also substantially reduce the excess capacity
18 that we have, and as indicated by Commissioner Robles,
19 they're difficult.
20 Relocating laboratory functions and activities are
21 extremely complicated and difficult to accomplish. In our
22 calculations, we had about 6,200 man year equivalents of

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1 excess capacity, and with these actions the Rome Laboratory
2 closure and with the Brooks closure, we believe we'll reduce
3 that capacity by 2,100 to 2,200 man years, a very substantial
4 reduction in a very complicated area.
5 In addition, I'd like to comment that the Air Force
6 did accomplish a mainly cross-servicing here in the Rome
7 Laboratory, because while we didn't move all of the Rome
8 Laboratory to Fort Monmouth, we did move a substantial or
9 propose to move a substantial activity to eventually
10 integrate, whole integrate with the Army's lab at Fort
11 Monmouth.
12 So we believe that we've done a substantial amount
13 here. I would agree with Dr. Dorman in regard to the fact
14 that there is more cross-servicing that could be done. There
15 are more opportunities there. I agree with Charlie Nemfakos
16 in regard to this is the first time we've tried it.
17 We've learned another, and I think that some
18 continued cross-servicing will take place as a result of what
19 we've already learned in this BRAC round.
20 CHAIRMAN DIXON: This might have been the wrong
21 thing to bring up at the end of the day, Mr. Chairman.
22 COMMISSIONER MONTOYA: Thanks a lot, Senator. Have

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1 a good trip. Commissioner Cox.
2 COMMISSIONER COX: Thank you.
3 COMMISSIONER MONTOYA: I'm going to lose them one
4 at a time from now on. Commissioner Cox.
5 COMMISSIONER COX: Mr. Coyle and Dr. Dorman, in
6 response to the Laboratory Joint Cross Service Group data
7 call, the Navy provided information that clearly outlined
8 significant cross-service in federal use of two unique
9 facilities at White Oak, the Nuclear Weapons Effects facility
10 and the hypervelocity wind tunnel.
11 The Navy recommended and DoD endorsed abandonment
12 of these one-of-a-kind facilities. Was the need for the
13 continued operations of these facilities under a joint
14 contracted arrangement addressed by your group, and if so,
15 what did you decide, and if not, why not?
16 MR. COYLE: I think both Dr. Dorman and I need to
17 answer this. John Burt may have a comment as well. On the
18 test side, Mr. Burt and I did express a concern about the
19 wind tunnel at White Oak, and that concern is part of the
20 public record.
21 It was not a facility that we took data on in the
22 Test Joint Cross Service Group. It was really a laboratory

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1 facility, and so I think Dr. Dorman should respond from that
2 point of view.
3 DR. DORMAN: Our Lab Joint Cross Service Group did
4 not consider that facility. In fact, if I recollect
5 correctly, did not consider White Oak during this round. We
6 did not consider that --
7 COMMISSIONER COX: You just didn't look at it, or
8 you didn't consider it?
9 DR. DORMAN: No. We did not consider it at all.
10 COMMISSIONER COX: At all. I see. Okay. Are you
11 aware of those facilities at all?
12 DR. DORMAN: I am aware of them, yes.
13 COMMISSIONER COX: Would it be your personal
14 opinion that it would be appropriate to abandon those, or
15 should we be looking at some way to continue to support those
16 facilities?
17 DR. DORMAN: My personal assessment is that during
18 the process of making the final decisions I'm given to
19 understand that there are discussions both on the part of the
20 Commission and on the part of the military departments as to
21 what the appropriate mechanism may be to handle those.
22 Navy's decision, I believe, is that they have no

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1 specific use for that facility, which is why they have
2 proposed that it be closed. I have no comment on it myself,
3 because I have no specific knowledge. I mean, I am aware of
4 it, but I have no more detailed knowledge than that to
5 contradict or support.
6 COMMISSIONER COX: Okay. I want to follow-up on a
7 question that Mr. Montoya raised, and that is, in these kinds
8 of facilities where you have very highly educated
9 professionals working on specific areas, there is not only a
10 concern that they may not be willing to move with that
11 particular facility as they recommended it be closed but also
12 that by virtue of the fact that they don't move or by virtue
13 of the fact that you have to move very sensitive equipment,
14 that that requires, in some cases, duplication of equipment
15 while you're running tests on both ends, between any of those
16 that you might put certain important projects behind by as
17 much as, I've heard, two to five to seven years depending on
18 what facility we're talking about and that that, therefore,
19 is going to cost us money because we're not going to be able
20 to do the tests -- we're not going to be able to put the
21 equipment on the ships, we're not going to be able, for
22 example, in Annapolis in a Navy facility, to complete our CFC

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1 treaty obligations in time, which will be extremely expensive
2 for the United States -- can those costs be quantified, did
3 you quantify them, and if so, can we see some sort of break-
4 out, or do you just, sort of, assume it can all get done when
5 it was going to get done?
6 DR. DORMAN: Well, the specific answer to your
7 question is no, we did not quantify them. We didn't attempt
8 to even really to look at those in detail. What we attempted
9 to do is to look at the capacity and the capability to
10 perform this type of work both within the laboratory system
11 where there happened to be cross-service capacities and
12 capabilities and also the capacity to perform it in the
13 civilian community to the degree that's possible.
14 This is, of course, a subjective aspect. It did
15 not enter specifically into our considerations because, of
16 course, we dealt only with the certified data.
17 I cannot answer the question with regard to
18 Annapolis because, again, this was a Navy-unique facility and
19 a Navy-unique capability not within the purview of what the
20 Joint Cross Service Group looked at. So I'll defer to
21 Mr. Nemfakos.
22 COMMISSIONER COX: Well, maybe Mr. Nemfakos will

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1 answer that specific question, but I guess I'm also looking
2 for an overall question, as you looked at cross-servicing,
3 which necessarily requires moving people and equipment and
4 functions, was that an area you could quantify --
5 DR. DORMAN: I think the answer to this, perhaps
6 the correct answer is that implicit in our assumptions was
7 the fact that the work could, in fact, continue to get
8 performed.
9 One of the reasons for considering this and for not
10 going into it in any detail is past experience. We've seen a
11 number of moves of functions both associated with the base
12 realignment and closure process and, of course, other changes
13 that the individual military departments have made in their
14 structure.
15 These are carefully done and carefully planned and
16 typically can be accommodated without any specific or extreme
17 impact on --
18 COMMISSIONER COX: Right. Although at least three
19 occasions in White Oak and in Annapolis we have specific
20 equipment that cannot be recreated. I mean, you literally --
21 DR. DORMAN: I'll have to defer to Mr. Nemfakos on
22 that.

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1 COMMISSIONER COX: Mr. Nemfakos.
2 MR. NEMFAKOS: Yes, ma'am. I think -- and I know
3 you all know this, but just as a point of clarification, in
4 terms of the Joint Cross Service Groups, their principal role
5 was to provide alternatives for consideration for the
6 military departments.
7 So a lot of the costing types of questions that
8 you're asking poor Dr. Dorman to respond to it wasn't part of
9 his act, and therefore he neither gathered the data nor did
10 the analysis.
11 However, what they did do is they review the COBRA
12 results that reflected the results of the military department
13 analysis of those recommendations.
14 And so, for example, with regard to Annapolis, we
15 did, and you have probably -- the staff has probably seen it
16 in the deliberative record. We did have discussions on what
17 would happen with fluorocarbons, and our assessment was to
18 include, of course, the principal environmentalist in the
19 Department of the Navy, that given the time period that we
20 had to effect a closure, that exercise could be managed and
21 we could get what work needed to be done with very little
22 harm.

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1 With regard to other types of facilities, not going
2 specifically to the wind tunnel but other types of facilities
3 where activities came in and said, "Well, we have this unique
4 capability," one of the intern assessments was do we really
5 need to move it.
6 So you will see -- in the COBRA cost analysis, you
7 will see in some instances we are picking up a whole piece of
8 large gear and moving it and put it another place, but in
9 other times you will see a conscious decision that no, we do
10 not need to replicate that, and it isn't in there.
11 COMMISSIONER COX: And where you make a conscious
12 decision, just for an example, at the Deep Ocean Pressure
13 Simulation facility in Annapolis, not to move it, very
14 expensive, do you then include costs that say we're now going
15 to do this kind of testing, albeit not as much of it at sea,
16 and this is what those costs are?
17 Do you set forth a schedule on how that testing
18 will be done, or do you just say, "Well, we're going to take
19 a risk that we make a mistake, and we lose a ship"? How do
20 you cost out the cost of not having a facility like that?
21 MR. NEMFAKOS: Well, the answer, I guess, is that
22 where there is a real cost, in other words, when the at sea

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1 test isn't being performed in any case and when there isn't
2 additive cost for testing that has to be done someplace else,
3 just as you see the cost savings coming out, you also see the
4 costs going in.
5 But the issue of do we show a discreet cost to
6 exactly replicate every test that has been done at that
7 particular facility? I think the answer to that is no.
8 What we do is we do the internal judgment of what
9 has to be done, where does it have to be done, and is there,
10 in fact, an additive cost to the Department of the Navy?
11 COMMISSIONER COX: Do you do some sort of risk
12 assessment, we can't do everything if we don't have this
13 facility, and we're not going to do it all at sea, and so the
14 risk is one-tenth of 1 percent that something happens, and
15 those costs could be --
16 MR. NEMFAKOS: Well, I wish I could tell you that
17 there was a nice little package of data that says one-tenth
18 of 1 percent, but unfortunately it's, in essence, the
19 professional experience of the people on the Base Structure
20 Evaluation Committee as well as the professional response as
21 we got the responses from the scenario data calls from the
22 commanders of our principal activity, COMNAV Sea, COMNAV Air

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1 and the like.
2 COMMISSIONER COX: And you all did all of the
3 costs?
4 MR. NEMFAKOS: Yes, ma'am.
5 COMMISSIONER COX: You all took what you got
6 from --
7 MR. NEMFAKOS: We did no costing. We had no COBRA
8 capacity or capability.
9 COMMISSIONER COX: So you didn't second guess that
10 or --
11 MR. NEMFAKOS: No, we did not. No. We took a
12 quick look at the data, but no. We did not second guess.
13 COMMISSIONER COX: And the same thing on military
14 value. Did you take the services' view on military value?
15 MR. NEMFAKOS: We took the services' view of
16 military value. We believe from the beginning these are
17 these assets. It's their determination. They were the right
18 ones to make that decision.
19 COMMISSIONER COX: Thank you very much.
20 COMMISSIONER MONTOYA: Thank you. Commissioner Cox.
21 Commissioner Davis.
22 COMMISSIONER DAVIS: Admiral, I'm here with you to

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1 the bitter end.
2 COMMISSIONER MONTOYA: Outstanding. Knock our
3 rings together.
4 MR. NEMFAKOS: We didn't close the Naval Academy
5 Admiral Montoya.
6 COMMISSIONER DAVIS: No, but you got a wind tunnel
7 right close to it. And again, I'm mostly a product of test
8 and evaluation laboratories. I use your products, but I also
9 know your system fairly well in some areas.
10 It seems to me that successful T&E and successful
11 labs consist of many parts. Clearly, some very specialized
12 equipment to some very specialized people, an adequate
13 capability to run your tests; i.e., you've got subjects or
14 airplanes or whatever the case might be, and adequate testing
15 areas in this process.
16 Now, quite clearly, you all are disappointed in the
17 inability of us to do more consolidation, but do you reckon
18 that might be because of some of the unique capabilities of
19 these test and evaluation areas and test evaluation
20 facilities that to lose these national treasures in many
21 cases is a mistake, and that was a services -- and I'm asking
22 OSD, the Joint Service Group?

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1 MR. COYLE: Yes, sir. You may well have visited
2 some of these test ranges. If you have, you certainly know
3 that they are indeed national assets.
4 The land space that they encompass and air and sea
5 space for test purposes is something that needs to be
6 considered very carefully before it is given up. Once given
7 up, you'd probably never get it back.
8 COMMISSIONER DAVIS: Again, I am probably the most
9 conservative member of this group, and in fact I really hate
10 to give up anything that I figure might be useful some time
11 in the future. So you'll have problems with me.
12 Dr. Dorman, as I understand it, as DoD's only
13 recommended laboratory closure or realignment involving
14 cross-servicing is closing Rome Laboratory and realigning its
15 functions to Fort Monmouth, New Jersey, and Hanscom Air Force
16 Base Massachusetts.
17 Can you explain in the context of your group
18 proposed closing of Rome Lab and the alternative for cross-
19 servicing co-location? We've got a chart on it up here,
20 cross-service co-location of C4I activities at Fort Monmouth.
21 DR. DORMAN: Yes, sir.
22 COMMISSIONER DAVIS: I hope this depicts your

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1 recommendation for proposed relocation.
2 DR. DORMAN: Yes. Yes. Basically, that is the
3 proposal. This recommendation from the Air Force and
4 supported, of course, by the Secretary of Defense, is very
5 much in consonance with what we recommended overall.
6 As the Senator mentioned earlier, we suggested
7 that, if you would, a more complete consolidation of C4I
8 functions should be looked at. The military departments did
9 look at that for a variety of reasons, including cost and
10 other aspects on their program.
11 This was again, as you've indicated, the most
12 significant of the cross-servicing that has occurred. We're
13 very supportive of it.
14 COMMISSIONER DAVIS: This was, in fact, recommended
15 by your group?
16 DR. DORMAN: Basically, yes, sir. We specifically
17 recommended to the Air Force that they look at Rome Lab, the
18 closure of Rome Lab at one of their alternatives.
19 We suggested Fort Monmouth as one of the potential
20 receiving sites. So yes, I think it's fair to say that this
21 is in general consonance with the nature of our
22 recommendations.

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1 With did not specifically recommend this particular
2 split. The Air Force did this through detailed discussions
3 with the Army. They got together and took a look at what was
4 most compatible for those two locations as they made their
5 final determination.
6 COMMISSIONER DAVIS: Well, I'll get to the Air
7 Force here in a second. Mr. Nemfakos, did the Navy decline
8 to participate in this process, and for what reason?
9 MR. NEMFAKOS: Commissioner Davis, we didn't
10 decline to participate. We came up with a solution, which
11 for the Department, had a ten-fold better payback as a result
12 of being able to consolidate entire functions across command
13 lines in San Diego, eliminating one who layer of government
14 in the process.
15 And the savings comparisons were enormous. So when
16 we looked at both the operationally oriented aspects of
17 having facilities in the San Diego area where there could be
18 a lot of interplay with fleet and so forth as well as the
19 payback to the taxpayer of a difference of over $300 million
20 worth of savings as opposed to something in the range of 30,
21 it wasn't even close in terms of what our decision was.
22 So our recommendation -- we looked at it, but our

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1 recommendation was to consolidate three levels of management
2 and communications area in the San Diego area and produce
3 many-fold higher savings.
4 COMMISSIONER DAVIS: Thank you.
5 MR. NEMFAKOS: Yes, sir.
6 COMMISSIONER DAVIS: Mr. Boatright, can you give me
7 a short answer on why the Air Force decided to go the way it
8 we want; i.e., send some to Fort Monmouth and the rest to
9 Hanscom?
10 MR. BOATRIGHT: Yes, sir. We were trying to
11 utilize the excess capacity at both locations. As you know,
12 part of Rome Lab was already at Hanscom, and so we wanted to
13 marry up those things that made sense that had to do with air
14 space that were predominant Air Force interests, and we
15 married those up in our proposal at Hanscom.
16 And those more pervasive activities that had
17 interest in all the military departments and primarily in the
18 Army we decided to locate at Fort Monmouth with the intent to
19 fully integrate those activities and as time passes --
20 COMMISSIONER DAVIS: Sometime down the road.
21 MR. BOATRIGHT: Yes, sir. Was the Army capacity to
22 handle that much movement at one time a factor in this

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1 process?
2 MR. BOATRIGHT: Yes, sir. The availability of
3 space, of excess capacity at the Army facility was a primary
4 consideration. In fact, I would tell you that that's the
5 reason why this was -- we were able to make this cost-
6 effective.
7 If you would look at our analyses, you'll see that
8 in our level playing field analysis this was not a cost-
9 effective proposal to close Rome Lab, but by virtue of part
10 of it going to Fort Monmouth, we were able to make it cost-
11 effective.
12 COMMISSIONER DAVIS: Okay. Again, Mr. Boatright,
13 sorry to pick on you, but the Joint Cross Service Group
14 stated electronic, test and evaluation capability at Eglin
15 and China Lake of approximately 85 percent overlap. One
16 alternative suggested was move China Lake test assets to
17 Eglin.
18 Why is the Air Force, in light of the alternative,
19 proposing to move the electronic combat testing from Eglin to
20 Nellis?
21 MR. BOATRIGHT: The Air Force's efforts here are to
22 consolidate our electronic combat training at two sites, and

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1 it's predominantly done now at Edwards and the Nellis
2 complex.
3 And it seems to us that if we're going to do a
4 consolidation here that it's best to concentrate that
5 activity at Edwards, and therefore the Air Force will have
6 electronic combat test and evaluation at only two sites
7 instead of three.
8 COMMISSIONER DAVIS: Okay. Thank you. My time has
9 expired. Mr. Chairman, thank you.
10 COMMISSIONER MONTOYA: Ms. Steele, you and
11 Commissioner Cornella have the last 12 minutes. So I'll look
12 to your discipline to give him enough time to ask a question
13 or two. Thank you.
14 COMMISSIONER STEELE: Okay. I will do that. I
15 hope the clearing out of the dias here isn't a reflection
16 that I have personal hygiene challenge problems or something,
17 but I'll jump ahead here.
18 I apologize for skipping around with these
19 questions, but this is what happens when your colleagues
20 leave you at the end of the group here.
21 Another question or two about Rome, please. As you
22 know, Rome was designated as one of the Air Force four Tier 1

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1 labs. First, for Dr. Dorman, you mentioned that you did not
2 recommend the split in particular that came from the Air
3 Force. Does it concern you at all that Rome Labs CQ dye
4 functions are going to be split between two military
5 installations?
6 DR. DORMAN: No.
7 COMMISSIONER STEELE: Okay. It's okay. You can be
8 quick. Question for both the Air Force and for the Doctor
9 here. Was the fact that the Rome Lab was central to the
10 community's reuse plan ever discussed or taken into
11 consideration as a part of any of your deliberations?
12 DR. DORMAN: It was not as part of the Joint Cross
13 Service Group, no.
14 COMMISSIONER STEELE: I'm having trouble hearing
15 you.
16 DR. DORMAN: No for the Cross Service Group.
17 COMMISSIONER STEELE: Okay.
18 MR. BOATRIGHT: No, it was not considered in the
19 Air Force analysis.
20 COMMISSIONER STEELE: Were you aware that it was
21 central to the reuse plan of the Rome community?
22 MR. BOATRIGHT: Yes, ma'am. I've been very much

