

INFORMATION PACK

INVESTIGATIONAL HEARINGS

MARCH 1, 1995

Investigational Hearings

Fact Sheet

Assignment Sheet for Staff

Airport Arrivals/Departures

Map

**INVESTIGATIONAL HEARINGS
WASHINGTON, DC
MARCH 1, 1995**



COMMISSIONERS ATTENDING:

Chairman Alan Dixon
Commissioner Alton Cornella
Commissioner Rebecca Cox
Commissioner James Davis
Commissioner Lee Kling
Commissioner Benjamin Montoya
Commissioner Joe Robles
Commissioner Wendi Steele

HEARING LOCATION:

Room 106
Dirksen Senate Office Building
Washington, DC 20510
(202) 224-2739

CONTACT:

Senate Appropriations Committee
Mazie Mattson
(202) 224-2739

FACT SHEET
INVESTIGATIONAL HEARINGS
WASHINGTON, DC
MARCH 1, 1995



LOCATION: Dirksen Senate Office Building
Room 106
Washington, DC 20510

DIRECTIONS: Enter Dirksen Senate Office Building
From First & Constitution. Past the elevators
on the right.

CAPACITY: 200 People

LUNCH ROOM: Dirksen Senate Office Building
Room 124
The American Cafe (Carry Out)

CONTACTS: Senate Appropriations Committee
Mazie Mattson/Kim Range
(202) 224-2739

Capitol Hill Police
Paula Harington
(202) 224 4841

Office of the Superintendent
Special Functions
Tim Maxey
(202) 224-3146

PARKING: None

STENOGRAPHER: Diversified
Ellen Alcott
(202) 296-2929

**STAFF ASSIGNMENT SHEET
INVESTIGATIONAL HEARINGS
WASHINGTON, DC**

Signage.....Ziba
 reserved seating (vip, witness, press)
 staff only

Commissioner and staff dais seating.....Ziba

Advance on site check.....Ziba
 lights
 microphones
 stenographer
 water
 coffee.....Wayne