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1 involved in that reuse, and yes. We're very much aware of
2 it. I was a part of the formulation of the proposal in '93
3 to leave Rome at Griffiss New York as a stand-alone
4 laboratory.
5 COMMISSIONER STEELE: Actually, I believe I cruelly
6 quoted you back to you a couple of hearings ago. So sorry
7 about that, Mr. Boatright.
8 MR. BOATRIGHT: Yes, ma'am.
9 COMMISSIONER STEELE: Let's see, how did the Air
10 Force determine the costs in savings of the Rome Lab
11 recommendation? Staff has provided an example here the total
12 one-time moving cost is 6.8 million, but that's for only
13 moving four major pieces of equipment, and there is only
14 $152,000 left budgeted for the freight of moving everything
15 else.
16 MR. BOATRIGHT: Well, we ran it through the COBRA
17 model applying those inputs to the COBRA model that are
18 necessary using a judgment of the people that were involved
19 with working the detailed analysis of this proposed closure.
20 We are now in the process of doing site surveys,
21 and as we do that, we will validate each one of these
22 estimate, and we'll provide the refined information to the

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1 Commission in the very near future.
2 COMMISSIONER STEELE: And does that include another
3 COBRA run?
4 MR. BOATRIGHT: Yes, ma'am. We will do another
5 COBRA run based on the updated inputs as they come out of the
6 site surveys.
7 COMMISSIONER STEELE: Okay. Jumping to Brooks, I
8 also visited Brooks, and as I know you're all aware, the San
9 Antonio community has presented a plan to establish a
10 cantonment area, closing Brooks and preserving the functions
11 of the Human Systems Center, the Armstrong Lab School of
12 Aerospace Medicine and Human Systems Research.
13 Now, I know part of this goes back to this savings
14 or costs are directly reflected into what functions actually
15 will have to move or won't have to move. Obviously, the
16 impression that we received that day was almost everything in
17 terms of the facilities would have to be moved with a
18 substantial cost associated with that and the cost of losing
19 talented personnel.
20 Should the Air Force, after your site visit, fine
21 that the up-front cost to close Brooks make that no longer an
22 efficient Air Force move, would you look at their cantonment

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1 proposal in any kind of a different light, or are you ready
2 to comment on the cantonment proposal by itself at this
3 point?
4 MR. BOATRIGHT: I wouldn't really want to comment
5 on any other proposal other than the one that we have before
6 the Commission, but certainly, as I said earlier, we will not
7 propose to the Commission that we pursue a closure or
8 realignment that is not cost-effective.
9 So once we have reviewed the information, validated
10 the data and run a new COBRA on it, we will provide that
11 information back to the Commission.
12 If some other alternative other than what we have
13 proposed would surface as a result of our site survey,
14 certainly we would review that, consider that and possibly
15 suggest that as an alternative to the Commission.
16 COMMISSIONER STEELE: Mr. Boatright, I know the
17 community's proposal has been given to the Air Force, and I
18 gather you're crunching numbers on it right now. Are you
19 aware of that, that it's being reviewed back at the
20 Department?
21 MR. BOATRIGHT: Yes, ma'am.
22 COMMISSIONER STEELE: And do you all plan to

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1 provide us COBRA run data from that community proposal?
2 MR. BOATRIGHT: I'm not sure whether we'll provide
3 separate data from the community proposal. I'm just not sure
4 of the status of that or whether we'll wait and incorporate
5 that into the results of our site survey and then provide a
6 more comprehensive piece of information back to the
7 Commission, but we will address both the survey information
8 and the community's proposal.
9 COMMISSIONER STEELE: Thank you. I don't know if
10 you'll know the answer to this question, and if not, feel
11 free to get back to us, but staff is hopeful that that COBRA
12 analysis can get back to the Commission by May 1st,
13 Mr. Boatright. I see a no is shaking behind you.
14 MR. BOATRIGHT: We're going to do our best.
15 COMMISSIONER STEELE: Okay.
16 MR. BOATRIGHT: And I can't really promise you at
17 this time, but we'll make every effort to get it to the
18 Commission at the earliest possible date.
19 COMMISSIONER STEELE: Two other quick things.
20 Switching to Kirtland, in 1990, the Secretary of Defense had
21 list announcing his intention to close Los Angeles Air Force
22 Base, including the lab function, and move it to Kirtland Air

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1 Force Base. What has changed in the year since that time to,
2 in essence, reverse those proposals?
3 MR. BOATRIGHT: Well, I think that was prior to the
4 1990 Base Closure and Realignment Act. So the rules were
5 different. The Air Force had put forward a proposal, and we
6 were going to go through the process of evaluating that.
7 That would have realigned the closed Los Angeles Air Force
8 Base and realigned much of the activity through Kirtland Air
9 Force Base.
10 In the intervening time, the Congress passed the
11 new Base Closure and Realignment Act, the 1990 Act, and that
12 required us to use criteria and a force structure plan to do
13 the analysis and to derive recommendations for closure and
14 realignment based on that analysis and that analysis only.
15 And therefore, we had to stop our process on the
16 previous proposal and begin anew to evaluate our
17 installations, and as a result of that process; that is, this
18 new process under the 1990 Base Closure and Realignment Act,
19 we have not come forth with such a recommendation.
20 COMMISSIONER STEELE: Thank you very much, and I
21 switch to my colleague on the far end.
22 COMMISSIONER MONTOYA: Thank you, Ms. Steele.

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1 Mr. Cornella.
2 COMMISSIONER CORNELLA: Thank you. Could I see
3 Chart 3, please, or could we see it? Mr. Burt, the
4 alternatives from the Joint Cross Service Group are displayed
5 before you. Do you still support these as the ways to reduce
6 excess capacity in the Test and Evaluation area?
7 MR. BURT: I believe that examination of these
8 alternatives might provide some reduction of excess capacity.
9 There is no way to know for sure until the complete analysis
10 is conducted.
11 COMMISSIONER CORNELLA: But these are your
12 recommendations?
13 MR. BURT: Yes, they were. They are.
14 COMMISSIONER CORNELLA: What percent of the excess
15 Test and Evaluation would be eliminated if these alternatives
16 were adopted?
17 MR. BURT: I don't know, sir. I can check for the
18 record for you and make an estimate, but it is not a
19 straightforward matter. What led us to these in the first
20 place was an apparent overlap in open-air testing capability,
21 but each of these sites listed her has an extensive
22 investment in ground test facilities, measurement

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1 laboratories, integration laboratories, install system test
2 facilities, hardware in the loop laboratories that are in
3 many respects unique from site to site.
4 And if we were to attempt to close one or more of
5 these sites, a major factor would be how much of that
6 structure on the ground would have to be moved, relocated to
7 some other place. And so I say we don't know for sure until
8 we ran an analysis to find out how we would go about that.
9 COMMISSIONER CORNELLA: Mr. Burt and Mr. Coyle,
10 virtually no reductions in test and evaluation capacity
11 resulted from the services' recommendations. Why was the
12 Joint Cross Service Group so unsuccessful in convincing the
13 individual services to consolidate activities?
14 MR. COYLE: We made recommendations in a number of
15 areas. For example, there are 11 so-called noncore sites,
16 and we had a recommendation to either realign or mothball
17 work at each of those 11 sites. The services looked at all
18 of those recommendations and did adopt some of them.
19 COMMISSIONER CORNELLA: Mr. Nemfakos, tell me a
20 little bit about the uniqueness of the Warminster Lab in
21 regard to the inertia laboratory and the centrifuge. Are
22 those one of a kind? I know there are other centrifuges, but

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1 I mean, that would be of the quality and have the ability to
2 test that that one does?
3 MR. NEMFAKOS: Commissioner Cornella, I am not
4 aware of any that have the same specific characteristics to
5 include the Pennsylvania bedrock that one of them is on and
6 uses that as part of its reliability feature.
7 Our assessment was that we had sufficient like
8 capability, not the same capability but like capability to
9 perform the jobs that we needed to perform.
10 COMMISSIONER CORNELLA: Mr. Chairman, thank you.
11 COMMISSIONER MONTOYA: Thank you very much, and I
12 will conclude the hearing for the day by mentioning that I do
13 have some mail that we will send to the appropriate
14 departments. Mr. Coyle, you seem to be a rather popular
15 addressee.
16 I have a joint letter from Senators Mikulski and
17 Sarbanes from Maryland regarding the White Oak Laboratory
18 issue. I have a letter for you, Mr. Coyle, from
19 Representative Sam Farr regarding Fort Hunter-Ligget.
20 I have a letter from Congressman James V. Hansen
21 regarding the U.S. Army Dugway Proving Grounds, and this is
22 also questions for Dr. Coyle.

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1 I have from Congressman Albert R. Wynn also a
2 series of questions regarding White Oak also to Mr. Coyle and
3 a letter from Congressman Joe Scarborough, and he's
4 interested in the entire issue, the Cross Service Group issue
5 regarding the electronic combat open air ranges, the issue
6 regarding Eglin Air Force Base and China Lake and Nellis.
7 Our staff will take these and forward them to you
8 for appropriate response. And we have one more. This is
9 from Chris Smith, a member of Congress and I believe is from
10 New Jersey, and this is regarding work and study in the
11 catapult directing gear testing for aircraft carriers
12 performed at Lakehurst, New Jersey. It seems the Navy
13 concluded this mission cannot be done today at any other
14 military facility in the world.
15 And I guess his issue is why can't the work -- "One
16 of the alternative recommendations of the Laboratory Cross
17 Service Group was to consolidated fix-flight subsystems ED
18 work and the fixed-flight systems ISE work now done at nine
19 separate places at the Naval Air War Center at Lakehurst.
20 Why were these recommendations made, and why were they not
21 thoroughly explored?" So we'll forward this one also from
22 Congressman Chris Smith.

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1 MR. COYLE: We will be pleased to work with your
2 staff to answer those promptly.
3 COMMISSIONER MONTOYA: Yes. Thank you very much.
4 And thank all of you very much, particularly those of you who
5 have been here all day long staring us in the face, and
6 notwithstanding it's still good to see you. Have a good day.
7 Hearings are concluded.
8 (The hearing was concluded at 4:00 p.m.)
9 * * * * *

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

OPENING REMARKS OF MR. CORNELLA

DEPOT MAINTENANCE JOINT CROSS SERVICE GROUP

OUR FIRST TESTIMONY TODAY IN THE JOINT CROSS SERVICE AREA WILL BE FROM THE DEPOT MAINTENANCE GROUP. WE ARE PLEASED TO HAVE WITH US MAJOR GENERAL JAMES KLUGH, U.S. ARMY RETIRED, WHO HEADED THE GROUP. GENERAL KLUGH SERVES AS THE DEPUTY UNDER SECRETARY OF DEFENSE FOR LOGISTICS.

HE IS JOINED BY A DISTINGUISHED PANEL OF SENIOR PERSONNEL FROM THE ARMY, NAVY, AIR FORCE AND DEFENSE LOGISTICS AGENCY WHO WILL REMAIN WITH US ALL DAY FOR THE SUCCEEDING CROSS SERVICE TESTIMONY ON PILOT TRAINING, MEDICAL SERVICES AND LABS AND TEST & EVALUATION.

THEY ARE:

* BRIGADIER GENERAL JAMES E. SHANE, JR., DIRECTOR OF MANAGEMENT, THE OFFICE OF THE CHIEF OF STAFF OF THE ARMY;

* MR. CHARLES NEMFAKOS, VICE CHAIRMAN, NAVY BASE STRUCTURE EVALUATION COMMITTEE;

* MAJOR GENERAL JAY D. BLUME, JR., SPECIAL ASSISTANT TO THE CHIEF OF STAFF OF THE AIR FORCE FOR BASE REALIGNMENT AND TRANSITION; AND,

* MS. MARGE MCMANAMY, CHIEF OF THE DEFENSE LOGISTICS AGENCY BRAC WORKING GROUP.

THERE WILL BE NO OPENING STATEMENTS, SO WE CAN PROCEED DIRECTLY TO QUESTIONING FROM THE COMMISSIONERS.

FIRST, HOWEVER, WOULD YOU PLEASE STAND AND BE SWORN.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

DEPOT MAINTENANCE
JOINT CROSS-SERVICE GROUPS

GENERAL QUESTIONS

1. Mr. Klugh, please explain, in general terms, the Joint Cross Service Group study of depot maintenance.

We understand capacity was one of the most significant features of your study. Please describe current excess capacity in DoD facilities in percentage terms.

What is the excess capacity by Service and by depot?

What is the impact of DoD's BRAC recommendations on this excess capacity?

What would have been the impact on excess capacity if the Joint Cross Service alternatives had been accepted?

The Air Force's elimination of excess capacity requires reengineering of the core workload. What would the Air Force's excess capacity be if the reengineering can not be accomplished?

2. Mr. Klugh, please describe the concept of "maximum potential capacity".

Does maximum potential capacity require a second shift or military construction expenditures?

3. Mr. Klugh, describe how your Joint Cross Service Group assigned functional values to each of the depots and shipyards?

When assigning workload, how did the functional value scores impact the positioning of workload?

Please describe the "centers of excellence concept".

4. Mr. Klugh, what does the DoD BRAC recommendation do to your ability to inter-service depot maintenance work in the future?

CHART 1
EXPLANATION OF 8 JOINT CROSS SERVICE GROUP PROPOSALS

1995 DEPOT/SHIPYARD CLOSURE AND REALIGNMENT ALTERNATIVES

Category	DoD	Cross-Service 1 Min Sites/Max Mil Value	Cross-Service 2 Min Excess Capacity
Army Depots	(C) Red River (R) Letterkenny	(C) Red River (C) Letterkenny	(C) Red River (C) Letterkenny
Navy Shipyards	(C) Long Beach	(C) Portsmouth (C) Pearl Harbor	*(C) Long Beach *(C) Portsmouth *(C) Pearl Harbor
Navy Aviation Depots		(C) Jacksonville	(C) Jacksonville
Navy Weapon Center	(C) Crane-Louisville (R) Keyport	(C) Crane-Louisville (C) Keyport	** (C) Crane- Louisville ** (C) Keyport
Air Force Aviation	(D) San Antonio (D) Sacramento (D) Ogden (D) Warner Robins (D) Ok City	(C) San Antonio	(C) San Antonio (C) Sacramento

C = CLOSURE R = REALIGN D = DOWNSIZE * = CLOSE any 2 of 3 ** = CLOSE any 1 of 2

1. Mr. Klugh, based on extensive study, the Joint Cross Service Group indicated that up to 8 maintenance depots could be closed. This table lists the depot alternatives for closure. Please explain the basis for these alternatives.

What was the basis for the alternatives to close depots at San Antonio and Sacramento and Jacksonville, in the fixed wing aircraft area?

Did any of your analysis point to the need to close the Naval Aviation Depots at Cherry Point or North Island or the Hill, Tinker, or Warner Robins Air Logistics Centers?

CHART 2
CONSIDERATION OF AIR DEPOT CLOSURES

Air Force Depot Proposal

Cost Implications
($ Millions)

FY96-01 Net

Consolidate at All Depots	One-Time Costs	Costs (Savings)	Annual Savings	Total Savings*
BRAC Actions	183	(139)	89	991
NON-BRAC ACTIONS	35	(488)	146	1,875
ALL ACTIONS	218	(627)	235	2,866
Alternate — Close 2 Depots (+$600 Million Env)	1,107	(363)	161	699

*Savings in 20 year net present value

1. General Blume, when the Secretary of Defense testified before the Defense Base Closure and Realignment Commission, he showed a chart which compared the cost of downsizing Air Force depots to the cost of closing two depots.

Which two depots were represented on that chart?

2. General Blume, the Secretary of the Air Force testified to the fact that Air Force depot capacity levels indicate that the need to close 1 1/2 to 2 depots. As we know, the Air Force has determined that it is more cost effective to eliminate two "depot equivalents" through downsizing rather that two bases.

If the Air Force were to close one or two depots, which would they be and why?

3. General Blume, two years ago, the Deputy Assistant Secretary of the Air Force for installations testified to the Commission that " ...if the Commission chooses to recommend a closure of a major Air Force depot this year, it should be McClellan. Not only can closure be accommodated within the DoD cost and pay-back guidelines, but it was also the lowest ranked of the five major depot bases."

If McClellan's cost to close was not prohibitive in 1993, why is it prohibitive in 1995 when cost to close is calculated to be lower than it was in 1993?

RECENT CHANGES TO AIR FORCE BRAC RECOMMENDATION

1. General Blume, the Commission staff was recently briefed on a revision to the 1 March DoD recommendation from the Air Force.

Please outline for the Commission the revision to the recommendation.

Would you please explain why the Air Force found it necessary to revise its BRAC recommendation 7 weeks into the process?

CHART 3
DOWN SIZE VS CLOSE

BRAC Depot/Shipyard History
1988 — 1995 (Recom)

⌘ = CLOSED ■ = OPEN

Army	Navy	Air Force	Marines
■Anniston	⌘ Alameda	■Oklahoma City	■Albany
■Corpus Christi	■Cherry Point	■Ogden	■Barstow
⌘ Lexington Bluegrass	■Jacksonville	■San Antonio	
⌘ Letterkenny	⌘ Norfolk (NAD)	■Sacramento	
⌘ Pueblo	■North Island	■Warner Robins	
⌘ Red River	⌘ Pensacola		
⌘ Sacramento	■Crane		
■Tobyhanna	⌘ Louisville		
⌘ Tooele	⌘ Keyport		
	■Portsmouth		
	⌘ Philadelphia		
	■Norfolk (NSY)		
	⌘ Charleston		
	■Puget Sound		
	⌘ Mare Island		
	⌘ Long Beach		
	■Pearl Harbor		
	⌘ Guam		

1. Mr. Klugh, this chart depicts the BRAC history since 1988 on depots/shipyards. Prior actions have been closures, and, as this chart shows, the Air Force has elected to downsize all Air Logistics Centers (ALCs) in lieu of closure of one or two depots as recommended by the Joint Cross Service Group. Please explain to us why your group recommended closure vs. downsizing.

2. Mr. Klugh, if you were responsible for submitting a recommendation to the Defense Base Closure and Realignment Commission for removal of Navy and Air Force fixed wing aircraft maintenance depot infrastructure, would your recommendation be to close or downsize?

3. General Blume, never in the history of BRAC has the DoD recommended downsizing in place of closing a depot. Why was it not recommended to earlier Commissions by the Air Force?

4. General Blume, have you determined that the law allows BRAC funds to be expended to mothball and demolish depot space?

CHART 4
COST TO CLOSE

INDUSTRIAL/TECHNICAL SUPPORT — DEPOT Subcategory

IV/V Cost and Manpower Implications/Return on Investment

	One Time Costs (Closing)	20 Year Net Present Value	Steady State Savings	Manpower Savings	Return on Investment
Base Name	IV.1	IV.2			V
Hill AFB	1409	514	70	1450	30
Kelly AFB	653	-180	70	1492	10
McClellan AFB	514	-607	96	1756	5
Robins AFB	1011	133	75	1744	18
Tinker AFB	1312	633	56	1393	42

1. General Blume, the Air Force's 1995 Base Closure documentation included estimates of the cost to close each of the five depot installations. We note that the costs to close Kelly and McClellan were significantly less than the closure costs for the three other installations. Were the costs-to-close a significant basis for studying Kelly and McClellan as closure candidates for 11 months?

Why were the costs to close these two so much lower than the other three? Do the costs to close include any environmental clean-up costs?

CHART 5

Comparison of Closure COBRA data from each Military Department (costs in $M)

	Air Force Kelly AFB	Navy Long Beach	Army Red River	Army Letterkenny
ROI year	9	0	0	0
NPV	283	1,949	1,497	952
costs and savings:				
one time costs	582	75	60	50
one time savings	7	0	0	0
Steady state savings	76	131	123	78
positions:				
population	19,104	3,891	2,971	3,017
eliminated	1,245	1,697	1,861	1,287
realigned	16,415	472	1,040	803
% eliminated	7%	44%	63%	43%
% realigned	86%	12%	35%	27%

2. General Klugh, There are significant differences between the Services' COBRA estimates to close depots. For example, there are substantial differences in the percentages of people which would be moved

What is your estimate of the percentage of personnel that would move upon the closure of a depot?

Is there a difference in the number of people that would move upon a downsizing versus closure?

3. General Blume, Secretary Widnall testified that a depot closure is prohibitively expensive. We are interested in understanding the relatively high cost that you estimated for the closure of an Air Force depot.

This chart (chart 5) shows that the Air Force calculates the steady state savings from closing Kelly Air Force Base with a base population of 19,104 to be just over half of the cost of the closure of the Long Beach Naval Shipyard with a base population of 3,891.

The reason for this is that the Navy estimates that closing the Long Beach Naval Shipyard will result in the elimination of 44% of the jobs at the shipyard, while the Air Force estimates that the closure of Kelly Air Force base will result in the elimination of only 7% of the jobs at the depot and the base -- and that 16,415 of the jobs at Kelly Air Force base will be realigned to other bases, resulting in moving costs alone of $160 million.

Why does the closure of an Air Force depot result in the elimination of such a low percentage of the jobs at the depot, particularly compared to the closure of industrial facilities in the other services?

4. General Blume, assumptions drive closing costs and savings calculations.

I understand that almost all of the savings in your depot downsizing option come from a 15 percent "reengineering factor" which assumes personnel savings of approximately 15 percent based on increased efficiency in certain depot operations as a result of the downsizing plan. Is this accurate?

5. General Blume, let's focus on three key assumptions that the Air Force made in determining the cost to close one of your depots:

-First, that only 7% of the personnel positions would be eliminated;

-Second, that the closure would take 6 years, and third, that no personnel savings would be achieved until year 6.

Changing these assumptions can have a dramatic effect on the projected savings. This chart (Chart 6) uses the Air Force COBRA and changes a few of these assumptions:

CHART 6

Closure Sensitivity Analysis ($M) of Personnel Savings and Phasing

	One-Time Cost	Steady State Savings	Net Present Value
AF Baseline 7% personnel savings; close in year 6	582	76	283
15% personnel savings; close in year 6	572	154	1,102
15% personnel savings; close phased over 4 yrs	571	154	1,523
25% personnel savings; close phased over 4 years	561	244	2,764

6. General Blume, if you assumed the same increased efficiency from a depot closure and calculated a 15% instead of a 7 % personnel savings, the one-time closure cost would be $572 instead of $582 million, and the annual steady state savings would be $154 million instead of $76 million.

Change the personnel savings to 25% -- significantly less than what the Navy calculates from Long Beach Naval Shipyard and less than half of what the Army calculates from the closure of its Red River depot -- and phase the closure over 4 years, the annual savings from closing the depot rise to $ 244 million and the net present value rises to more than $2.7 billion.

General Blume, what is your reaction to this analysis?

7. General Klugh, did your Joint Cross Service Group do any kind of independent analysis of the Air Force's calculation on the cost to close one of its depots? If so, did you conclude that their assumptions about positions eliminated and the time to carry out the closure were appropriate, even though they differed significantly from the estimates of the other services?

8. General Shane, please explain the Army's assumptions which drive the numbers of positions which will be moved versus realigned.

9. Mr. Nemfakos, in 1993 the Navy recommended closure of three of the six Naval Aviation Depots. When do you expect to have each of the three facilities closed?

Do you expect to attain the annual recurring savings of over $230 million you projected in 1993 from the closure of the three Naval Aviation Depots?

10. Mr. Nemfakos, The Joint Cross Service Group offered an alternative to close the Jacksonville Aviation Depot.

Did the Navy assess this alternative?

What was the result of the assessment?

Would the Navy be able to get their engine work done if Jacksonville were to close?

Where would that work be done?

CHART 7
AIR FORCE IMPACT OF MILITARY VALUE

Air Force Tiering System Describing Military Value		
	Depot tier	Base tier
Hill	I	I
Tinker	II	I
Robins	I	II
Kelly	III	III
McClellan	II	III

1. General Blume, military value is the most important criterion to be considered when sizing the DoD infrastructure through the base closure process. The Air Force has used a tiering system in place of assigning military values. This chart shows the tiering of depot installations and depots. Please explain how these tiers were derived.

What was the basis for assigning Kelly and McClellan Air Forces Bases to "tier" 3?

What was the basis for assigning the depot at Kelly to "tier" 3?

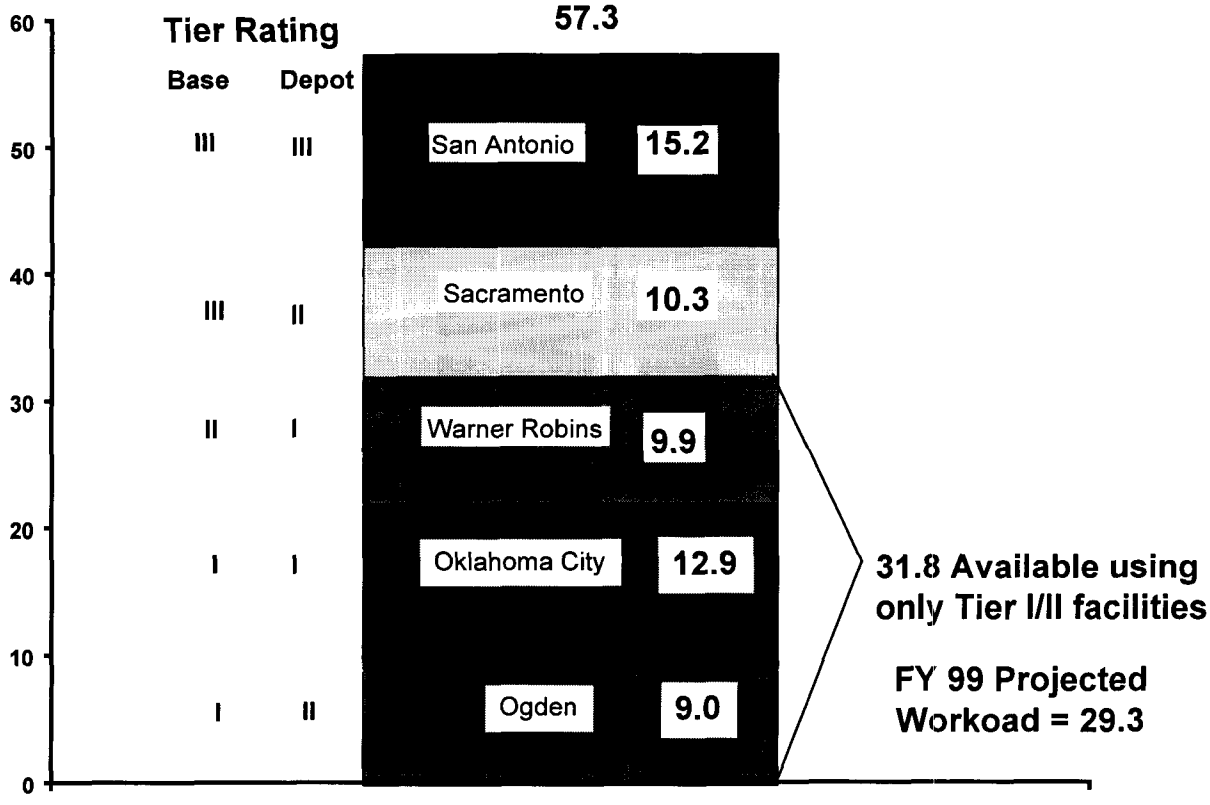
2. General Blume, the Air Force Base Closure Executive Group minutes indicate that the Air Force was studying the closure of Kelly and McClellan for 11 months. Were military value "tiers" a significant basis for studying Kelly and McClellan as closure candidates?

How did the low military values of Kelly Air Force base and McClellan Air Force base impact the Air Force's final base closure recommendations?

3. General Blume, the Air Force's depot downsizing recommendation would result in a "tier" 3 base (lowest ranking) receiving workload from "tier" 1 bases (highest ranking). What is the reason for this?

CHART 8

Air Force Certified Maximum Potential Capacity (Single Shift)
Reported to Joint Cross Service Group (Million Hrs)



4. General Blume, this chart (chart 8) shows a stacked bar which reflects each of the Air Force depots' maximum potential capacity. The bases are stacked according to base "tier" which is the proxy for military value. The chart demonstrates that all of the Air Force's depot maintenance workload could be performed by tier 1 and 2 installations.

This suggests that the Air Force's workload could be performed by three depots. Do you concur with this capacity analysis?

REENGINEERING

1. General Blume, all of the savings from the Air Force's BRAC recommendation to downsize all Air Force depots in place is the result of a 15 % reengineering factor.

Have the reengineering studies been performed yet?

What is the basis of the 15 % factor?

Was this based on certified data from the performing organizations?

Do your site surveys confirm this 15% productivity savings is achievable?

(If the answer is yes then Commissioner Steele or Davis could ask:)

2. General Blume, why was I told by Tinker and Robins that the 15% productivity improvement is not achievable?

MOTHBALLING AND DEMOLITION

1. General Blume, the Air Force's BRAC submission will eliminate 8.9 million of the 13.2 million hours of excess capacity, but will not eliminate or consolidate overhead structures and therefore overhead costs of the depot workload which results in higher hourly rates.

The BRAC submission equates to knocking down bedrooms and locking others when the kids go off to college, rather than moving into a smaller house.

What are the costs of demolishing 2.8 million square feet of depot space?

What are the savings?

How do savings accrue from mothballing depot space?

2. General Shane, did the Army consider downsizing depots? If not, why not?

In your view, is downsizing in place a cost effective method for sizing the depot infrastructure to meet force structure and program requirements?

3. Mr. Nemfakos, did the Navy consider downsizing maintenance facilities rather than closures? If not why not?

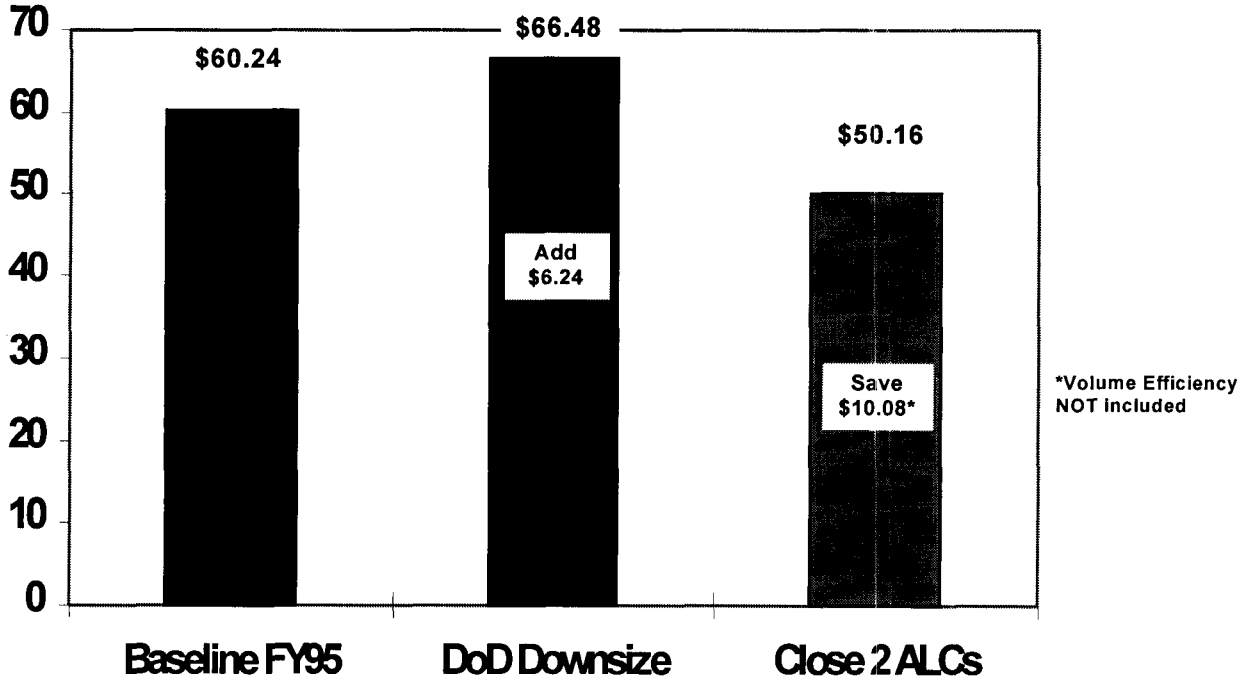
In your view, is downsizing in place a cost effective method for sizing the depot infrastructure to meet force structure and program requirements?

WHY THE AIR FORCE USED THE BRAC PROCESS

1. General Blume, the downsizing of ALCs would not breach the BRAC thresholds if actions were to be evenly phased over the next several years. Furthermore, if the personnel eliminations due to reengineering were subtracted from the BRAC recommendation, only one installation would have a workload adjustment which breaches the BRAC threshold.

Why did the Air Force choose to use the BRAC process if it could independently accomplish the same result?

CHART 9
REDUCTION IN DEPOT OVERHEAD COSTS



1. General Blume, the Air Force BRAC recommendation will not cut overhead of depots proportionately with reductions in capability. The increasing proportional size of overhead will result in increased depot labor hour costs. For example, the labor hour rate will increase $6 per hour at the Tinker depot under your depot downsizing proposal. (chart 9)

In addition to the BRAC proposals to downsizing in place, mothballing and demolition of depot space, will the Air Force take any steps to reduce depot overhead to make the depot system more efficient?

Shouldn't the Department eliminate at least proportional overhead and administrative costs when eliminating industrial capability? In other words, cutting the fat and muscle proportionately?

2. Mr. Nemfakos, the Navy has had considerable experience closing aviation depots.

How have the closures of Naval Aviation depots impacted the proportion of overhead vs. operating costs?

SHIPYARD ISSUES

1. Mr. Klugh, part of Navy's rationale for retaining Portsmouth NSY is its East Coast location. In moving shipyard work, did the Joint Cross Service Group account for the benefit of East Coast/ West Coast capabilities?

Did the JCSG take dry-dock capabilities and capacity into account?

2. Mr. Klugh, Cross Service Alternative Two (chart 1) proposes the closure of Long Beach and either Pearl Harbor or Portsmouth. Did the Joint Cross Service Group view Pearl Harbor and Portsmouth as equivalent in terms of capability as well as capacity?

3. Mr. Klugh, the COBRA for the shipyard scenario in Cross Service Alternative One indicates that virtually all of Portsmouth's workload can be moved to Norfolk for a total cost of $100 million. Since the COBRA predicts annual recurring savings from closing Portsmouth of $150 million, does this suggest that current and predicted shipyard workload does not justify keeping Portsmouth open?

4. Mr. Nemfakos considering this assessment about Portsmouth's workload and the projected annual recurring savings of $150 million, why didn't the Navy propose closing Portsmouth?

5. Mr. Nemfakos, the Navy says that "continuing decreases in force structure eliminates the need to retain the capacity to dry-dock large naval vessels for emergent requirements." How many large-decked ships (CV, CVN, LHA & LHD) are in the Pacific Fleet now? How many less are expected to be in the Pacific Fleet in 2001?

6. Mr. Nemfakos, currently, the Navy is creating the capability for refueling 688-class submarines at Norfolk, Pearl Harbor, and Puget Sound Naval Shipyards. How many 688's are slated to be refueled, and at which yards? When will these three shipyards have the capability to refuel 686-class submarines? How much is it costing to facilitize Pearl Harbor to perform these refueling, including training and military construction?

7. Mr. Nemfakos, in determining nuclear capacity, did the Navy consider the maintenance capacity at Newport News Shipbuilding and Electric Boat?

Considering that the Navy is performing carrier refueling in the private sector, what is the potential for private nuclear shipyards to perform submarine refueling?

8. Mr. Klugh, in both alternatives one and two, (chart 1) specific workload transfers are identified for each commodity group except for sea systems. In that case, the alternative states, "Consolidate as possible within the Department of the Navy." Why was the sea systems commodity area proposal not specific concerning workload distribution?

ARMY DEPOTS

1. General Shane, the Army studied two ground vehicle depots for possible closure, Red River and Letterkenney depots. Tobyhanna Army Depot was not studied for closure because it was considered a unique, one of a kind, depot for the repair of electronics components.

In terms of buildings and acres, Letterkenny is a considerably larger depot. Did the Army look at possibly closing Tobyhanna Army Depot and transferring the electronics workload to Letterkenny, a facility that is partly focused on electronics and partly focused on ground vehicle maintenance?

2. General Shane, your recommendation to transfer missile work to Tobbyhanna require added costs to transport guidance and control sections between Letterkenny and Tobyhanna. Were these costs included in the Army's COBRA analysis?

3. General Shane, in determining military value, why did the Army place heavy emphasis on capacity, which is based on the number of work stations to produce a particular workload, and relatively less emphasis on building square footage and expandable acreage?

Were other options considered as an alternative to the Letterkenny / Tobyhanna scenario recommended by DoD? For example, did the Army look at sending all of the tactical missile storage and maintenance workload to Hill Air Force Base and sending the residual conventional ammunition storage mission to other DoD storage locations? This would result in a total base closure, rather than a partial realignment.

4. General Shane, the Army plans to transfer ground vehicle workload from Letterkenny to Anniston, but none of the personnel authorizations would be realigned. How can this work be accomplished at Anniston with no additional people?

5. Mr. Klugh, why did the Cross Service initially recommend the decentralization of tactical missile maintenance and then later "approve " the Army plan to consolidate at Tobyhanna?

Did the JCSG consider the centralization of tactical missile maintenance at Hill Air Force Base? If so, what were the findings?

Was Anniston Army depot considered for missile maintenance consolidation?

6. Mr. Klugh, we understand the Joint Cross Service Group for Depot Maintenance looked at alternatives for accommodating tactical missile maintenance at three sites -- Barstow, Hill, and Anniston-- if Letterkenny were approved for closure.

In your view what are the advantages and disadvantage of consolidating like workloads at one single location versus the three locations suggested by your joint group?

Do you believe the Army's proposal to transfer guidance and control work to Tobyhanna, and leaving the ammunition and missile storage mission at Letterkenny is the best alternative?

7. General Shane, did the Army look at moving the Tobyhanna Depot to Letterkenny? If so, what were the results? Do you believe this would be a good idea?