Lunch arrangements/logistics.....Ziba

Designated on-site supervisor during lunch.....Ziba

Testimony Collection.....Ziba

TimeKeeper.....Paul

VIP Greeter.....CeCe

Final site sweep.....Ziba

General Runner..... Kent & Melissa

Transported (nameplates/gavel).....Ziba

Computer Equipment.....Jim

**AIRPORT ARRIVALS/DEPARTURES
INVESTIGATIONAL HEARINGS
WASHINGTON, DC**



ALAN DIXON

Arrival: Tuesday, Feb. 28 8:00 pm
Departure: Wednesday, Mar. 1 6:16 pm

AL CORNELLA

Arrival: Monday, Feb. 27 2:50 pm
Departure: Friday, Mar. 17 9:00 am

REBECCA COX

In town

J.B. DAVIS

Arrival: Monday, Feb. 27 4:00 pm
Departure: Wednesday, Mar. 1 7:05 pm

LEE KLING

Arrival: Tuesday, Feb. 28 1:20 pm
Departure: Wednesday, Mar. 1 after hearing

BEN MONTOYA

Arrival: Tuesday, Feb. 28 1:10 pm
Departure: Wednesday, Mar. 1 5:00 pm

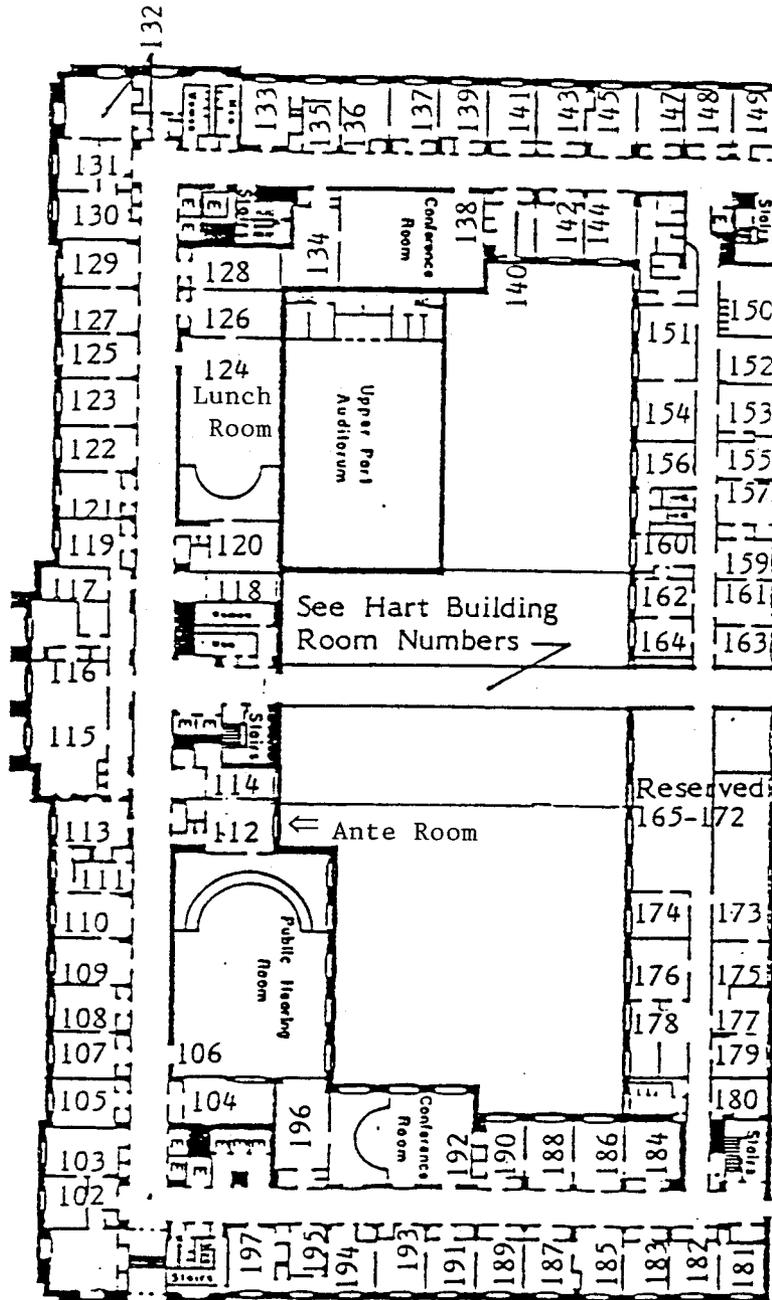
JOE ROBLES

Arrival: Tuesday, Feb. 28 1:00 am
Departure: Wednesday, Mar. 1 5:45 pm

WENDI STEELE

Arrival: Tuesday, Feb. 28 11:46 am
Departure: Thursday, Mar. 2 3:40 pm

DIRKSEN SENATE OFFICE BUILDING
 First Floor
 SD.101 - SD.197



Constitution Avenue

Document Separator



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

February 6, 1995

Honorable William J. Perry
Secretary of Defense
The Pentagon, Room 3E880
Washington, D.C. 20301

Dear Secretary Perry:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you and General Shalikashvili to testify at the Commission's opening hearing and to present the Department's 1995 closure and realignment recommendations to the Commission.

The Commission would like you to discuss how the Department's selection criteria and force structure plan have shaped your closure and realignment recommendations. We will be very interested in hearing how your recommendations will affect the ability of the military services to carry out their full range of assigned missions in the future, as well as the costs and expected savings of your recommendations. Given the interest of past Commissions in the issue of consolidating common functions across the military services, I hope your testimony will also highlight any recommendations in this area.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you will give the Commission your views on this important question.

The hearing will be held in room SD-106 of the Dirksen Senate Office Building beginning at 9:30 am. Please provide 100 copies of your opening statement to the Commission staff prior to the hearing. If your staff has any questions before the hearing, they should contact Mr. Frank Cirillo of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a more compact, rounded style, and "J. Dixon" following in a similar cursive script.

Alan J. Dixon
Chairman



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

February 6, 1995

General John M. Shalikashvili, USA
Chairman
Joint Chiefs of Staff
The Pentagon, Room 2E872
Washington, D.C. 20301

Dear General Shalikashvili:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you to testify with Secretary Perry at the Commission's opening hearing and to present the Department's 1995 closure and realignment recommendations to the Commission.

The Commission would like you to discuss the role that the Joint Chiefs of Staff and the unified Commanders in Chief played in the development of the Department's closure and realignment recommendations. In addition, the Commission is particularly interested in your views on how the Department's recommendations will affect the ability of the military services to carry out the full range of their assigned missions in the future, including the effect of these recommendations on readiness, joint operations and training. Given the interest of past Commissions in the issue of consolidating common functions across the military services, I hope your testimony will include your views on any recommendations in this area.

The hearing will be held in Room SD-106 of the Dirksen Senate Office Building at 9:30 am. Please provide 100 copies of your opening statement to the Commission staff prior to the hearing. If your staff has any questions before the hearing, they should contact Mr. Frank Cirillo of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon".

Alan J. Dixon
Chairman



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

February 6, 1995

Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
The Pentagon, Room 3E808
Washington, D.C. 20301

Dear Secretary Gotbaum:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you to testify before the Commission on the afternoon of March 1 at 1:30 p.m. in room SD-106 of the Dirksen Senate Office Building.

The Commission would like your testimony to address the process and methodology used by the Department of Defense in putting together its closure and realignment recommendations for 1995. This should include a discussion of the role that each of the Joint Cross Service Groups played in the development of the Department's recommendations, and the extent to which the alternatives examined by these Groups are reflected in your recommendations. We would also like your testimony to summarize the implementation of prior closure rounds, and the projected schedule, costs and savings from the 1995 round.

As in past years, the Commission will be particularly interested in the economic impact of the Department's closure and realignment recommendations. Your testimony should address in detail the economic impact and cumulative economic impact the closure and realignment recommendations have on the affected communities, as well as the methodology used to measure these impacts.

Finally, as you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you will give the Commission your views on this important question.

Please provide 100 copies of your opening statement to the Commission staff prior to the hearing. If your staff has any questions before the hearing, they should contact Mr. Jim Owsley of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, sweeping loop.

Alan J. Dixon
Chairman



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

February 6, 1995

Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
The Pentagon, Room 3E808
Washington, D.C. 20301

Dear Secretary Gotbaum:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would appreciate your assistance in informing all of the Directors of Defense Agencies affected by the closure and realignment recommendations that the Commission would like them to present their closure and realignment recommendations to the Commission on Tuesday, March 7, 1995.