NAVAL AVIATION DEPOTS

1. Mr. Klugh, your Cross Service team recommended the closure of Jacksonville Navy Aviation Depot. Where was their engine work to be done under your proposal?

Do you still support this proposed alternative?

2. Mr. Nemfakos, the Navy's configuration analysis did not result in a scenario that closed a complete Naval Aviation Depot. Did the Navy investigate any realignment scenarios that, through interservicing, would have reduced the substantial overcapacity for component and engine workload?

NAVAL WARFARE CENTERS

1. Mr. Nemfakos, when did you first hear of the proposal to privatize the Naval Surface Warfare detachment at Louisville?

Did you consider the privatization proposal when you wrote the language recommending closure of the Naval Surface Warfare detachment at Louisville?

What do you think of this privatization proposal?

Have you done a COBRA, or other analysis, to examine the economics of the proposal?

Do you believe it is possible to evaluate the proposal without including the changes that could be made at the Government Owned-Contractor Operated (GOCO) facilities in Minneapolis and Tucson?

2. Mr. Nemfakos, has the Navy reviewed the community proposal for the privatization of Indianapolis Naval Air Warfare Center? Please comment on the Navy's current assessment of the proposal.

Does the Navy's rejection of a proposed commercial and government use of the Propeller Shop and Foundry in Philadelphia relate to the potential for the Indianapolis proposal?

3. Mr. Nemfakos, the General Accounting Office testimony this morning recommended that the Commission thoroughly examine the basis for exclusions to the cost and savings data associated with recommendations for Naval Air Warfare Centers at Louisville, Indianapolis and Lakehurst. Please comment on the issue.

4. Mr.Nemfakos, did the Navy consider consolidating platting operations at Louisville's new $36 million modern platting facility?

5. Mr. Nemfakos, also during the Commission's visit to Louisville Naval Warfare Center, we were given documents that claim the Navy's recommendation does not include many costs to implement this recommendation. These excluded costs total $240.4 million, and are listed on chart #10. Could you please comment on these costs?

CHART 10

Data Call Area	Items Excluded	Costs Excluded
One Time Unique	CIWS Overhaul at crane	$48,600,000
Net Mission Costs	Depot Transitional costs to sustain fleet/workforce readiness	$45,370,000
Mission Costs	Increase costs due to stabilized rate at Norfolk Naval Shipyard	$29,120,000

6. Mr. Nemfakos, regarding the Naval Air Warfare Center in Indianapolis, could you explain why the Navy gave this installation a 0 in the Military Value category for integrated capabilities?

7. Mr. Nemfakos, during the Commission's recent visit to the Naval Air Warfare Center in Indianapolis, we were shown the systems design facility for the EP-3 and ES-3 aircraft. We were told by the Naval Air Warfare Center that the cost to relocate those facilities to China Lake would be $30 million. Could you please explain why the Navy only provided $1.17 million for Military Construction at China Lake to accommodate these facilities?

DEPOT CHART #1

1995 DEPOT/SHIPYARD CLOSURE AND REALIGNMENT ALTERNATIVES

Category	DoD	Cross-Service 1 Min Sites/Max Mil Value	Cross-Service 2 Min Excess Capacity
Army Depots	(C) Red River (R) Letterkenny	(C) Red River (C) Letterkenny	(C) Red River (C) Letterkenny
Navy Shipyards	(C) Long Beach	(C) Portsmouth (C) Pearl Harbor	*(C) Long Beach *(C) Portsmouth *(C) Pearl Harbor
Navy Aviation Depots		(C) Jacksonville	(C) Jacksonville
Navy Weapon Center	(C) Crane-Louisville (R) Keyport	(C) Crane-Louisville (C) Keyport	** (C) Crane- Louisville ** (C) Keyport
Air Force Aviation	(D) San Antonio (D) Sacramento (D) Ogden (D) Warner Robins (D) Ok City	(C) San Antonio	(C) San Antonio (C) Sacramento

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Air Force Depot Proposal

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($ Millions)

Consolidate at All Depots	One-Time Costs	FY96-01 Net Costs (Savings)	Annual Savings	Total Savings*
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*Savings in 20 year net present value

DEPOTS CHART #5

Comparison of Closure COBRA data from each Military Department (costs in $M)

	Air Force Kelly AFB	Navy Long Beach	Army Letterkenny	Army Red River
ROI year	9	0	0	0
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one time savings	7	0	0	0
Steady state savings	-76	-131	-123	-78
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% eliminated	7%	44%	63%	43%
% realigned	86%	12%	35%	27%

DEPOT CHART #5

Closure Sensitivity Analysis ($M) of Personnel Savings and Phasing

	One-Time Cost	Steady State Savings	Net Present Value
AF Baseline 7% personnel savings; close in year 6	582	76	283
15% personnel savings; close in year 6	572	154	1,102
15% personnel savings; close phased over 4 yrs	571	154	1,523
25% personnel savings; close phased over 4 years	561	244	2,764

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RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

OPENING REMARKS OF GENERAL DAVIS

UPT JOINT CROSS SERVICE GROUP

GOOD AFTERNOON, LADIES AND GENTLEMEN AND WELCOME TO OUR AFTERNOON SESSION. I AM GENERAL J.B. DAVIS AND IT IS MY HONOR TO CHAIR THIS PORTION OF THE HEARING, WHICH WILL HEAR TESTIMONY FROM THE UNDERGRADUATE PILOT TRAINING JOINT CROSS SERVICE GROUP.

WE ARE JOINED BY MR. LOUIS C. FINCH, DEPUTY UNDER SECRETARY OF DEFENSE FOR READINESS, WHO HEADED THE UPT GROUP, AND BY OUR SENIOR DEFENSE PERSONNEL FROM THIS MORNING: GENERAL SHANE, GENERAL BLUME, MR. NEMFAKOS AND MS. MCMANAMY.

AGAIN, THERE WILL BE NO OPENING STATEMENTS, AND WE CAN BEGIN AS SOON AS I HAVE SWORN IN MR. FINCH, AND ANY OTHER BACKUP WITNESSES WHO MAY BE CALLED UPON TO ANSWER QUESTIONS DURING THIS PANEL.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

UNDERGRADUATE PILOT TRAINING (UPT)
JOINT CROSS-SERVICE GROUP

PROCESS

1. Mr. Finch, did the Cross-Service analysis directed by the Secretary of Defense take place in the UPT-Joint Cross-Service Group in a manner sufficient to yield a joint result, and to provide savings due to the elimination of unnecessary DoD capacity in the final recommendations by the Air Force and the Navy?

2. Mr. Finch, the scope of analysis chosen by the UPT-Joint Cross-Service Group was as follows:

"Installations in the UPT category include all DoD flight programs which support and facilitate selection and training of pilots, naval flight officers and navigators to the point of awarding 'Wings.'"

This scope includes fixed and rotary wing training of all officer and enlisted student pilots, naval flight officers and navigators. Did you find the scope of UPT training programs, installations and student types you chose to be either too broad or not broad enough?

3. Mr. Finch, **CHART 1** shows the 10 functional areas selected for analysis by the UPT-Joint Cross-Service Group. Please discuss how they were determined.

Flight Screening	Advanced Maritime/Intermediate E-2/C-2
Primary Pilot	Helicopter
Airlift/Tanker	Primary and Intermediate Naval Flight Officer
Advanced Bomber/Fighter	Advanced Naval Flight Officer Strike
Strike/Advanced E-2/C-2	Advanced Naval Flight Officer Panel

FUNCTIONAL AREAS

UPT-Joint Cross-Service Group

- Flight Screening
- Primary Pilot
- Airlift/Tanker
- Advanced Bomber/ Fighter
- Strike/ Advanced E-2/C-2
- Advanced Maritime/ Intermediate E-2/C-2
- Helicopter
- Primary & Intermed. Naval Flight Officer
- Advanced Naval Flight Officer Strike
- Advanced Naval Flight Officer Panel

4. Mr. Finch, it is our understanding that the joint Air Force/Navy plan for UPT has not yet received final approval. Did the UPT-Joint Cross-Service Group consider this draft plan in its analysis? If this plan had been approved, would the results of your analysis have been different?

The draft plan assumes that the Air Force will be moving toward more single function training bases, similar to some of the Navy's training bases. With this in mind, please comment on the appropriateness of your use of an average of functional values for multiple training missions to determine a base's military value in this round of closures.

LINEAR PROGRAMMING OPTIMIZATION MODEL

1. Mr. Finch, your optimization analysis apparently placed primary emphasis on the installation military value data provided to you by the services, and less emphasis on the functional values developed by the UPT-Joint Cross-Service Group.

Please explain the reasoning for this approach?

2. Mr. Finch, your Joint Cross-Service Group minutes of March 24, 1994, state that the UPT category is largely installation oriented. If the value of a UPT base is best reflected in its functional rather than military value, why didn't you base your alternatives on model output which maximized functional value unconstrained by installation military value?

Since there is a direct correlation between the Joint Cross-Service Group's functional value rating and the Air Force's determination of military value, didn't the use of both functional and military value in the model simply increase the impact of functional value in the result?

3. General Blume, in your capacity as Co-Chairman of the Base Closure Executive Group (BCEG), did you agree with the UPT-Joint Cross-Service Group's selection and use of functional areas?

In what areas do you disagree with the method of their analysis?

Since the Air Force relied so heavily on the results of the Joint Cross-Service Group's computer model, did you analyze the model for calculation errors?

4. General Blume/Mr. Nemfakos, your Service recommendations used your own BRAC process as well as non-BRAC policy decisions to chose which UPT bases to close or realign. Why didn't your recommendations necessarily reflect the high functional value scores from the UPT-Joint Cross-Service Group?

5. Gen Blume, **CHART 2** shows the average functional value for each Air Force UPT base (the Reese score is adjusted based on your recent memo to us).

Columbus AFB	6.74
Vance AFB	6.67
Randolph AFB	6.53
Laughlin AFB	6.50
Reese AFB	6.22

I understand the Air Force Base Closure Executive Group (BCEG) used the functional values from the UPT-Joint Cross-Service Group. As shown on **CHART 3**, these averages were used to find military value by performing a standard deviation analysis to assign a color "Stop Light" code to Criteria I, "Flying Mission Evaluation." All eight criteria were then considered to derive an overall Air Force ranking: the result was Tier I for Columbus, Laughlin, Randolph, and Vance, and Tier III for Reese.

Why didn't the Air Force simply use the functional value for the training that is actually accomplished at each specific UPT base to determine its score? Would the result have been different?

6. Mr. Finch, did the UPT-Joint Cross-Service Group run any excursions using the Linear Programming Optimization Model, such as the ones shown on **CHART 4**:

a. Examining only Air Force Bases;
b. Examining only Naval Air Stations;
c. Excluding flight screening;
d. Excluding Navy-unique functional areas
e. Excluding Air Force-unique functional areas
f. Changing the weights on various factors, such as airspace?

What would the results be if these excursions were run?

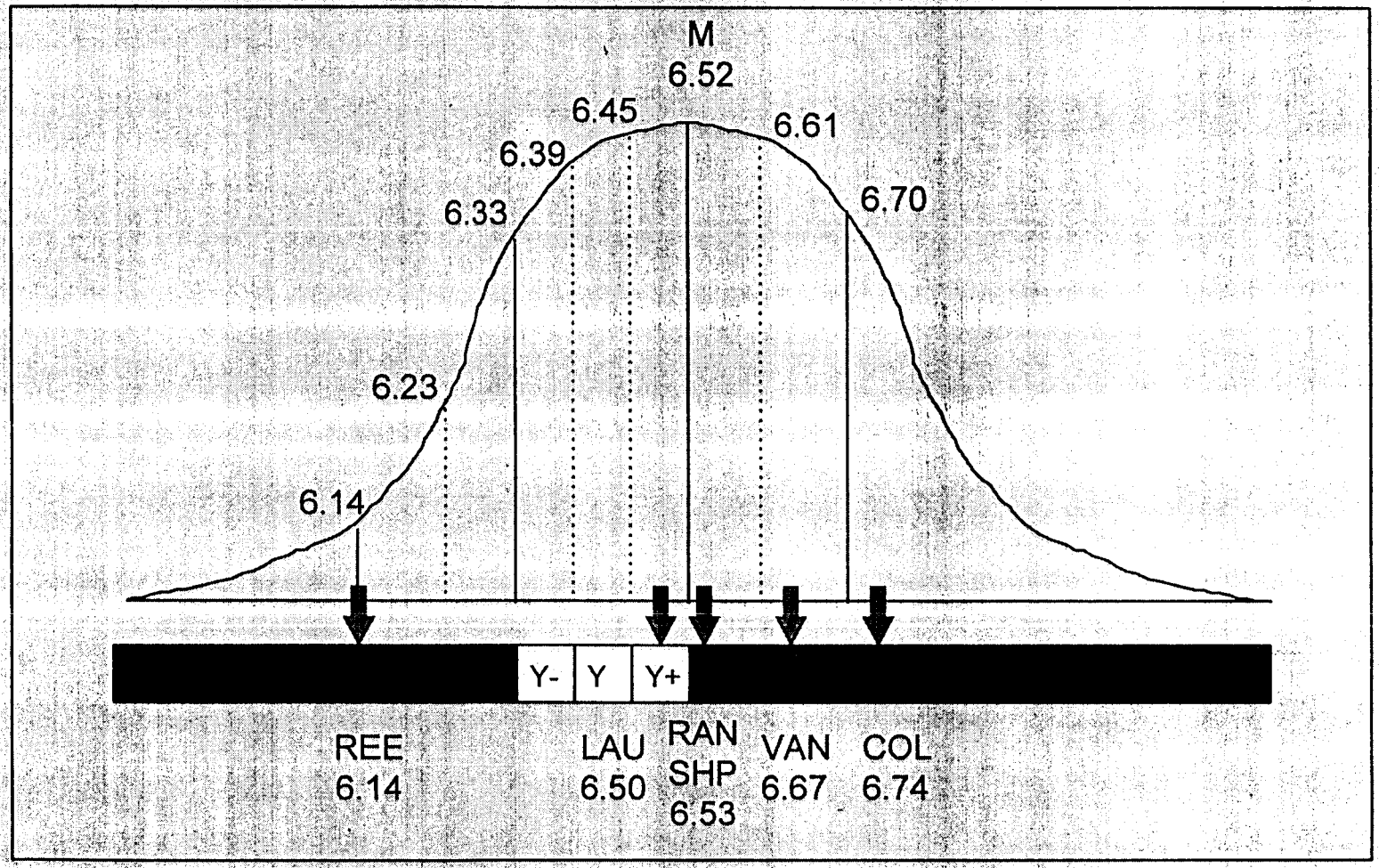
AVERAGE FUNCTIONAL VALUES

Air Force UPT Bases

Air Force Base	Functional Value
• Columbus AFB	6.74
• Vance AFB	6.67
• Randolph AFB	6.53
• Laughlin AFB	6.50
• Reese AFB	6.22

UPT Criterion I Color

Air Force BCEG



LINEAR PROGRAMMING MODEL

Excursions

- Air Force Bases only
- Naval Air Stations only
- Exclude Flight Screening
- Exclude Navy-unique Functional Areas
- Exclude Air Force-unique Functional Areas
- Change Weights on various factors

CAPACITY ANALYSIS

1. Mr. Finch, what were the options you considered for measuring capacity, and why did you choose the methods you did?

2. Mr. Nemfakos, what range of capacity requirements above the planned Pilot Training Rate (PTR) was used in your analysis to determine the viability of a proposed closure or realignment scenario? For example, did you test the ability of the remaining bases to meet a 10 or 20% increase in Pilot Training Rate (PTR)?

3. Mr. Finch, did your capacity analysis account for factors that influence capacity but are not readily apparent, such as:

a. Aircraft availability;
b. Instructor pilot shortages;
c. Delays of Primary student graduates feeding into the next level;
d. Weather; and
e. Periodic runway maintenance?

The effectiveness of a commander at one base may be greater than that at another in dealing with these limitations. How did your capacity analysis account for this intangible and otherwise unquantifiable factor?

4. Mr. Finch, a separate functional value for the Air Force's post-UPT Introduction to Fighter Fundaments (IFF) training was not included among the 10 functional areas selected for assessing the overall functional value of each UPT-category base.

Even though it is conducted after "Wings" are awarded, IFF is conducted at a UPT base, consumes capacity, and is similar in content to training events contained within the latter stages of the Navy's Strike Training syllabus.

Why didn't the UPT-Joint Cross-Service Group include IFF as an additional functional area?

5. General Blume, did the Air Force consider transferring the Introduction to Fighter Fundamentals training from Columbus AFB to another location such as Luke AFB in order to increase the capacity to do other training at Columbus?

6. Mr. Finch, in the consideration of training airspace for both capacity analysis and functional value, the UPT-Joint Cross-Service Group methodology permitted a base to claim credit for large sectors of airspace so long as any portion of it was within 100 nautical miles of the base. For bases near the Gulf of Mexico, this meant credit for huge over-water sectors.

Both Air Force and Navy UPT programs train predominantly over land. This is to permit such over-land flight training events as ground reference maneuvers and low level navigation training. Since credit for over-water airspace is not really relevant to actual UPT practice, doesn't giving credit for large blocks of over-water airspace skew the results in favor of coastal bases?

7. Mr. Finch, did either the Services or the UPT-Joint Cross-Service Group consider the impact of contracting some UPT functional training areas to outside sources?

8. Mr. Finch, by closing NAS Meridian and Reese AFB will the Navy and Air Force have sufficient capacity remaining to perform all UPT requirements?

Will sufficient capacity remain to accommodate a surge?

9. Mr. Nemfakos, closing NAS Meridian puts 'all of your eggs in one basket' by now only having NAS Kingsville for strike training. Can Kingsville satisfy all of your UPT requirements and still leave room for a surge?

10. General Blume, does closing Reese AFB leave sufficient capacity in the UPT area to provide for surge capability in pilot training?

HELICOPTER TRAINING

1. Mr. Finch, all of your alternatives move the Navy's helicopter training to Fort Rucker. There are several different ways to implement this alternative. For example, the Navy could retain their current helicopter training process and be collocated at Fort Rucker as an Army tenant; or the Navy's pilots could be integrated into the Army training through a consolidation.

Did the Joint Cross Service Group consider the issue of consolidation vs. collocation when developing its alternatives?

2. Mr. Finch, the Navy responded to your alternatives that closed Whiting Field with COBRA analyses that showed a high cost of implementing the movement of primary training to Naval Air Station Pensacola and helicopter training to Fort Rucker.

Did the UPT-Joint Cross Service Group look at variations to this scenario, such as the movement of helicopter training to Fort Rucker with primary training remaining at Whiting Field?

3. Mr. Nemfakos, would moving helicopter training out of Whiting Field help the Navy meet its requirement for outlying fields for primary training?

Does your answer change when considering the transition to any of the Joint Primary Aircraft Training System (JPATS) aircraft?

4. Mr. Nemfakos, the Navy Base Structure Evaluation Committee (BSEC) record states that the reason for rejecting the movement of helicopter training to Fort Rucker is the high one-time cost and long return on investment.

Did operational concerns also enter into this decision or was it strictly an economic decision?

REESE AFB

1. General Blume, please summarize the main reasons why the Base Closure Executive Group (BCEG) choose Reese AFB to close?

2. General Blume, the Lubbock, Texas, community offered to purchase and then lease back to the Air Force Reese AFB family housing as well as a 40,000 square foot hangar at Lubbock International Airport. Do these offers provide a favorable opportunity for the Air Force, and what is the status of your review?

3. General Blume, if Reese AFB is closed, where is the Air Force planning to transfer joint Air Force and Navy primary training?

4. General Blume, several issues have been raised regarding the accuracy of airspace data reported in the base questionnaires for UPT bases.

Since errors were discovered in the data for both Reese and Vance, has the Air Force reviewed the data for the other UPT bases?

Why was the quantity of low level Military Training Routes available for training a measure of merit instead of simple sufficiency?

In your view, what is the best way to judge the quality of a base's airspace, for example:

a. Functional area (primary versus strike and bomber/fighter);
b. Use versus control; or
c. Potential versus actual use?

5. General Blume, other UPT bases own or control more airspace than Reese AFB, but much of this airspace is not necessarily usable for UPT activities. Was Reese AFB down-graded because it lacks actual ownership and control of required airspace--even though access to the airspace it uses for UPT training activities is unimpeded and lacks any encroachment problems?

6. General Blume, although Reese contains a smaller volume of airspace, its proximity to this airspace is less than some other UPT bases. Why did the Air Force measure the distance to the leading edge of available training airspace rather than to its geographic center? Wouldn't this more properly reflect actual flight training practice?

7. General Blume, I have several questions relating to the weather.

Why was percent of time the ceiling and visibility are better than 1000 feet and 3 miles given any weight in the analysis when it is 1500 feet and 3 miles that represents a key weather decision factor in conducting Air Force flight training operations?

In tracking weather attrition, factors such as actual attrition experience, cancellations due to forecast icing conditions, and the occurrence of crosswinds out of limits can be used. Why was so much weight placed on crosswinds rather than some of these other factors in the UPT-Joint Cross-Service Group functional value analysis?

The T-38 attrition rate planning factor at Reese is 28 percent compared to 17 percent for the T-1. Since the T-1 factor is currently in use at Reese, why did the UPT-Joint Cross-Service Group use the T-38 instead of the T-1 planning factor in its functional value analysis?

8. Mr. Finch, why did the UPT-Joint Cross-Service Group functional analysis only measure adequacy of housing and not whether it met Air Force "Whole House" standards, a superior method for measuring the condition and future cost requirements of military family housing?

9. General Blume, a lot has been learned about conducting joint primary training at Reese AFB. How was this experience factored, weighted, or considered in the analysis to close a UPT base?

NAVY ISSUES

1. Mr. Nemfakos, please summarize the main reasons why the Base Structure Evaluation Committee (BSEC) choose NAS Meridian to close?

2. Mr. Nemfakos, are the flight operations per strike Pilot Training Rate (PTR) at NAS Meridian and NAS Kingsville that were used in your capacity analysis the same? Please explain any differences.

What is the current operations per strike Pilot Training Rate at NAS Kingsville? How does this compare with the figure used to determine strike Pilot Training Rate capacity at NAS Kingsville?

3. Mr. Nemfakos, to what extent was the Navy's determination that a single intermediate/advanced strike UPT base contained sufficient capacity to conduct training to support the strike Pilot Training Rate (PTR) in the future and under surge operations based upon the availability of NAS Corpus Christi as an outlying field?

What is the maximum strike Pilot Training Rate (PTR) that NAS Kingsville could support with both Outlying Field (OLF) Orange Grove and NAS Corpus Christi available as outlying fields?

To what extent would the strike training capacity of NAS Kingsville be impacted if NAS Corpus Christi was not available?

4. Mr. Finch, please discuss the process used to analyze a potential NAS Meridian/Columbus AFB complex.

What alternatives or "strawmen" did the UPT-Joint Cross-Service Group consider?

What COBRA runs were performed to assess a potential NAS Meridian/Columbus AFB complex?

What cost advantages were considered (for example, NAS Meridian and Columbus AFB using joint targets and outlying fields and sharing excess capacity during runway maintenance)?

5. Mr. Nemfakos, if the redirect of mine warfare helicopter assets to NAS Corpus Christi not approved, what impact would that have on the operations per day available for pilot training at Corpus Christi?

How much do other flight operations at Corpus Christi reduce daily operations available for pilot training?

FLIGHT SCREENING AND JOINT PRIMARY AIRCRAFT TRAINING SYSTEM (JPATS)

1. Mr. Finch, will Joint Primary Aircraft Training System (JPATS) increase or decrease the number of bases required for UPT training?

2. Mr. Finch, what was the impact of Joint Primary Aircraft Training System (JPATS)-related issues on the group's assessment of functional value?

What specific facility and airspace requirements were used to determine Joint Primary Aircraft Training System (JPATS) functional values?

3. Mr. Finch, I understand the Air Force operates a flight screening program to identify suitable student pilot candidates for UPT. The Navy screens by means other than a flight program. The Air Force contended that including Flight Screening within the scope of the UPT-Joint Cross-Service Group would unnecessarily complicate the analysis of UPT base capacity and functional value.

The UPT-Joint Cross-Service Group concluded, however, that since Flight Screening reduces attrition in the Primary UPT phase, it does have an impact on UPT capacity, and was included.

In the alternatives produced by the computer model, the Flight Screening function was moved out of Hondo and the Air Force Academy. Your group, however, chose to disregard this result.

How does the functional value analysis of Flight Screening help distinguish the relative merits of UPT bases when the Air Force has no intent to conduct Flight Screening at a UPT base?

Why did you include Flight Screening, a function not done at UPT bases, and not include Introduction to Fighter Fundamental (IFF) training, a function that is done at UPT bases, in the scope of your analysis?

In retrospect, was the inclusion of Flight Screening a flaw in the analysis?

Merrill Beyer and Mark Pross/Air Force Team
Jim Brubaker/Navy Team/April 14, 1995

Congress of the United States
Washington, DC 20515

April 12, 1995

Please refer to this number when responding 95048-17

Honorable Alan J. Dixon
Chairman
Defense Base Closure & Realignment Commission
1700 North Moore Street
Suite 1425
Arlington, Virginia 22209

Dear Mr. Chairman:

As you prepare for your April 17th hearing on the Joint Cross-Service Working Groups' involvement in the Pentagon's base closure and realignment recommendations, we would be most appreciative if you would raise a number of issues with regard to the consolidation of undergraduate pilot training. Enclosed are a number of questions that you and the commissioners may want to put before the witnesses.

We applaud the addition of the joint cross-service working groups into the base closure process. They provided a new and important analysis that considered jointness and the consolidation of roles and missions. Unfortunately, in the case of undergraduate pilot training, the Pentagon acted on only half of the mission. While they agreed that introductory fixed wing training operations could be consolidated between the Air Force and the Navy, the Pentagon chose not to act on the recommendation to consolidate primary helicopter training between the Navy and the Army. We believe that this is a grave mistake, and a missed opportunity to provide the American taxpayer with significant cost savings.

Mr. Chairman, we can no longer afford unnecessary duplications in the military when more efficient and equally effective training arrangements are available. The consolidation of primary helicopter training is long overdue, and we hope that you and the other commissioners will consider this opportunity during your deliberations of the 1995 base closure process.

With best regards, we are

Sincerely yours,

Terry Everett
TERRY EVERETT, MC

Richard Shelby
RICHARD SHELBY, USS

Howell Heflin
HOWELL HEFLIN, USS

Proposed Questions

BRAC 95 HEARING ON JOINT CROSS-SERVICE RECOMMENDATIONS

UNDERGRADUATE PILOT TRAINING

17 APRIL 1995

In November of 1994, the Joint Cross-Service Group on Undergraduate Pilot Training submitted three different alternatives for consideration by the military departments and Secretary Perry. According to documents submitted to the BRAC, each alternative reduced excess capacity while maintaining high military value. **Each of the three alternatives consistently recommended consolidating all military undergraduate helicopter pilot training at Fort Rucker.**

However, these recommendations were not adhered to in there entirety. Secretary Perry chose not to consolidate UHPT at Fort Rucker as recommended due to high MILCON costs associated with closing Whiting NAS. He then directed consolidating all Navy initial fixed wing training at Whiting NAS.

- Why is it that consolidation of UHPT at Rucker was not adopted?
- Since the Navy is moving all of its initial fixed wing training to Whiting NAS, wouldn't limited space be freed-up if UHPT was moved to Ft. Rucker?
- From an efficiency, doesn't it make sense to have all initial rotary wing training deducted at one location?

On March 30, 1993 General Colin Powell stated at the House Armed Services Committee Army Posture Hearing that, "I believe the proper place to do the centralization (of UHPT) and where it can be done very well is at Fort Rucker, Alabama". He went on to say, "I am committed to push this as hard as possible because there are real savings here and this is where we ought to find the savings."

The cost to transfer the UHPT operation at Whiting Field to Fort Rucker is less than $18 million dollars. In 1992 the DoD IG reported that relocation of UHPT to Fort Rucker would save at least $79 million dollars over 5 years.

- Is this savings estimate still valid today?

In a proposal to the Roles & Missions Commission, the Army has stated that by consolidating all primary DoD rotary wing training, integration and standardization among the services would be enhanced to truly support jointness. Each of the services would continue to provide advanced training for their own unique aspects of rotary wing aviation.

The Army has the capacity to train all of DoD's primary helicopter pilot requirements without any need for expansion or new construction.

- From an efficiency and interoperability standpoint, doesn't it make sense for all introductory helicopter pilot training to be conducted by the Army?

During the BRAC 95 Navy hearing earlier this year, General Mundy commented that in the 1970's the Army was training Marine helicopter pilots, and that this arrangement worked very well.

- Is there any reason why the Marine Corps couldn't return to this arrangement?

In 1992, the JCS report on Roles & Missions recommended consolidation of all primary helicopter training with the Army. A team led by the Navy was tasked by Secretary of Defense Aspin to review this recommendation. Their findings concluded that consolidation would need to be put on hold until primary training for both fixed wing and rotary wing could be evaluated together, the service and operating costs of the new TH-67 trainer had been determined, and that the decision would be made with the context of a base closure round.

- Each of these points has been satisfied, yet DoD only adopted the fixed wing portion of the Cross-Service Group recommendation. Why was rotary wing training ignored?

Earlier this year, the Navy testified before the BRAC 95 commission that the consolidation of Navy helicopter training with the Army was not feasible because it was a "people" issue, or a quality of life issue and that Navy Pilots fly in more extreme weather conditions at sea than the Army does. If that in fact is the case, why does the Pentagon continue to request Army helicopters and pilots to support naval missions?

A number of Army missions in support of Naval operations:

1983: Operation Urgent Fury
** Shipboard operations involving the Army's 18th Airborne Corps: UH-60's, OH-58A/C's, AH-1's

1987: Operation Prime Chance
** Shipboard and overwater operations involving the Army's 4/17th CAV (now 4/2) with OH-58D's
** valid CONOPS mission today

1994: Operation Uphold Democracy - Haiti
** 10th Mountain Division operated from the USS Eisenhower
** OH-58D's had extensive missions prior to invasion
** UH-60's, CH-47's, OH-58A/C's and AH-1's transported troops and equipment to the AO for several days, followed by command & control missions

Each Army Aviation unit has a task for shipboard operations incorporated in their mission essential list of tasks. The Army trains for shipboard operations and performs shipboard operations.

In 1992, MGen. Dave Robbins, then-Commander of the Army Aviation Center, noted that one of the main reasons the Navy was opposed to consolidating this training with the Army was because the Navy used initial fixed-wing training as a "cutting" tool for students.

* Do you believe this to be the case, and is there any legitimate reason why the Navy needs this extra "cutting" tool?

* Could the Navy use the Army's training syllabus that places student pilots directly into the rotary wing pipeline?

According to the DoD IG, "Relocating the Navy's primary helicopter training to Fort Rucker would relieve ground and air traffic congestion at Whiting Field NAS."

* Is there a problem with congestion at Whiting Field, both in the air and on the ground? If so, would relocation of the Navy's Undergraduate Helicopter Pilot Training program free up space at Whiting Field?

* How does Fort Rucker compare with Whiting with regard to available space?

* Since the Army already owns nearly 80% of all DoD helicopters, does Fort Rucker have the capacity to train all of DoD's primary helicopter pilot requirements?

FUNCTIONAL AREAS

UPT-Joint Cross-Service Group

- Flight Screening
- Primary Pilot
- Airlift/Tanker
- Advanced Bomber/ Fighter
- Strike/ Advanced E-2/C-2
- Advanced Maritime/ Intermediate E-2/C-2
- Helicopter
- Primary & Intermed. Naval Flight Officer
- Advanced Naval Flight Officer Strike
- Advanced Naval Flight Officer Panel

AVERAGE FUNCTIONAL VALUES

Air Force UPT Bases

Air Force Base	Functional Value
• Columbus AFB	6.74
• Vance AFB	6.67
• Randolph AFB	6.53
• Laughlin AFB	6.50
• Reese AFB	6.22

THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

OPENING REMARKS OF MR. KLING

MEDICAL JOINT CROSS SERVICE GROUP

NEXT WE WILL HEAR TESTIMONY FROM THE MEDICAL JOINT CROSS SERVICE GROUP. WE ARE PRIVILEGED TO HAVE WITH US DR. EDWARD D. MARTIN, PRINCIPAL DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS, WHO HEADED THE GROUP.

WE WILL BEGIN COMMISSIONER'S QUESTIONS AS SOON AS I HAVE SWORN IN DR. MARTIN, AND ANY OTHER BACKUP WITNESSES WHO MAY BE CALLED UPON TO ANSWER QUESTIONS DURING THIS PANEL.

DO YOU SOLEMNLY SWEAR THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

MEDICAL JOINT CROSS SERVICE GROUP

PROCESS

1. Dr. Martin, would you please describe the make-up of your Medical Joint Cross Service Group and briefly explain the process by which your group developed its realignment and closure alternatives?

2. All but one of the 16 Joint Cross Service Group alternatives describe realignment of an acute care hospital to an outpatient clinic.

Dr. Martin, why were so many of the Joint Cross Service Group's alternatives realignments rather than closures? Is realignment to a clinic a cost effective way to eliminate capacity? Would it be more cost effective to close rather than realign hospitals, especially in areas with other military hospitals in the area or substantial civilian capacity?

Dr. Martin, what exactly did the Joint Cross Service Group have in mind when it used the word "clinic?" Who has the final say as to what is included in a clinic, and who decides how many people it takes to operate one?

General Shane, how did the Army define "clinic" for the Fort Lee and Fort Meade realignments? What was the basis for the size of the staff reductions in the recommendations for those two hospitals?

Mr. Pirie, do the Navy's definitions or assumptions about hospital-to-clinic realignments differ from the Army's? If so, please elaborate.

General Blume, do the Air Force's definitions or assumptions differ from those of the other two services? If so, please elaborate.

3. Dr. Martin, do opportunities exist for the downsizing and realigning of hospitals to allow for the specialization of medical capabilities or functions within a certain geographic area?

Could these actions allow for better care through specialization, and lower costs through reduced infrastructure?

Were opportunities for this type of realignment identified and/or considered?

4. General Shane, in developing the cost savings estimates for the two Army hospital realignment actions, what assumptions did the Army make about both inpatient and outpatient CHAMPUS cost increases?

5. Dr. Martin, given that direct care services in military hospitals are essentially free to beneficiaries, while services received under CHAMPUS involve copayments and deductibles, do you believe it is reasonable to conclude that demand for services may diminish when direct care services are reduced?

PRIOR ROUND AND NON-BRAC ACTIONS

1. Dr. Martin, will you please briefly describe how reductions in the medical area fit into the larger, DOD-wide drawdown context? Do past BRAC actions and the current set of recommendations keep pace with changes in the rest of the military or are medical assets drawing down at a faster or slower pace?

2. Dr. Martin, in meetings with Commission staff you described a number of hospital realignment actions taking place outside of the BRAC process.

Would you please describe what the Department is doing to eliminate excess inpatient capacity beyond the recommendations sent to this Commission? Why isn't the Department doing these actions through the BRAC process?

Given the frequency with which budgets can and do change, what assurances do you and the Commission have that these actions are really going to take place? Do you believe it would be beneficial for the Commission to add any or all of the actions you describe to its list of actions to consider?

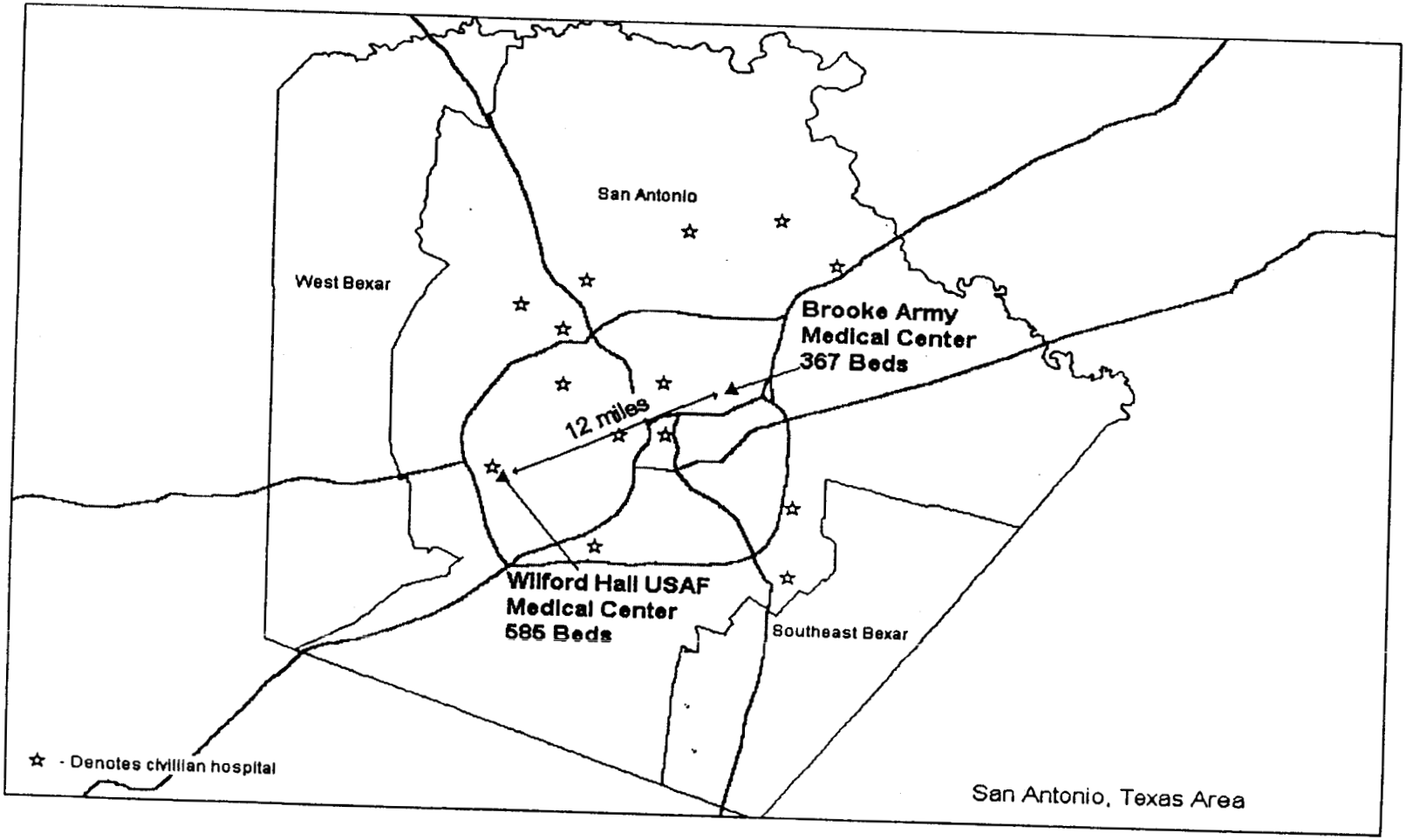
3. Dr. Martin, **CHART 1** shows the San Antonio, Texas area. We can see from this chart that it is home to two large military medical centers and a large number of civilian hospitals. This appears to be an example of an opportunity to eliminate a substantial portion of excess capacity, and, indeed, the Air Force facility, Wilford Hall, was on the Joint Cross Service Group list of realignment alternatives. Yet neither facility is on the DOD list.