The testimony of the Defense Agency Directors should summarize the process used by their Agency to develop its closure and realignment recommendations; the implementation schedule, the costs, and the expected savings from their recommendations; and the relationship between their recommendations and their Agency's current and projected personnel levels and missions. Directors' testimony should also describe the role that Joint Cross Service Groups played in the development of their Agency's recommendations to consolidate common functions across the military services and highlight any specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Defense Agencies' closure and realignment recommendations. The Defense Agency witnesses should anticipate specific questions from the Commission about each of the closure and realignment recommendations which they are proposing.

The hearing will be held in Room 106 of the Dirksen Senate Office Building at 1:30 p.m. Each witness should provide 100 copies of their opening statement to the Commission staff at least two working days prior to the hearing. If any of the Defense Agency Directors have any questions, they should contact Mr. Bob Cook of the Commission staff.

Thank you for your assistance in this matter. I look forward to the testimony of the Defense Agency representatives.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a larger, more prominent script than the last name "Dixon".

Alan J. Dixon
Chairman



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

February 6, 1995

Honorable Togo D. West, Jr.
Secretary of the Army
The Pentagon, Room 3E718
Washington, D.C. 20301

Dear Mr. Secretary:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would like to invite you, General Sullivan, and other appropriate members of your staff to present the Department of the Army's 1995 closure and realignment recommendations to the Commission on Tuesday, March 7, 1995.

Your testimony should summarize the process used by the Army to develop its closure and realignment recommendations; the implementation schedule, the costs and the expected savings from your recommendations; and the relationship between your recommendations and the Army's current and projected force structure and training requirements. Given the interest of past Commissions in the issue of consolidating common functions across the military services, your testimony should also address the role that the Joint Cross Service Groups played in the development of the Army's recommendations, and highlight your specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Army's 1995 closure and realignment recommendations. You should anticipate specific questions from the Commission about each of the closure and realignment recommendations which you are proposing.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you and General Sullivan will give the Commission your views on this important question.

Room 106 of the Division South of the
The hearing will be held in ~~Room 345 of the Cannon House Office Building~~ at 9:00 a.m. Please provide 100 copies of your opening statement to the Commission staff at least two working days prior to the hearing. If your staff has any questions, they should contact Mr. Ed Brown of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, sweeping loop.

Alan J. Dixon
Chairman



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

February 6, 1995

Honorable John H. Dalton
Secretary of the Navy
The Pentagon, Room 4E686
Washington, D.C. 20301

Dear Mr. Secretary:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would like to invite you, Admiral Boorda, General Mundy, and other appropriate members of your staff to present the Department of the Navy's 1995 closure and realignment recommendations to the Commission on Monday, March 6, 1995.

Your testimony should summarize the process used by the Navy to develop its closure and realignment recommendations; the implementation schedule, the costs and the expected savings from your recommendations; and the relationship between your recommendations and the Navy's current and projected force structure and training requirements. Your testimony should also address the role that the Joint Cross Service Groups played in the development of the Navy's recommendations to consolidate common functions across the military services and highlight any specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Navy's 1995 closure and realignment recommendations. You should anticipate specific questions from the Commission about each of the closure and realignment recommendations which you are proposing.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you, Admiral Boorda, and General Mundy will give the Commission your views on this important question.

The hearing will be held in Room 345 of the Cannon House Office Building at 9:00 a.m. Please provide 100 copies of your opening statement to the Commission staff at least two working days prior to the hearing. If your staff has any questions, they should contact Mr. Alex Yellin of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a more rounded script and "J. Dixon" following in a similar style.

Alan J. Dixon
Chairman



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

February 6, 1995

Honorable Sheila E. Widnall
Secretary of the Air Force
The Pentagon, Room 4E871
Washington, D.C. 20301

Dear Madam Secretary:

Next month the Defense Base Closure and Realignment Commission will begin a series of hearings on the Defense Department's recommendations to close or realign military installations in the United States. I would like to invite you, General Fogleman, and other appropriate members of your staff to present the Department of the Air Force's 1995 closure and realignment recommendations to the Commission on Monday, March 6, 1995.

Your testimony should summarize the process used by the Air Force to develop its closure and realignment recommendations; the implementation schedule, the costs and the expected savings from your recommendations; and the relationship between your recommendations and the Air Force's current and projected force structure and training requirements. Your testimony should also address the role that the Joint Cross Service Groups played in the development of the Air Force's recommendations to consolidate common functions across the military services and highlight any specific proposals in this area.

This hearing will be the first opportunity for the Commission and members of the public to hear the details of the Air Force's 1995 closure and realignment recommendations. You should anticipate specific questions from the Commission about each of the closure and realignment recommendations which you are proposing.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you and General Fogleman will give the Commission your views on this important question.

The hearing will be held in Room 345 of the Cannon House Office Building at 1:30 p.m. Please provide 100 copies of your opening statement to the Commission staff at least two working days prior to the hearing. If your staff has any questions, they should contact Mr. Frank Cirillo of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, sweeping loop.