Dr. Martin, why is this?

General Blume, why did the Air Force choose not to realign Wilford Hall to either a clinic, as the Joint Cross Service Group alternative suggests, or a community hospital?

General Shane, do you believe there is a surplus of medical center beds in San Antonio? If so, why did the Army build the new facility at Fort Sam Houston?

Military Medical Centers -- San Antonio, Texas



4. Dr. Martin, in meetings with Commission staff, you've discussed plans to change Wilford Hall into a community hospital configuration, while consolidating graduate medical education at Brooke Army Medical Center.

What is the status of this plan?

Are you comfortable with the Army and Air Force plans to enact this alternative through the budget process? If not, do you feel that Commission action could better ensure that the necessary realignment takes place?

Given the unique aspects within both the Brooke Army Medical Center and Wilford Hall, would you envision any actual infrastructure operating efficiencies by a consolidation? Would you actually be able to close a facility by consolidation?

REQUIREMENTS

1. Dr. Martin, **CHART 2** shows the current inventory of military hospitals and hospital beds in the United States as taken from the Joint Cross Service Group's linear programmimg model dataset.

Does the Department need all of these hospitals and beds? How many staffed, operating military hospital beds does the Department need to meet peacetime requirements?

How many beds are needed to meet the readiness requirement of two major regional contingencies (MRCs)? Do the beds needed to support wartime requirements come from the operating total or the expanded bed total?

Are Department of Veterans Affairs Medical Center beds counted as being available to satisfy any of the wartime (2 MRC) or peacetime requirements?

Are civilian beds, particularly at hospitals enrolled in the National Disaster Medical System, a part of this equation?

2. Dr. Martin, we understand that there is some disagreement within the Department in the area of wartime readiness requirements for hospital beds, and we know that this is not something that this Commission is going to solve.

However, do even the highest estimates of required wartime beds exceed the current inventory of over 20,000 mobilization beds?

Military Hospitals -- U.S.

	Hospitals	Operating Beds	Available Beds	Expanded Beds
Army	32	4,751	7,464	9,682
Navy	19	2,395	3,383	3,865
USAF	48	2,538	4,761	6,501
Total	99	9,684	15,608	20,048

Source: JCSG Linear Programming Model Dataset

CLOSURE IMPACTS/DOD INITIATIVES TO MITIGATE ADVERSE EFFECTS

1. Dr. Martin, the Commission has been receiving many letters from people worried about their access to health care services if "their" military hospital closes. Most of these letters are from retirees, many of whom are age 65 or over and no longer eligible for CHAMPUS. Beyond their worries about access, many of these letters talk in very heartfelt terms about promises of lifetime medical care that will be broken with the closure of a hospital.

Would you please tell us about just who is entitled to care in DOD medical facilities?

What are the priorities for treating beneficiaries in DOD medical facilities?

2. Dr. Martin, would you please describe what you see as the impact of closures and realignments on the users of closed or realigned hospitals, as well as any DOD or Service programs that will be put in place to mitigate the impacts on these people?

SERVICE'S RESPONSES TO JOINT CROSS SERVICE GROUP ALTERNATIVES

1. Dr. Martin, eleven of the sixteen alternatives provided to the Services by the Joint Cross Service Group were not accepted.

Are you satisfied that the DOD list goes as far as it should in reducing medical infrastructure? In your opinion, do the eleven rejected alternatives represent missed opportunities?

2. General Shane, would you please explain why the Army accepted some of the Joint Cross Service Group alternatives but not others?

3. Mr. Pirie, would you please explain why the Navy did not accept either of the two Naval Hospital realignment alternatives on the Joint Cross Service Group list?

4. Based on documents provided to the Commission and discussions with Commission staff, our understanding is that the Army and the Navy both performed COBRA analyses for all of the Joint Cross Service Group alternatives, but that the Air Force did not perform any.

General Blume, is this correct? If so, why didn't the Air Force do the analyses needed to determine such an important aspect of the feasibility of the alternatives?

General Blume, did the Air Force actively participate in the Joint Cross Service Group effort? Why?

Dr. Martin, if the Air Force wasn't going to consider the Joint Cross Service Group alternatives, why did the Joint Group bother to consider Air Force Hospitals at all?

Medical Joint Cross Service Group Alternatives

CLOSE

Fitzsimons Army Medical Center, CO*

REALIGN TO CLINIC

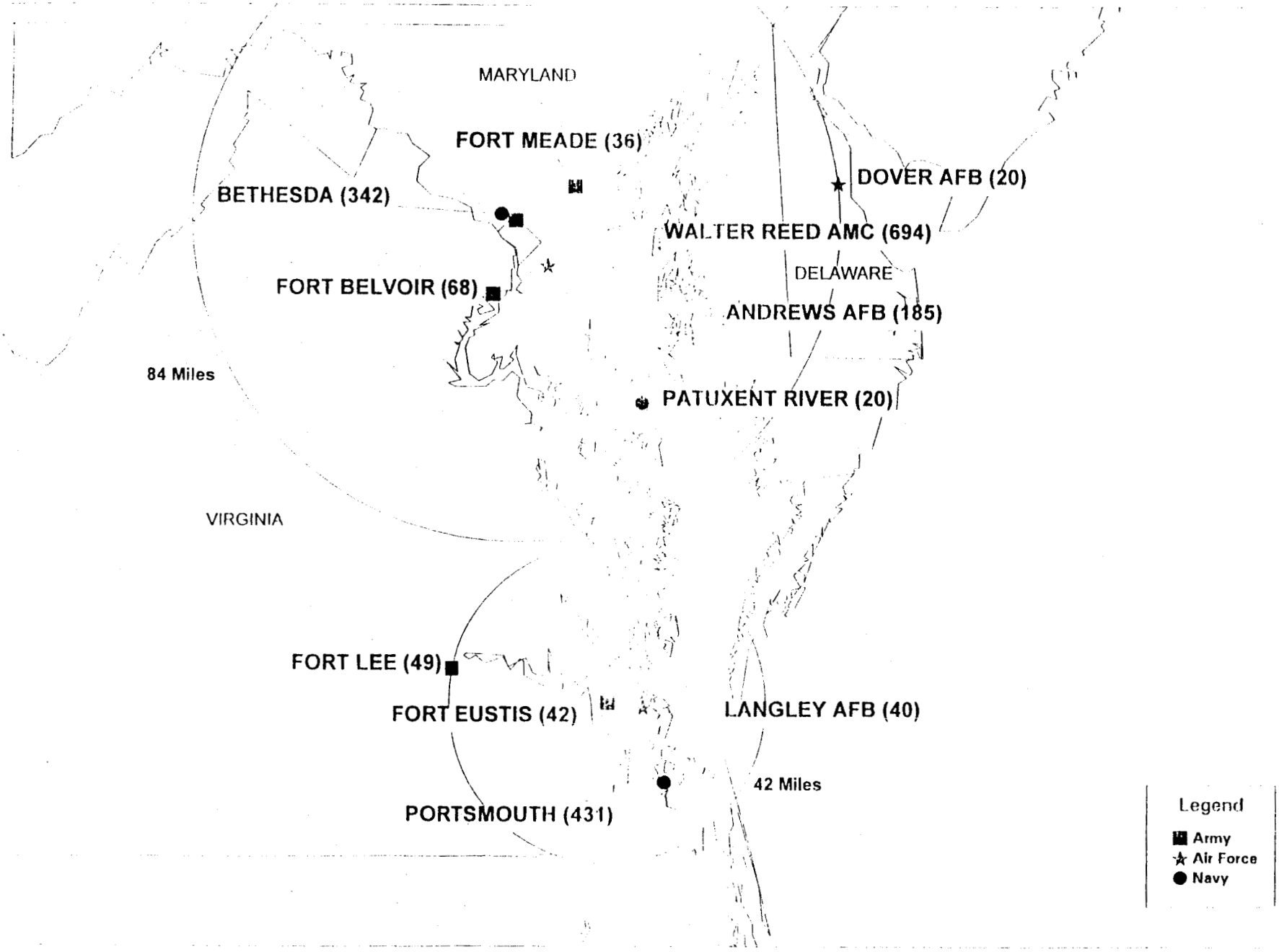
Fort McClellan, AL*
Fort Rucker, AL
Fort Meade, MD*
Fort Belvoir, VA
Fort Lee, VA*

Naval Hospital Beaufort, SC
Naval Hospital Corpus Christi, TX

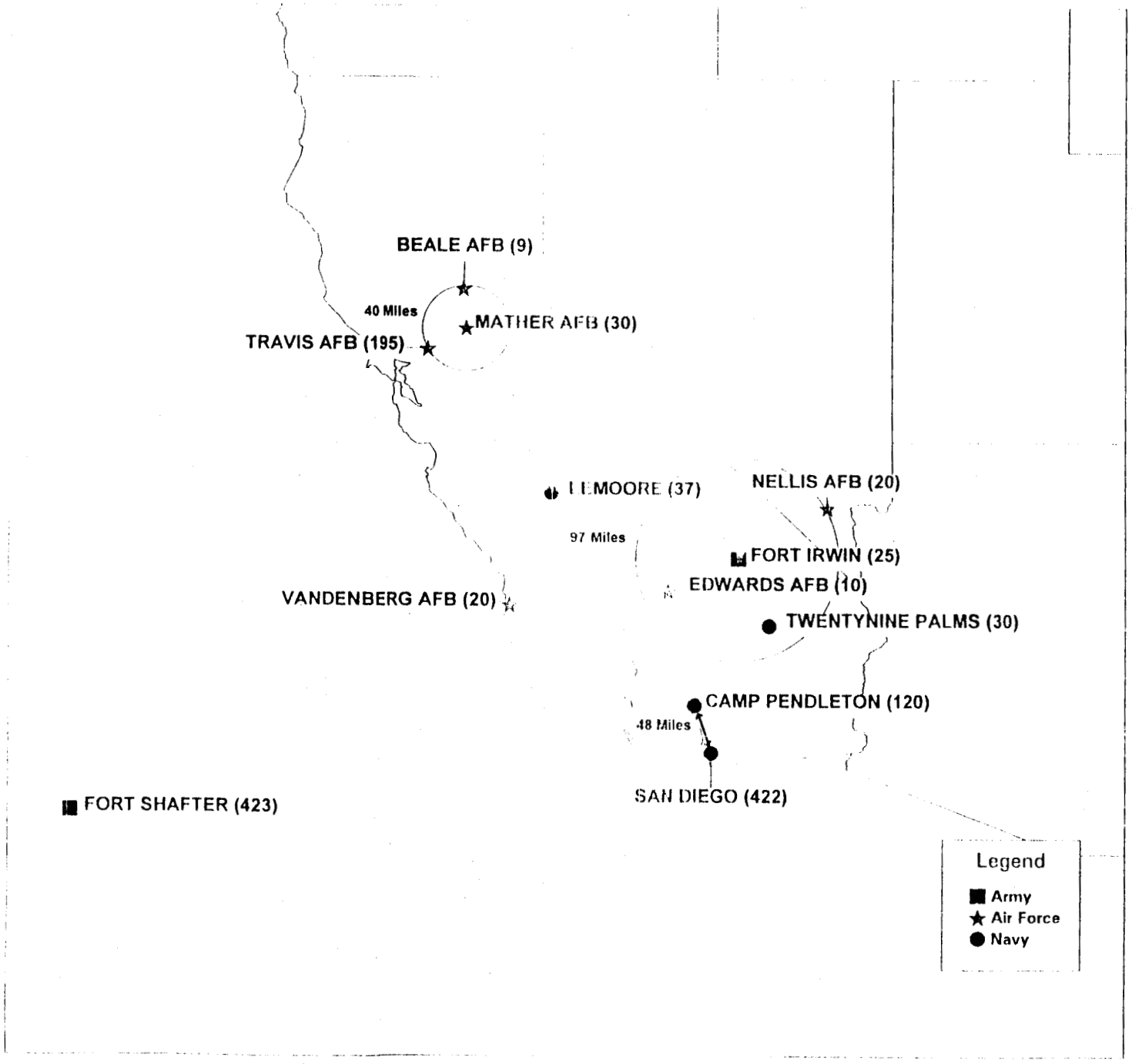
Scott AFB, IL
Wright-Patterson AFB, OH
Shaw AFB, SC
Reese AFB, TX*
Sheppard AFB, TX
Langley AFB, VA
Air Force Academy, CO
Wilford Hall Medical Center, TX

* Hospitals on DOD BRAC List

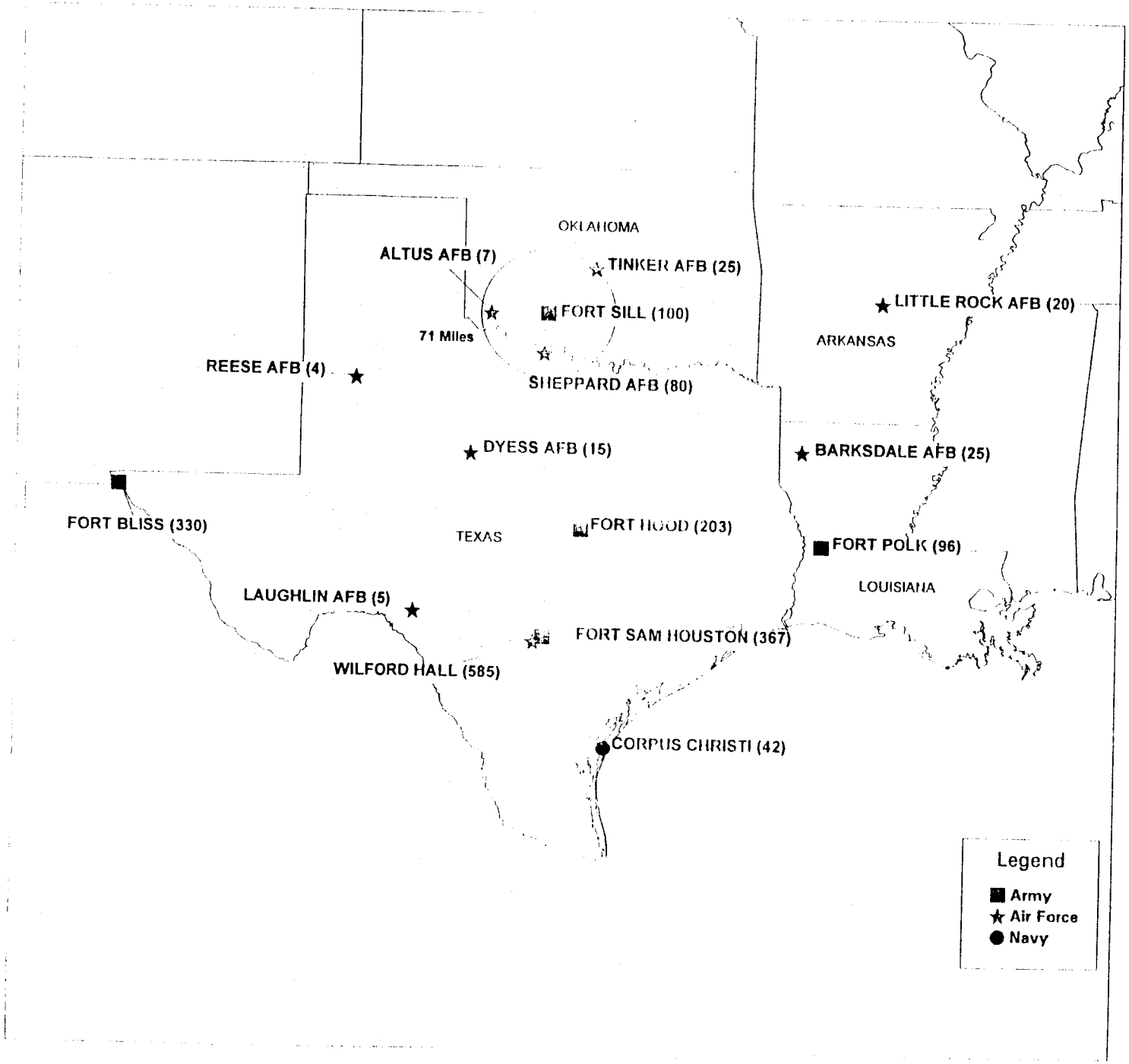
Hospital Operating Be Mid-Atlantic Region



Hospital Operating Beds
California, Nevada, Hawaii



Hospital Operating Beds
Arkansas, Louisiana, Oklahoma, Texas



Medical Joint Cross Service Group Alternatives

CLOSE

Fitzsimons Army Medical Center, CO*

REALIGN TO CLINIC

Fort McClellan, AL*
Fort Rucker, AL
Fort Meade, MD*
Fort Belvoir, VA
Fort Lee, VA*

Naval Hospital Beaufort, SC
Naval Hospital Corpus Christi, TX

Scott AFB, IL
Wright-Patterson AFB, OH
Shaw AFB, SC
Reese AFB, TX*
Sheppard AFB, TX
Langley AFB, VA
Air Force Academy, CO
Wilford Hall Medical Center, TX