Alan J. Dixon
Chairman

**DEFENSE BASE CLOSURE
AND REALIGNMENT
COMMISSION**



INVESTIGATIVE HEARINGS

MARCH 1ST, 1995

**ROOM 106
DIRKSEN SENATE OFFICE BUILDING**

WASHINGTON, D.C.



Executive Secretariat

TABLE OF CONTENTS

TAB *INVESTIGATIVE HEARING, MARCH 1, 1995* ***SD-106 DIRKSEN SENATE OFFICE BUILDING***

1. AGENDA FOR WEDNESDAY, MARCH 1 HEARING.

MORNING SESSION:

2. LIST OF 1995 DOD RECOMMENDATIONS FOR CLOSURE AND REALIGNMENT.
3. OPENING STATEMENT - CHAIRMAN DIXON.
4. OPENING STATEMENTS - THE HONORABLE WILLIAM J. PERRY, SECRETARY OF DEFENSE; GENERAL JOHN SHALIKASHVILI, CHAIRMAN, JOINT CHIEFS OF STAFF.
5. COMMISSIONER QUESTIONS.

AFTERNOON SESSION:

6. OPENING STATEMENT - CHAIRMAN DIXON.
7. OPENING STATEMENT - THE HONORABLE JOSHUA GOTBAUM, ASSISTANT SECRETARY OF DEFENSE (ECONOMIC POLICY).
8. COMMISSIONER QUESTIONS.
9. LETTERS OF INVITATION.

TABLE OF CONTENTS

**TAB BUSINESS MEETING, MARCH 1, 1995
SD-106 DIRKSEN SENATE OFFICE BUILDING**

10. COMMISSION CHARTER.
11. COMMISSION RULES AND PROCEDURE.
12. COMMISSION STAFFING CHART.
13. SUPER 25 LIST.
14. SCHEDULE OF COMMISSION'S ACTIVITIES.



**HEARING AGENDA
MARCH 1, 1995
SD-106 DIRKSEN BUILDING**

9:00AM - 11:30AM MORNING SESSION:

Witnesses: The Honorable William J. Perry
 Secretary of Defense

 General John M. Shalikashvili, USA
 Chairman, Joint Chiefs of Staff

 The Honorable John M. Deutch
 Deputy Secretary of Defense

11:30AM Press Availability

12:00PM - 1:30PM Lunch: SD-124

1:30PM - 4:00PM AFTERNOON SESSION:

Witness: The Honorable Joshua Gotbaum
 Assistant Secretary of Defense (Economic Security)

4:00PM Commission Business Meeting

4:30PM Press Availability





NEWS RELEASE

OFFICE OF ASSISTANT SECRETARY OF DEFENSE
(PUBLIC AFFAIRS)
WASHINGTON, D.C. · 20301
PLEASE NOTE DATE

Please refer to this number
when responding 950228-5

No. 095-95
(703)695-0192(media)
(703)697-3189(copies)
(703)697-5737(public/industry)

IMMEDIATE RELEASE February 28, 1995

SECRETARY PERRY RECOMMENDS CLOSING, REALIGNING 146 BASES

Secretary of Defense William Perry today announced the Department's recommendations to close or realign 146 military installations in the United States. The recommendations are being forwarded to the independent Defense Base Closure and Realignment Commission.

"These recommendations, though painful, are necessary to achieve the levels of readiness and modernization we need within the budget we have," said Secretary Perry. "Our armed forces and our budget have been cut by one-third or more, but our infrastructure only about half that. Today's recommendations will save the taxpayers and the Department some \$18 billion over the next two decades."

The Secretary's recommendations were developed by each of the military services in accordance with the strict procedures laid down by the Base Closure and Realignment Act of 1990. Each base was evaluated using a set of published criteria, giving priority first to the military-value of the facility, and then to the savings and the economic and other effects that the closure would have. The evaluation data is certified for accuracy by each Service, and then reviewed by both the Base Closure and Realignment Commission and the General Accounting Office.

During a press conference at the Pentagon, Perry said that both he and General John Shalikashvili, chairman of the Joint Chiefs of Staff, had approved the recommendations made by the military departments without exception. "These actions are necessary so that we can carefully shape our armed forces to support the National Military Strategy and the Bottom Up Review," the Secretary explained.

The BRAC 95 recommendations will cost less than the BRAC 95 round (\$3.8 billion vs. \$6.9 billion) and will generate savings more quickly. Over the six-year implementation period prescribed by law, the closures and realignments are expected to generate net savings of approximately \$4 billion. Recurring savings thereafter are expected to reach \$1.8 billion per year. Total savings over 20 years, discounted to present value, are estimated to be \$18 billion.

-MORE-

INTERNET AVAILABILITY: This document is available on DefenseLINK, a World Wide Web Server on the Internet, at: <http://www.dtic.dla.mil/defenselink/>

Perry also announced that he will recommend that the current BRAC authority be extended to permit another base closure round in three or four years. "We need time to absorb the closure of over a hundred major bases," the Secretary said, "but we are continuing to refine our force structure and our mission. Each service has told me that, ultimately, they can do more."

While some of these actions will have significant economic impact upon local communities, Perry said that he did not remove any Service recommendations for this reason. However, he pledged to continue and expand the Department's efforts to encourage recovery and reuse. Department of Defense assistance programs include personnel transition and job training assistance, local reuse planning grants, on-site transition coordinators, accelerated property disposal, and faster environmental cleanup that supports reuse needs.