* Hospitals on DOD BRAC List

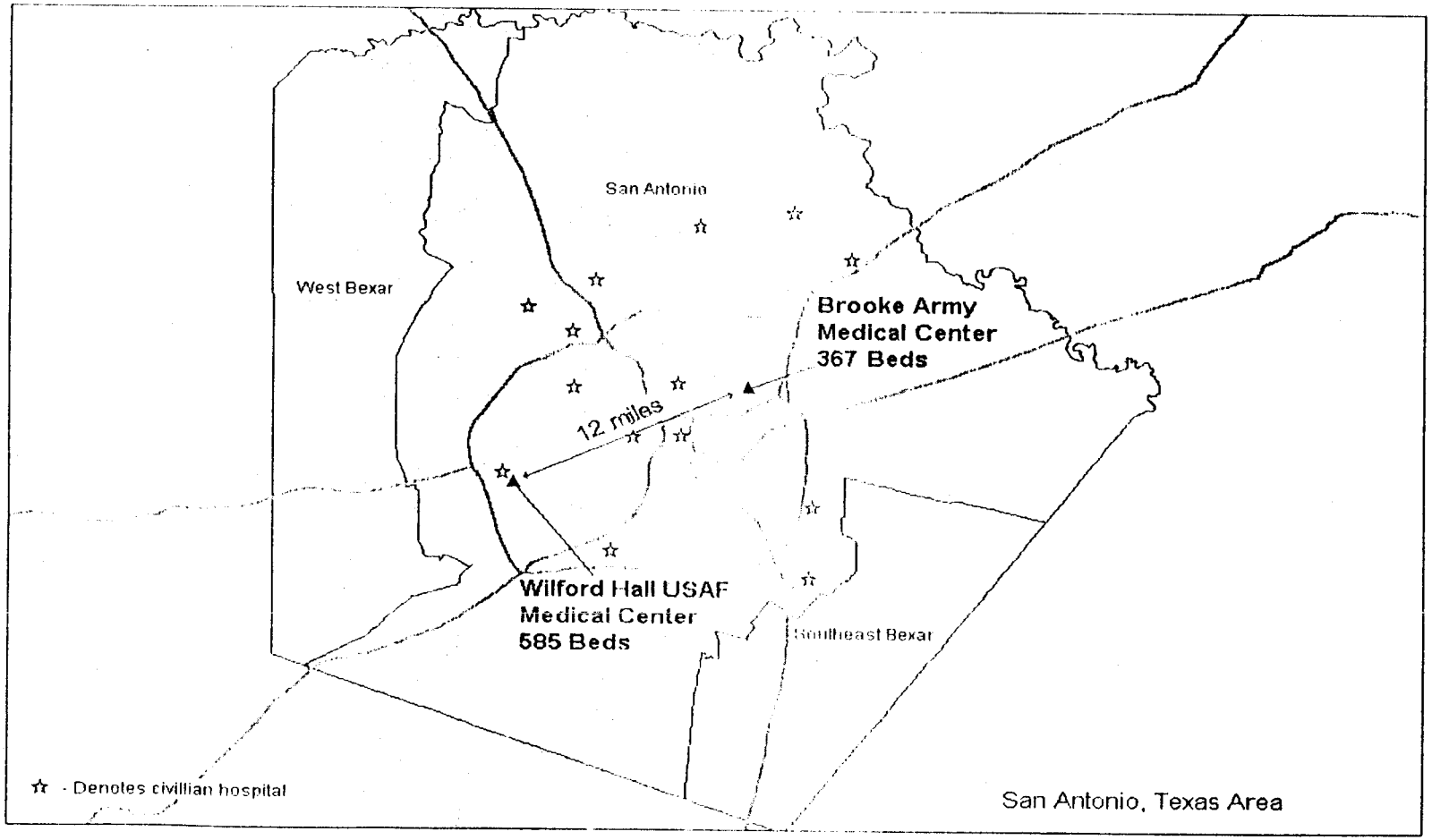
Military Hospitals -- U.S.

	Hospitals	Operating Beds	Available Beds	Expanded Beds
Army	32	4,751	7,464	9,682
Navy	19	2,395	3,383	3,865
USAF	48	2,538	4,761	6,501
Total	99	9,684	15,608	20,048

Source: JCSG Linear Programming Model Dataset

M 3

Military Medical Centers -- San Antonio, Texas



DEFENSE BASE CLOSURE
AND REALIGNMENT
COMMISSION

INVESTIGATIVE HEARING

GAO & DOD JOINT CROSS SERVICE GROUPS

APRIL 17, 1995

ROOM 216
HART SENATE OFFICE BUILDING
WASHINGTON, DC

EXECUTIVE SECRETARY

INVESTIGATIVE HEARING
GAO & DOD JOINT CROSS SERVICE GROUPS

APRIL 17, 1995
HART SENATE OFFICE BUILDING, RM 216

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5. COMMISSIONER QUESTIONS: DEPOT MAINTENANCE JOINT CROSS SERVICE GROUP.

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THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
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703-696-0504

ALAN J. DIXON, CHAIRMAN

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RADM BENJAMIN F. MONTOYA, USN (RET)
MG JOSUE ROBLES, JR., USA (RET)
WENDI LOUISE STEELE

OPENING REMARKS OF MR. MONTOYA

LABS AND TEST & EVALUATION
JOINT CROSS SERVICE GROUPS

OUR FINAL GROUP OF THE DAY IS THE JOINT CROSS SERVICE GROUP ON LABS AND TEST & EVALUATION.

WE ARE PLEASED TO HAVE WITH US THE CO-CHAIRS OF THE T&E GROUP, MR. PHILIP E. COYLE, WHO IS DIRECTOR OF OPERATIONAL TEST AND EVALUATION, AND MR. JOHN A. BURT, WHO IS DIRECTOR OF TEST, SYSTEMS ENGINEERING AND EVALUATION IN THE DEPARTMENT OF DEFENSE.

WE ALSO HAVE WITH US DR. CRAIG DORMAN, DEPUTY DIRECTOR FOR LABORATORY MANAGEMENT, WHO WAS THE LAB STUDY TEAM LEADER.

IF YOU THREE GENTLEMEN WILL STAND, AND ANY OTHER BACKUP WITNESSES WHO MIGHT BE CALLED UPON TO ANSWER QUESTIONS , I WILL ADMINISTER THE OATH AND WE WILL BEGIN WITH COMMISSIONER'S QUESTIONS.

DO YOU SOLEMNLY SWEAR OR AFFIRM THAT THE TESTIMONY YOU ARE ABOUT TO GIVE BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION SHALL BE THE TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH?

LABORATORY AND TEST AND EVALUATION JOINT CROSS SERVICE GROUPS

I. LABORATORY QUESTIONS

1. Dr. Dorman, in summarizing the results of the Services' laboratory cross servicing, the Chair of the Laboratory Joint Cross-Service Group wrote, and I quote: "The final results are disappointing and unbalanced. Cross-servicing is minor at best."

What is the impact of DoD's 1995 BRAC recommendations on excess laboratory capacity?

2. What would have been the impact on excess laboratory capacity if the Laboratory Joint Cross Service Group's four priority alternatives had been accepted by the Services and DoD?

SEE CHART #1

3. General Shane, why didn't the Army accept the applicable Laboratory Joint Cross Service Group's priority alternatives?

4. Mr. Nemfakos, why didn't the Navy accept the applicable Laboratory Joint Cross Service Group's priority alternatives?

5. General Blume, why didn't the Air Force accept the applicable Laboratory Joint Cross Service Group's priority alternatives?

6. Dr. Dorman, in your view, what were the deficiencies in the process that allowed the Services to disregard the Laboratory Joint Cross Service Group's proposed priority alternatives?

7. Dr. Dorman, in sum, the Chair of the Laboratory Joint Cross-Service Group wrote, and I quote: "If we are to achieve desired results it appears that we have a system in which only a heavier handed instrument will suffice." Can you explain this comment.

8. Dr. Dorman, in response to a Laboratory Joint Cross-Service Group data call, the Navy provided information that clearly outlined significant cross-service and federal agency use of two unique facilities at White Oak, Maryland: the Nuclear Weapons Effect facility and the Hypervelocity Wind Tunnel.

The Navy recommended, and the DoD endorsed, abandonment of these one-of-a-kind facilities.

Was the need for the continued operation of these facilities under a joint or consolidated arrangement addressed by the Test & Evaluation Joint Cross-Service Working Group? If not, why not?

CLOSURE AND REALIGNMENT OF ROME LABORATORY

1. Dr. Dorman, it is our understanding that DoD's only recommended laboratory closure and/or realignment involving cross-servicing is closing Rome Laboratory and realigning its functions at Fort Monmouth, New York, and Hanscom Air Force Base, Massachusetts.

SEE CHART # 2

2. Dr. Dorman, please explain the context in which your group proposed the closing of Rome Lab and the alternative for cross service collocation of common Command, Control, Communications, Computers, and Intelligence (C4I) activities at Fort Monmouth.

3. Dr. Dorman, what organizations and how many personnel would have been located at Fort Monmouth under this alternative?

4. Mr. Nemfakos, why didn't the Navy realign the C4I functions of its Space and Naval Warfare Systems Command and its approximately 910 personnel positions at Fort Monmouth as suggested by the Laboratory Joint Cross Service Group?

5. General Blume, why did the Air Force decide to move most of Rome Laboratory to Hanscom Air Force Base, rather than moving the lab to Fort Monmouth, as suggested by the Laboratory Joint Cross Service Group?

6. Dr. Dorman, as you know, Rome was designated as one of the Air Force's four Tier I laboratories. As Director of Defense Research and Engineering, are you concerned that closing the lab and moving some of its C4I functions to Fort Monmouth and the others to Hanscom Air Force Base will have a major impact on the DoD's and the Services' ability to conduct current and further C4I research and development?

7. Dr. Dorman, in your view does it make sense to split Rome Lab's C3I functions between two military installations?

8. Dr. Dorman, the Army was planning to locate the functions and personnel positions from Rome Laboratory into facilities at Fort Monmouth's Myer Center, which is currently occupied by the Army's Electronic Technology Device Laboratory. This lab is to move to the Army Research Laboratory at Adelphi, Maryland, as the result of a 1991 BRAC decision to consolidate Army laboratories.

Does it make sense from a joint cross servicing perspective to move the Army's lab, which performs C4I functions, including DoD's flat screen display research and development, from Fort Monmouth while moving Rome laboratory's related C4I functions to Fort Monmouth?

9. General Blume, how did the Air Force determine the cost and savings of the Rome Laboratory recommendation? Did anyone from the Air Force involved in the decision to close the lab and realign its functions visit the lab before the recommendation was made to: (1) discuss these actions with the lab's managers, (2) evaluate the impact of these actions on the lab's current and future C4I work, (3) determine the Lab's requirements at the receiving locations, and (4) determine what had to be moved to the new location and at what cost?

10. General Blume, it has been suggested the Air Force's costs associated with closing and realigning Rome Laboratory are understated and the Lab's moving costs, requirements for space, communications equipment and networks have not been determined, as of April 7, 1995. For example:

--The Air Force's total one-time moving cost is $6.8 million but it is for moving only four major pieces of equipment. There is only $152,000 for freight for moving every thing else.

--Rome Laboratory has an Electromagnetic Environmental Effects Research Center containing equipment, including a large anechoic chamber, with an estimated current replacement value of $17.4 million. Replacement costs were not included in the Air Force's Cost of the Base Realignment Actions (COBRA).

General Blume, is the Air Force planning to take another look at the costs of this proposed move? When will a revised COBRA be made available to the Commission?

BROOKS/ARMSTRONG LABORATORY

1. Major General Blume, in all of DoD capacity, approximately 35-40% of human systems research and technology development is conducted at Brooks AFB. 15-20% is conducted at Wright-Patterson AFB, Ohio, and the remaining 40-50% is conducted by the Army and the Navy at 15-17 separate sites.

The Joint Cross-Service Group recommended the consolidation of Army and Navy human systems lab functions at Brooks and Wright-Patterson. It also found that Brooks has more capacity and a higher functional value than Wright-Patterson.

Given all of this, why did the Air Force recommend the closure of Brooks?

Major General Shane and Mr. Nemfakos, were you considering moving these functions to Brooks prior to finding out that Brooks was closing?

In addition, since the current DoD recommendation is to close Brooks completely and move most of the personnel and functions elsewhere, how can there be a great deal of cost savings? How could an accurate estimate be generated without a transition plan?

2. Major General Blume, one of the main reasons Brooks Air Force Base scored low in military value is that it does not have an active runway. However, there are several active military runways in San Antonio, and the primary functions at Brooks are laboratory and research-related, and therefore do not require an active runway.

Did DoD consider a runway foremost in its assessment of the military value of Brooks? If so, why?

3. Major General Blume, during the Commission's visit of Brooks, the San Antonio community presented a plan to establish a cantonment area, close Brooks, and preserve the functions of the Human Systems Center, that is, Armstrong Laboratory, the School of Aerospace Medicine, and the Human Systems research.

Had the Air Force considered this option previously?

Will you be sure the COBRA results already requested by the Commission on this matter be submitted to us prior to 1 May 95?

OTHER LABORATORY ISSUES

1. Major General Blume and Dr. Dorman, the current DoD recommendations dictate that the Aircrew Training Research Division of Armstrong Laboratory remain as a stand-alone facility at the closed Williams Air Force Base.

Nearby Luke Air Force Base already conducts the majority of the fighter weapons training for the Air Force, and has a long history of cooperation with Williams.

How strongly did the Air Force consider moving this unique and necessary function from Williams Air Force Base to Luke Air Force Base? Have any COBRA runs performed?

2. In 1990, the Secretary of Defense announced his intention to close the Los Angeles Air Force Base, including the laboratory function, and move it to Kirtland Air Force Base.

What has happened in the years since that time to change the earlier Secretary of Defense announcement?

II. TEST AND EVALUATION QUESTIONS

1. The core alternatives from the Joint Cross-Service Group are displayed before you.

SEE CHART # 3

Do you still support these as the ways to reduce excess capacity in the Test and Evaluation area?

What percent of the excess Test and Evaluation capacity would be eliminated if your alternatives were adopted?

2. No significant reductions in Test and Evaluation capacity resulted from the Services' recommendations.

Why was the Joint Cross Service Group so unsuccessful in convincing the individual Services to consolidate activities?

3. Why did the Air Force not implement any of the core alternatives presented by the Joint Cross-Service Group?

4. Why did the Navy not implement any of the core alternatives presented by the Joint Cross Service Group?

5. The Joint Cross Service Group stated "electronic combat Test and Evaluation capability at Eglin and China Lake have approximately 85% overlap." One alternative suggested was to move China Lake test assets to Eglin.

Why is the Air Force, in light of this alternative, proposing to move Electronic Combat Testing from Eglin Air Force Base to Nellis Air Force Base?

What will be the cost for this move of Electronics Combat Testing to Nellis Air Force Base?

Will there be a scheduled delay and a negative impact on programs from this proposed move of Electronic Combat Testing to Nellis Air Force Base?

Did the Navy consider the alternative to move China Lake T&E missions primarily to Eglin?

6. Did the Navy consider moving the test activities from Pt. Mugu to Eglin Air Force Base to eliminate excess test infrastructure?

Would this be the prudent course to follow considering the excess capacity identified by the Joint Cross-Service Group?

7. The Joint Cross-Service Group recommended that the relocation of the Air Force Electronic Warfare Evaluation Simulator Activity (AFEWES) at Fort Worth, Texas, and the Real-Time Digitally Controlled Analyzer Processor Activity (REDCAP) at Buffalo, New York (Electronic Combat test simulation systems) be moved to Patuxent River or to Edwards Air Force Base.

The Air Force recommended to move these activities to Edwards Air Force Base. Why?

Please provide specific information on the estimations the Air Force used for determining projected workloads at the AFEWES and the REDCAP facilities.

8. Based on the Department of Defense recommendation to move "all required test activities and necessary support equipment," what percentage and types of test simulation equipment is required to be moved to Edwards Air Force Base, in order to effectively conduct the REDCAP mission?

9. The Joint Cross Service Group on Test and Evaluation put forth the alternative to consolidate Armament/Weapons testing at Eglin Air Force Base eliminating these missions at China Lake and Point Mugu.

Do you still support this alternative?

9. Mr. Coyle, since you suggested an alternative to consolidate testing at the Eglin Air Force Base Test Range, does the proposed movement by the Air Force

of the Electromagnetic Test Environment effort to Nellis Air Force Base eliminate the opportunity to consolidate DoD electronic testing?

DoD LABORATORY JOINT CROSS SERVICE GROUP

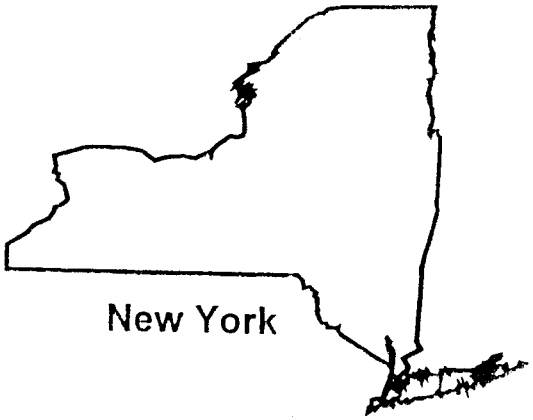
PRIORITY ALTERNATIVES FOR SERVICE CONSIDERATION

- Consolidate most command, control, communications, computers, & intelligence (C4I) acquisition, research & development at Fort Monmouth, NJ.
- Consolidate air launched weapons' research, development, test & evaluation at Naval Air Warfare Center, China Lake, CA.
- Consolidate explosives at Armament Research Development Engineering Center, Picatinny Arsenal, NJ, and at Naval Air Weapons Center, China Lake.
- Consolidate propellants at Naval Air Warfare Center, China Lake.

Rome Laboratory
The Proposed Relocation

Current Directorates

Intelligence & Reconnaissance
Command, Control, & Communications
Electromagnetics & Reliability
Surveillance & Photonics

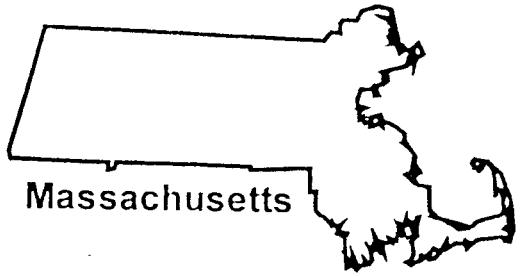


Proposed Thrust

Electromagnetics & Reliability
Total of 77 Positions

Proposed Thrust

Electromagnetics
Intelligence
Surveillance
Software Technology
Command and Control
Space Communications
Total of 595 Positions



Proposed Thrust

EM/Reliability
Photonics
Computer Systems
Comm Networks
Radio Comm
Total of 283 Positions

JCSG PROPOSAL — CORE REDUCTIONS ALTERNATIVES

(AIR VEHICLES)

- PAX River T&E missions primarily to Edwards OR
- Edwards T&E missions primarily to PAX River
- If either is enacted, consolidate Army air vehicle T&E to the receiving site

(ELECTRONIC COMBAT)

- Eglin T&E missions primarily to China Lake OR
- China Lake T&E missions primarily to Eglin

(ARMAMENT/WEAPONS)

- Pt. Mugu T&E missions primarily to China Lake OR to Eglin

PAUL S. SARBANES
MARYLAND

309 HART SENATE OFFICE BUILDING
WASHINGTON, DC 20510
202-224-4524

United States Senate

WASHINGTON, DC 20510-2002

Please refer to this number
950417-1

April 14, 1995

Commissioner Rebecca G. Cox
Defense Base Closure and Realignment Commission
1700 N. Moore Street
Arlington, Virginia 22209

Dear Commissioner Cox:

As you know, Mr. Philip E. Coyle, Director of Operational Test and Evaluation, Department of Defense is scheduled to testify before the BRAC on Monday on the Joint Cross Service Groups for Laboratories, Test and Evaluation.

It is our understanding that Mr. Coyle has visited NSWC White Oak twice in the past two weeks and has expressed serious concerns about the potential loss of the hypervelocity wind tunnel and other unique facilities at White Oak. We would appreciate it if you would ask Mr. Coyle his views on the DOD recommendation to close White Oak and have attached some suggested questions for your consideration.

Thank you for your attention in this matter.

With best regards,

Sincerely,

Barbara A. Mikulski
United States Senator

Paul S. Sarbanes
United States Senator

PRINTED ON RECYCLED PAPER

During testimony before the Commission on March 1, General Shalikashvili expressed concerns about how the proposed closure of the Naval Surface Warfare Center at White Oak, Maryland, would affect the hypervelocity wind tunnel located there. Do you have similar concerns?

Were the hypervelocity wind tunnel and the nuclear weapons effects simulation facility at NSWC White Oak considered by the Test and Evaluation or Laboratory Joint Cross Service Groups?

(To the extent not stated in previous response) Is it your view that this wind tunnel must continue to stay in operation, either by the Navy or some other agency, at White Oak or some other location?

(To the extent not stated in previous responses) The certified data call responses indicate that the U.S. government has no other wind tunnel with the capabilities of the one at White Oak. Is this the case?

SAM FARR
17TH DISTRICT, CALIFORNIA

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ROOM 318
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April 14, 1995

The Honorable Alan Dixon
Chairman
Base Closure And Realignment
Commission
1700 N. Moore St., Suite 1425
Arlington, Virginia 22209

Please refer to this number
when responding 950414-11

Dear Mr. Chairman:

I am writing at this time to request the Base Closure and Realignment Commission to ask the following questions to Mr. Phil Coyle, Director of DoD Operational Test and Evaluation during the April 17, 1995 investigative hearing. I believe all of these questions are critical to developing an understanding of the potential impacts realigning the Test and Experimentation Center at Fort Hunter Liggett to Fort Bliss may have on DoD's ability to carry out the operational phase of testing.

1. As the person responsible for operational testing in DoD, you state in your February 10, 1995 memorandum to the Assistant Secretary of Defense for Economic Security (Economic Reinvestment & BRAC) that the recommendation to realign Fort Hunter Liggett is a "showstopper." Please explain.

2. We understand that there are conditions at Fort Hunter Liggett which enhance it as a site for performing operational testing. These include: a varied terrain, isolation, no artificial light contamination and no radio frequency interference. Do these conditions exist at Fort Bliss? If not, could they be created?

3. From a military value standpoint is the "laser-safe bowl" (which allows for non-eye safe laser testing in an instrumented valley) at Fort Hunter Liggett a critical component of operational testing?

4. Do you think the instrumentation suite (used to monitor and record every player's activity during a test) could be duplicated at Fort Bliss? If so, would it be as effective?

5. From a military value standpoint, is Fort Hunter Liggett essential to operational testing to DoD?

Thank you for your consideration of this request. I look forward to learning about the responses to the above referenced questions.

Sincerely,

SAM FARR
Member of Congress

PRINTED ON RECYCLED PAPER

OFFICE OF THE SECRETARY OF DEFENSE

1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

CLOSE HOLD - FOR OFFICIAL USE ONLY - BRAC SENSITIVE

10 February 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY (ECONOMIC REINVESTMENT AND BRAC)

SUBJECT: Functional Assessment of Proposed Military Department Base Realignment and Closure Actions

Proposed BRAC actions by the MILDEPs as available on 9 Febrary 1995, have been reviewed, and except as identified in the attachments, determined to be acceptable from the perspective of the DoD test and evalution mission. Of those in the attachments, two are considered to be major showstoppers (regarding Dugway Proving Grounds and Fort Hunter-Liggett), and another a minor showstopper (Tunnel 9 inclusion in the White-Oak closure). The remainder are considered incomplete requiring additonal alternatives to be analyzed before we can agree to them.

Philip E. Coyle
Director, Operational
Test and Evaluation

John A. Burt
Director, Test
Systems Engineering and
Evaluation

Attachments: a/s

CLOSE HOLD - FOR OFFICIAL USE ONLY - BRAC SENSITIVE

JAMES V. HANSEN
1ST DISTRICT UTAH

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April 14, 1995

The Honorable Alan J. Dixon
Chairman - Defense Base Closure
and Realignment Commission
1700 North Moore Street, Suite 1425
Arlington, VA 22209

RE: HEARING ON APRIL 17, 1995

Dear Chairman Dixon:

I am writing to ask your assistance in having the following questions regarding U.S. Army Dugway Proving Grounds asked of a witness from the Office of the Secretary of Defense, Dr. Phillip E. Coyle, the Director of Operational Test and Evaluation, who will be before your panel on Monday, April 17, 1995.

QUESTIONS FOR DR. PHILLIP E. COYLE

1- Can you explain to the commission your position on the Army's recommendation to realign biological and chemical test and evaluation missions from Dugway Proving Grounds as outlined in the memorandum you signed dated February 10, 1995? (See enclosure).

2- From a military value standpoint, do you feel it is essential to keep chemical, biological, and smoke/obscurant testing at Dugway Proving Grounds rather than moving these missions to Yuma Proving Ground or Aberdeen Maryland?

3- Can you outline for the commission the unique features of Dugway Proving Ground which cannot be replicated elsewhere?

4- In your memo dated February 10, 1995, (see above), you indicated that since Dugway conducted chem/bio testing for all of the services, that each of the services would have to sign-off and agree that their services' testing needs could still be met under the Army's recommendation for Dugway. To your knowledge, did the Department of Defense or the Army check with the other services prior to the final recommendation coming forward from the Army?

Thank you, Mr. Chairman, for your assistance and attention to this important matter.

Sincerely yours,

James V. Hansen
Member of Congress

cc: Honorable S. Lee Kling
Honorable Wendi Steele

Enclosure

OFFICE OF THE SECRETARY OF DEFENSE

1000 DEFENSE PENTAGON
WASHINGTON, DC 20301-1000

CLOSE HOLD - FOR OFFICIAL USE ONLY - BRAC SENSITIVE

10 February 1995

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY (ECONOMIC REINVESTMENT AND BRAC)

SUBJECT: Functional Assessment of Proposed Military Department Base Realignment and Closure Actions

Proposed BRAC actions by the MILDEPs as available on 9 Febrary 1995, have been reviewed, and except as identified in the attachments, determined to be acceptable from the perspective of the DoD test and evalution mission. Of those in the attachments, two are considered to be major showstoppers (regarding Dugway Proving Grounds and Fort Hunter-Liggett), and another a minor showstopper (Tunnel 9 inclusion in the White Oak closure). The remainder are considered incomplete requiring additonal alternatives to be analyzed before we can agree to them.

Philip E. Coyle
Director, Operational
Test and Evaluation

John A. Burt
Director, Test
Systems Engineering and
Evaluation

Attachments: a/s

CLOSE HOLD - FOR OFFICIAL USE ONLY - BRAC SENSITIVE

ISSUE

The Army's proposal to realign Dugway Proving Grounds to relocate the "chemical-biological research" mission to Aberdeen/Edgewood should be challenged, and the alternative of relocating the chem-bio mission from Aberdeen/Edgewood to Dugway investigated. And rationale for relocating the smoke-obscurant mission to Yuma Proving Grounds is not clear.

RATIONALE

1. Dugway occupies valuable land and airspace to the test and evaluation mission that can't be conducted elsewhere without high risks of environmental and security compromise, and needs to be preserved as a national asset for such purposes. Test missions ranging from electronic combat, cruise missiles, high performance aircraft, munitions and armament delivery, and artillery, as well as chemical-biological testing, are typically conducted at this location because of its unique geographic features.

2. Moving levels 2 and 3 chemical-biological agent "research" to Aberdeen\Edgewood is high risk. Edgewood is in and near highly populated areas (including Baltimore), as well as near major bodies of water (Chesapeake Bay), where accidents or miscalculations can result in environmental impact with little chance for timely control.

3. Costs to duplicate at Edgewood the recently constructed new facilities and capabilities that are at Dugway will be an unnecessary tax burden. Other facilities at Edgewood would likewise have to undergo major repairs at additional costs.

4. Differentiation between "research" and testing is not identified in the write-up. By Memorandum of Agreement between all three Military Departments under T&E Reliance, Dugway is the site where all DoD testing of chem-bio programs will be tested - Agreement by the other Military Departments would be required along with agreement that all of their requirements can be satisfied at Edgewood.

RECOMMENDATION

Army withdraw proposal to change status of Dugway, and instead develop proposal to relocate and consolidate all chem-bio testing and research activities to Dugway.

ALBERT R. WYNN
4TH DISTRICT, MARYLAND

COMMITTEE ON BANKING
AND FINANCIAL SERVICES

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CONGRESS OF THE UNITED STATES
HOUSE OF REPRESENTATIVES
WASHINGTON, D.C. 20515-2004

April 13, 1995

Honorable Alan Dixon
Chairman
Defense Base Closure and Realignment Commission
1700 N. Moore Street
Suite 1425
Arlington, VA 22209

Please direct to the Commission
when receiving 950414--

Dear Mr. Chairman:

As you are well aware I, along with the rest of the Maryland Congressional delegation, am very concerned about the Department of Defense's recent recommendations to overturn the 1993 BRAC decisions with respect to the Naval Surface Warfare Center - White Oak as part of the 1995 BRAC process.

It is my understanding that some officials at the Pentagon are concerned about losing the unique facilities that currently exist at White Oak. I have attached some questions which I would appreciate your asking Philip Coyle, Director of Operational Test and Evaluation at the Pentagon, during the Commission's hearing on Monday, April 17.

Thank you for your time and attention on this important matter.

Sincerely,

Albert R. Wynn
Member of Congress

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Questions submitted for the record by Congressman Albert Wynn.

NSWC-White Oak

Q. During testimony before the Commission on March 1, General Shalikashvili expressed concerns about how the proposed closure of the Naval Surface Warfare Center at White Oak, Maryland, would affect the hypervelocity wind tunnel located there. Do you have similar concerns?

Q. Is it your view that this wind tunnel must continue to stay in operation, either by the Navy or some other agency, at White Oak or some other location?

Q. Just to clarify, the certified data call responses indicate that the US government has no other wind tunnel with the capabilities of the one at White Oak. Is this the case?

JOE SCARBOROUGH
1ST DISTRICT, FLORIDA

NATIONAL SECURITY COMMITTEE

GOVERNMENT REFORM AND OVERSIGHT COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515–0901

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(904) 664–1288

April 7, 1995

The Honorable Alan Dixon
Chairman, Base Realignment and Closure Commission
1700 North Moore St
Suite 1425
Arlington, VA 22209

Dear Chairman Dixon:

I understand the Defense Base Closure and Realignment Commission will hold a hearing on April 17, 1995 concerning Joint Cross Service Group recommendations to the Secretary of Defense..

As part of this review, I would like to submit the attached questions to be answered by the witnesses representing the Joint Cross Service Group for Labs, Test and Evaluation. If these questions can not be asked at the hearing, I would like to submit them for the record.

I appreciate your assistance on this issue.

Sincerely,

Joe Scarborough
Member of Congress

Thanks!

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DEFENSE BASE REALIGNMENT AND CLOSURE COMMISSION
Questions for Test & Evaluation Joint Cross Service Group Witnesses
on 17 April 1995

1. The Board of Directors Report of February 1994 addressed the question of consolidating DoD Electronic Combat (EC) Open Air Ranges from three (Eglin, China Lake, and the Nellis complex) to two. The report cited clear financial and capability reasons for closing China Lake's EC open air range and leaving Eglin to complement the Nellis complex. In November 1994, T&E Joint Cross Service Group (JCSG) optimization model output results based upon JCSG-developed functional values, projected workload, and capacities identified closing China Lake as the DoD alternative to analyze. Similar opportunities appear to exist in Armament/Weapons T&E. These JCSG results were developed by the most knowlegeable individuals in DoD on the T&E issue. It appears that cross-servicing alternatives involving these "core" T&E activities were ground ruled out. Why didn't DoD analyze these cross-service opportunities?

2. The 1995 Defense Authorization bill prohibited DoD from spending any money to move Electronic Combat equipment from the Eglin range until DoD delivered an Electronic Combat Master Plan to the Congress. Considering this direction and the JCSG-cited superiority of the Eglin Electromagnetic Test Environment (EMTE) to all other DoD ranges evaluated, why has the Air Force chosen to dismantle the Eglin EMTE and replicate it in the Nellis complex, essentially eliminating forever the opportunity to consolidate DoD EC testing and realize the significant savings the JCSG identified?

JCSG PROPOSAL — CORE REDUCTIONS ALTERNATIVES

(AIR VEHICLES)

- PAX River T&E missions primarily to Edwards OR
- Edwards T&E missions primarily to PAX River
- If either is enacted, consolidate Army air vehicle T&E to the receiving site

(ELECTRONIC COMBAT)

- Eglin T&E missions primarily to China Lake OR
- China Lake T&E missions primarily to Eglin

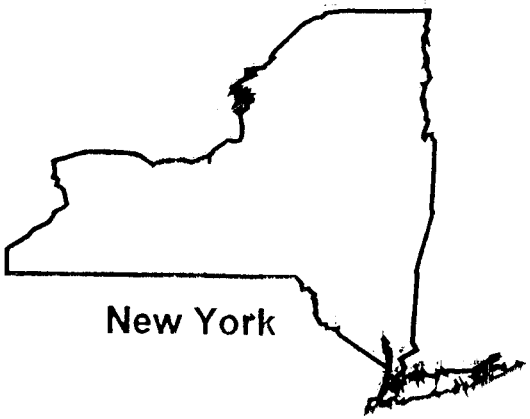
(ARMAMENT/WEAPONS)

- Pt. Mugu T&E missions primarily to China Lake OR to Eglin

Rome Laboratory
The Proposed Relocation

Current Directorates

Intelligence & Reconnaissance
Command, Control, & Communications
Electromagnetics & Reliability
Surveillance & Photonics

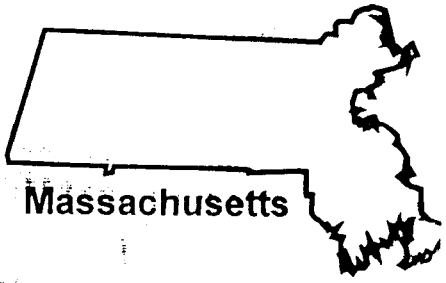


Proposed Thrust

Electromagnetics & Reliability
Total of 77 Positions

Proposed Thrust

Electromagnetics
Intelligence
Surveillance
Software Technology
Command and Control
Space Communications
Total of 595 Positions



Proposed Thrust

EM/Reliability
Photonics
Computer Systems
Comm Networks
Radio Comm
Total of 283 Positions

DoD LABORATORY JOINT CROSS SERVICE GROUP

PRIORITY ALTERNATIVES FOR SERVICE CONSIDERATION

Consolidate most command, control, communications, computers, & intelligence (C4I) acquisition, research & development at Fort Monmouth, NJ.

Consolidate air launched weapons' research, development, test & evaluation at Naval Air Warfare Center, China Lake, CA.

Consolidate explosives at Armament Research Development Engineering Center, Picatinny Arsenal, NJ, and at Naval Air Weapons Center, China Lake.

Consolidate propellants at Naval Air Warfare Center, China Lake.

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

March 23, 1995

Honorable John M. Deutch
Deputy Secretary of Defense
The Pentagon, Room 3E944
Washington, D.C. 20301

Dear Mr. Secretary:

The Defense Base Closure and Realignment Commission is continuing its review of the Defense Department's recommendations to close or realign military installations in the United States. As part of this review, the Commission would like to invite the head of each of the Joint Cross Service Groups to testify with a witness from each of the military departments at a hearing on April 17, 1995, in Room SH-216 of the Hart Senate Office Building.

The Commission will receive testimony from the General Accounting Office from 8 a.m. to 10 a.m. at this hearing. Following the GAO testimony, the Commission would like to ask questions of the head of each Joint Cross Service Group in the following order:

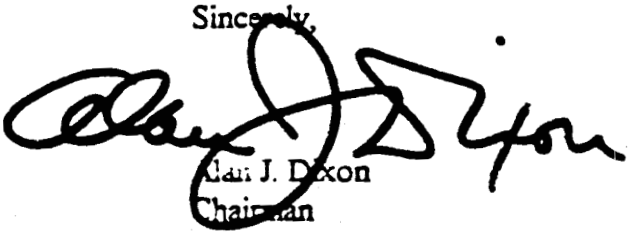
Depot Maintenance	10 a.m.-noon
Undergraduate Pilot Training	1 p.m.-2 p.m.
Medical	2 p.m.-3 p.m.
Labs, Test and Evaluation	3 p.m.-4 p.m.

Each panel will include the Joint Cross Service Group witness along with a witness from each military department who should be prepared to address how their military department dealt with the Joint Cross Service Group alternatives in that area.

In order to have the maximum amount of time for questions, the Commission will dispense with opening statements by the witnesses and proceed directly to questions in each panel. If any of the witnesses wish to submit prepared testimony to the Commission, 150 copies of the testimony should be provided to the Commission no later than April 13. If your staff has any questions, they should contact Mr. Ben Borden of the Commission staff.

Thank you for your continuing assistance to the Commission. I look forward to GAO's testimony on April 17.

Sincerely,



Alan J. Dixon
Chairman

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1700 NORTH MOORE STREET SUITE 1425
ARLINGTON, VA 22209
703-696-0504

March 23, 1995

Honorable Charles A. Bowsher
Comptroller General
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Bowsher:

The Defense Base Closure and Realignment Commission is continuing its review of the Secretary of Defense's recommendations to close or realign military installations in the United States. As you know, the Defense Base Closure and Realignment Act of 1990 requires the Comptroller General of the United States to transmit to the Congress and the Commission "a detailed analysis of the Secretary's recommendations and selection process" no later than April 15.

I would like to invite you, or your designated representative, to present the results of your analysis to the Commission at a hearing on Monday, April 17. As part of your testimony, the Commission is particularly interested in hearing the General Accounting Office's views on the costs and savings projected by the Secretary of Defense in his base closure and realignment recommendations.

The hearing will be held in Room SH-216 of the Hart Senate Office Building beginning at 8 a.m. Since the Commission will also be receiving testimony from Department of Defense witnesses during the hearing, we anticipate GAO's testimony will last approximately two hours. In order to allow time for Commissioners to ask questions, the GAO witness should limit any opening remarks to 10 minutes.

Please provide 150 copies of GAO's prepared remarks to the Commission by Thursday, April 13. If your staff has any questions, they should contact Mr. Ed Brown of the Commission staff.

Thank you for your continuing assistance to the work of the Defense Base Closure and Realignment Commission.

Sincerely,

Alan J. Dixon
Chairman