"These installations offer an opportunity for communities to diversify and reshape their economic futures. We have already seen impressive redevelopment successes in such diverse communities as Sacramento, Calif.; Alexandria, La.; and Rantoul, Ill. They prove that new jobs can be created to replace those that are lost. There is no doubt that it takes strong local leadership and a lot of hard work., but the President has committed us to help, and we will," Secretary Perry said.

Attached are summaries of the impacts of each BRAC action, listed by state.

-END-

**1995 List of Military Installations
Inside the United States for Closure or Realignment**

Part I: Major Base Closures

Army

Fort McClellan, Alabama
Fort Chaffee, Arkansas
Fitzsimons Army Medical Center, Colorado
Price Support Center, Illinois
Savanna Army Depot Activity, Illinois
Fort Ritchie, Maryland
Selfridge Army Garrison, Michigan
Bayonne Military Ocean Terminal, New Jersey
Seneca Army Depot, New York
Fort Indiantown Gap, Pennsylvania
Red River Army Depot, Texas
Fort Pickett, Virginia

Navy

Naval Air Facility, Adak, Alaska
Naval Shipyard, Long Beach, California
Ship Repair Facility, Guam
Naval Air Warfare Center, Aircraft Division, Indianapolis, Indiana
Naval Surface Warfare Center, Crane Division Detachment, Louisville, Kentucky
Naval Surface Warfare Center, Dahlgren Division Detachment, White Oak, Maryland
Naval Air Station, South Weymouth, Massachusetts
Naval Air Station, Meridian, Mississippi
Naval Air Warfare Center, Aircraft Division, Lakehurst, New Jersey
Naval Air Warfare Center, Aircraft Division, Warminster, Pennsylvania

Air Force

North Highlands Air Guard Station, California
Ontario IAP Air Guard Station, California
Rome Laboratory, Rome, New York
Roslyn Air Guard Station, New York
Springfield-Beckley MAP, Air Guard Station, Ohio
Greater Pittsburgh IAP Air Reserve Station, Pennsylvania
Bergstrom Air Reserve Base, Texas
Brooks Air Force Base, Texas
Reese Air Force Base, Texas

Defense Logistics Agency

Defense Distribution Depot Memphis, Tennessee
Defense Distribution Depot Ogden, Utah

Part II: Major Base Realignments

Army

Fort Greely, Alaska
Fort Hunter Liggett, California
Sierra Army Depot, California
Fort Meade, Maryland
Detroit Arsenal, Michigan
Fort Dix, New Jersey
Fort Hamilton, New York
Charles E. Kelly Support Center, Pennsylvania
Letterkenny Army Depot, Pennsylvania
Fort Buchanan, Puerto Rico
Dugway Proving Ground, Utah
Fort Lee, Virginia

Navy

Naval Air Station, Key West, Florida
Naval Activities, Guam
Naval Air Station, Corpus Christi, Texas
Naval Undersea Warfare Center, Keyport, Washington

Air Force

McClellan Air Force Base, California
Onizuka Air Station, California
Eglin Air Force Base, Florida
Robins Air Force Base, Georgia
Malmstrom Air Force Base, Montana
Kirtland Air Force Base, New Mexico
Grand Forks Air Force Base, North Dakota
Tinker Air Force Base, Oklahoma
Kelly Air Force Base, Texas
Hill Air Force Base, Utah

**Part III: Smaller Base or Activity Closures, Realignment,
Disestablishments or Relocations**

Army

Branch U.S. Disciplinary Barracks, California
East Fort Baker, California
Rio Vista Army Reserve Center, California
Stratford Army Engine Plant, Connecticut
Big Coppett Key, Florida
Concepts Analysis Agency, Maryland
Publications Distribution Center Baltimore, Maryland
Hingham Cobasset, Massachusetts
Sudbury Training Annex, Massachusetts
Aviation-Troop Command (ATCOM), Missouri
Fort Missoula, Montana
Camp Kilmer, New Jersey
Caven Point Reserve Center, New Jersey
Camp Pedricktown, New Jersey
Bellmore Logistics Activity, New York
Fort Totten, New York
Recreation Center #2, Fayetteville, North Carolina
Information Systems Software Command (ISSC), Virginia
Camp Bonneville, Washington
Valley Grove Area Maintenance Support Activity (AMSA), West Virginia

Navy

Naval Command, Control and Ocean Surveillance Center, In-Service Engineering West Coast
Division, San Diego, California
Naval Health Research Center, San Diego, California
Naval Personnel Research and Development Center, San Diego, California
Supervisor of Shipbuilding, Conversion and Repair, USN, Long Beach, California
Naval Undersea Warfare Center-Newport Division, New London Detachment, New London,
Connecticut
Naval Research Laboratory, Underwater Sound Reference Detachment, Orlando, Florida
Fleet and Industrial Supply Center, Guam
Naval Biodynamics Laboratory, New Orleans, Louisiana
Naval Medical Research Institute, Bethesda, Maryland
Naval Surface Warfare Center, Carderock Division Detachment, Annapolis, Maryland
Naval Technical Training Center, Meridian, Mississippi
Naval Aviation Engineering Support Unit, Philadelphia, Pennsylvania
Naval Air Technical Services Facility, Philadelphia, Pennsylvania
Naval Air Warfare Center, Aircraft Division, Open Water Test Facility, Orland, Pennsylvania

Naval Command, Control and Ocean Surveillance Center, RDT&E Division Detachment,
Warminster, Pennsylvania

Fleet and Industrial Supply Center, Charleston, South Carolina

Naval Command, Control and Ocean Surveillance Center, In-Service Engineering East Coast
Detachment, Norfolk, Virginia

Naval Information Systems Management Center, Arlington, Virginia

Naval Management Systems Support Office, Chesapeake, Virginia

Navy/Marine Reserve Activities

Naval Reserve Centers at:

Huntsville, Alabama

Stockton, California

Santa Ana, Irvine, California

Pomona, California

Cadillac, Michigan

Staten Island, New York

Laredo, Texas

Sheboygan, Wisconsin

Naval Air Reserve Center at:

Olathe, Kansas

Naval Reserve Readiness Commands at:

New Orleans, Louisiana (Region 10)
Charleston, South Carolina (Region 7)

Air Force

Moffett Federal Airfield AGS, California
Real-Time Digitally Controlled Analyzer Processor Activity, Buffalo, New York
Air Force Electronic Warfare Evaluation Simulator Activity, Fort Worth, Texas

Defense Logistics Agency

Defense Contract Management District South, Marietta, Georgia
Defense Contract Management Command International, Dayton, Ohio
Defense Distribution Depot Columbus, Ohio
Defense Distribution Depot Letterkenny, Pennsylvania
Defense Industrial Supply Center Philadelphia, Pennsylvania
Defense Distribution Depot Red River, Texas

Defense Investigative Service

Investigations Control and Automation Directorate, Fort Holabird, Maryland

Part IV: Changes to Previously Approved BRAC Recommendations

Army

Army Bio-Medical Research Laboratory, Fort Detrick, Maryland

Navy

Marine Corps Air Station, El Toro, California
Marine Corps Air Station, Tustin, California
Naval Air Station Alameda, California
Naval Recruiting District, San Diego, California
Naval Training Center, San Diego, California
Naval Air Station, Cecil Field, Florida
Naval Aviation Depot, Pensacola, Florida
Navy Nuclear Power Propulsion Training Center, Naval Training Center, Orlando, Florida
Naval Training Center Orlando, Florida
Naval Air Station, Agana, Guam
Naval Air Station, Barbers Point, Hawaii

Naval Air Facility, Detroit, Michigan
 Naval Shipyard, Norfolk Detachment, Philadelphia, Pennsylvania
 Naval Sea Systems Command, Arlington, Virginia
 Office of Naval Research, Arlington, Virginia
 Space and Naval Warfare Systems Command, Arlington, Virginia
 Naval Recruiting Command, Washington, D.C.
 Naval Security Group Command Detachment Potomac, Washington, D.C.

Air Force

Williams AFB, Arizona
 Lowry AFB, Colorado
 Homestead AFB, Florida (301st Rescue Squadron)
 Homestead AFB, Florida (726th Air Control Squadron)
 MacDill AFB, Florida
 Griffiss AFB, New York (Airfield Support for 10th Infantry (Light) Division)
 Griffiss AFB, New York (485th Engineering Installation Group)

Defense Logistics Agency

Defense Contract Management District West, El Segundo, California

Selected Recommended Changes to Prior Round BRAC Decisions
(Personnel that have not yet relocated.)

**A Prior BRAC Decision Requires
Personnel To Relocate:**

**A BRAC 85 Recommendation Would
Change the Destination To:**

From		To	New Location	Personnel in	
				Military	Civilian
NAS Alameda, CA		NAS North Island, CA	NAS Corpus Christi, TX	423	0
NAS Cecil Field, FL		MCAS Cherry Point, NC	NAS Oceana, VA	3,288	111
		MCAS Beaufort, NC	MCAS Beaufort, NC	540	5
		MCAS Beaufort, NC	NAS Atlanta, GA	318	7
		NAS Oceana, VA	NAS Jacksonville, FL	1,869	22
NAF Detroit, MI		Marine Corps Res. Ctr., Twin Cities, MN	Stallings AOB, MI	54	0
MCAS El Toro and MCAS Tustin, CA		NAS Lemoore, CA	NAS Oceana, VA	1,897	34
			NAS North Island, CA	1,271	54
			NAS Jacksonville, FL	12	5
MCAS El Toro and MCAS Tustin, CA		NAS Miramar, CA	MCAS New River, NC	703	0
			MCAS Kings Bay, HI	128	0
Naval Nuclear Training, Orlando, FL		SLBASE New London, CT	Weapons Station Charleston, SC	2,780	0
NTC Orlando & NTC San Diego, CA		NAS Pensacola, FL	Lackland AFB, TX	183	0
		NTC Great Lakes, MI	NUMC Keyport, WA	82	0
			FTC San Diego, CA	127	0
Naval Recruiting Command, Washington, DC		NTC Great Lakes, MI	Bureau of Personnel, Memphis, TN	218	135
Naval Security Group Command Detachment Patuxent, MD		Fort Meade, MD	Naval Research Laboratory, MD	32	0
Williams Air Force Base, AZ		Orlando, FL	Williams Air Force Base, AZ	0	38
Griffis AFB, NY		Hill AFB, UT	Unit Inactivates		
485th Engineering Installation Group					

Department of Defense Recommended BRAC 95 Job Changes by State
 (Military includes average student load; civilian includes on-base contractor personnel)

State Installation	Action	Net Gain/(Loss)	
		Mil	Civ
ALABAMA			
ANNISTON ARMY DEPOT	RECEIVE	28	473
DEFENSE DISTRIBUTION DEPOT ANNISTON	RECEIVE	0	839
FORT MCCLELLAN	CLOSE	(8,085)	(2,441)
MRC HUNTSVILLE	CLOSE	(11)	(8)
REDSTONE ARSENAL	RECEIVE	201	2,388
	Total	(8,877)	831
ALASKA			
PORT GREELY	REALIGN	(438)	(288)
FORT WAINWRIGHT	RECEIVE	205	86
NAF ADAK	CLOSE	(640)	(136)
	Total	(773)	(368)
ARIZONA			
FORT HUACHUCA	RECEIVE	108	188
YUMA PROVING GROUND	RECEIVE	39	18
	Total	147	184
ARKANSAS			
PORT CHAFFEE	CLOSE	(40)	(207)
	Total	(40)	(207)
CALIFORNIA			
CBC PORT HUENEME	RECEIVE	0	2
DEFENSE CONTRACT MANAGEMENT DISTRICT WEST	RECEIVE	2	20
DEFENSE DISTRIBUTION DEPOT SAN JOAQUIN	RECEIVE	0	213
DEFENSE DISTRIBUTION REGION WEST	REDIRECT	2	289
EAST FT BAKER	CLOSE	(47)	(50)
EDWARDS AFB	RECEIVE	3	0
F35C SAN DIEGO	RECEIVE	0	18
FORT HUNTER LIGGETT	REALIGN	(283)	(85)
MCCLELLAN AFB	RECEIVE	134	245
MOFFETT FEDERAL AIRPORT AGS	CLOSE	(88)	(230)
NADEP NORTH ISLAND	RECEIVE	8	213
NAS NORTH ISLAND	RECEIVE	1,829	84
NAVAL HEALTH RESEARCH CENTER, SAN DIEGO	CLOSE	(17)	(137)
NAVAL PERSONNEL R&D CENTER, SAN DIEGO	DISESTABLISH	(17)	(203)
NAVAL STATION SAN DIEGO	RECEIVE	178	22
NAVAL WEAPONS STATION SEAL BEACH	RECEIVE	81	128
NAVMECEN SAN DIEGO	RECEIVE	102	35
NAWC CHINA LAKE	RECEIVE	18	284
NOCCOSC RDT&E SAN DIEGO	RECEIVE	154	888
NTSE WEST SAN DIEGO	DISESTABLISH	0	(88)
NORTH HIGHLANDS AIR GUARD STATION	CLOSE	0	0
MRC POMONA	CLOSE	(7)	(3)
MRC SANTA ANA (IRVINE)	CLOSE	(12)	(2)
MRC STOCKTON	CLOSE	(7)	0
NSWC PORT HUENEME	RECEIVE	0	107
NSY LONG BEACH	CLOSE	(283)	(2,788)
ONIZUKA AS	REALIGN	(873)	(1,202)
SIERRA ARMY DEPOT	REALIGN	(33)	(328)
SUPSHIP LONG BEACH	DISESTABLISH	(11)	(8)
TRAVIS AFB	RECEIVE	14	1
	Total	802	(3,888)

Department of Defense Recommended BRAC 95 Job Changes by State

(Military includes average student load; civilian includes on-base contractor personnel)

State Installation	Action	Net Gain/(Loss)	
		Mil	Civ
IDAHO			
MOUNTAIN HOME AFB	RECEIVE	123	3
	Total	123	3
ILLINOIS			
HTC GREAT LAKES	RECEIVE	10	6
PRICE SUPPORT CENTER, IL	CLOSE	(25)	(200)
SAVANNA ARMY DEPOT ACTIVITY	CLOSE	(67)	(993)
	Total	(72)	(566)
INDIANA			
NAWC-AD INDIANAPOLIS	CLOSE	(38)	(2,805)
NSWC CRANE	RECEIVE	13	1,778
	Total	(25)	(1,027)
KANSAS			
MARC OLATHE	CLOSE	(10)	(4)
	Total	(10)	(4)
KENTUCKY			
FORT KNOX	RECEIVE	1,418	64
NSWC LOUISVILLE	CLOSE	(18)	(1,449)
	Total	1,401	(1,385)
LOUISIANA			
MAS NEW ORLEANS	RECEIVE	0	2
NAVAL BIO DYNAMICS LAB NEW ORLEANS	CLOSE	(15)	(38)
NR READINESS CMD 10 NEW ORLEANS	CLOSE	(24)	(23)
	Total	(39)	(69)
MAINE			
MAS BRUNSWICK	RECEIVE	218	6
	Total	218	6
MARYLAND			
ABERDEEN PROVING GROUND	RECEIVE	11	108
ARMY PUBLICATIONS DISTRIBUTION CENTER	RELOCATE	(2)	(129)
FORT DETRICK	RECEIVE	802	326
FORT MEADE (KUMBROUGH HOSPITAL)	REALIGN	(86)	(74)
FORT RITCHIE	CLOSE	(1,011)	(1,333)
NAVAL MEDICAL RESEARCH INST. BETHESDA	CLOSE	(91)	(85)
NAWC-AD PATUXENT RIVER	RECEIVE	67	649
NSWC CARDEROCK	RECEIVE	1	19
NSWC DET ANNAPOLIS	CLOSE	(2)	(320)
NSWC DET WHITE OAK	CLOSE	(7)	(201)
	Total	(481)	(1,211)
MASSACHUSETTS			
DEFENSE CONTRACT MGT. DISTRICT NORTHEAST	RECEIVE	1	20
HANSCOM AFB	RECEIVE	6	885
MAS SOUTH WEYMOUTH	CLOSE	(837)	(299)
MATICK RESEARCH & DEVELOPMENT CENTER	RECEIVE	2	190
SUDBURY TRAINING ANNEX	CLOSE	0	(13)
	Total	(828)	463
MICHIGAN			
DEFENSE REUTILIZATION AND MARKETING SERVICE (HQ)	RECEIVE	0	87
DETROIT ARSENAL	RECEIVE	6	178

Department of Defense Recommended BRAC 95 Job Changes by State

(Military includes average student load civilian includes on-base contractor personnel)

State Installation	Action	Net Gain/(Loss)	
		Mil	Civ
DETROIT			
DETROIT ARSENAL TANK PLANT	CLOSE	0	0
NRC CADILLAC	CLOSE	(8)	0
SELFRIDGE AOB	RECEIVE	84	0
SELFRIDGE ARMY GARRISON	CLOSE	(54)	(55)
	Total	0	(28)
MISSISSIPPI			
COLUMBUS AFB	RECEIVE	115	201
NAS MERIDIAN	CLOSE	(1,034)	(947)
NAVOCEANO	RECEIVE	0	36
	Total	(1,519)	(710)
MISSOURI			
AVIATION-TROOP COMMAND	DISESTABLISH	(247)	(4,484)
FORT LEONARD WOOD	RECEIVE	1,408	342
ST LOUIS PUBS	RECEIVE	2	40
	Total	1,163	(4,102)
MONTANA			
MALMSTROM AFB	REALIGN	(719)	(80)
	Total	(719)	(80)
NEVADA			
NELLIS AFB	RECEIVE	87	85
	Total	87	85
NEW JERSEY			
BAYONE MILITARY OCEAN TERMINAL	CLOSE	(100)	(1,267)
CAVEN POINT RESERVE CENTER	CLOSE	(3)	0
FORT DIX	REALIGN	(310)	(428)
FORT MONMOUTH	RECEIVE	35	1,188
NAVY WPNSTA EARLE	RECEIVE	0	25
NAWC LAKEHURST	CLOSE	(380)	(1,383)
	Total	(758)	(1,865)
NEW MEXICO			
HOLLOWAY AFB	RECEIVE	1,388	344
KIRTLAND AFB	REALIGN	(4,866)	(2,284)
	Total	(3,188)	(1,940)
NEW YORK			
FORT DRUM	RECEIVE	0	180
FORT HAMILTON RESERVE CENTER	REALIGN	3	(32)
FORT TOTTEN	CLOSE	(11)	(32)
GRIFFISS AIR GUARD	REDIRECT	0	(150)
NRC STATEN ISLAND	CLOSE	(12)	(2)
REDCAP ACTIVITY, BUFFALO	DISESTABLISH	(3)	(1)
ROME LABORATORIES	CLOSE	(10)	(1,057)
ROSLYN AOB	CLOSE	(8)	(36)
SENECA ARMY DEPOT	CLOSE	(8)	(118)
STEWART IAP AOB	RECEIVE	8	36
WATERVLIET ARSENAL	RECEIVE	0	15
	Total	(41)	(1,415)
NORTH CAROLINA			
MCAS NEW RIVER	RECEIVE	703	0
	Total	703	0

Department of Defense Recommended BRAC 95 Job Changes by State

(Military includes average student load civilian includes on-base contractor personnel)

State Installation	Action	Net Gain/(Loss)	
		Mil	Civ
NORTH DAKOTA			
GRAND FORKS AFB	REALIGN	(1,508)	(118)
	Total	(1,508)	(118)
OHIO			
DEFENSE DISTRIBUTION DEPOT COLUMBUS	REALIGN	0	(721)
SPRINGFIELD BECKLEY MAP AGS	CLOSE	0	0
WRIGHT-PATTERSON AFB	RECEIVE	1,315	1,233
	Total	1,315	512
OKLAHOMA			
FORT SILL	RECEIVE	1,575	32
MCALISTER ARMY AMMUNITION PLANT	RECEIVE	83	218
TINKER AFB (INCL OKLAHOMA CITY ALC)	REALIGN	127	(831)
VANCE AFB	RECEIVE	115	201
	Total	1,870	(379)
PENNSYLVANIA			
DEFENSE DISTRIBUTION DEPOT LETTERKENNY	DISESTABLISH	(4)	(374)
DEFENSE DISTRIBUTION DEPOT SUSQUEHANNA	RECEIVE	0	297
DEFENSE DISTRIBUTION REGION EAST	RECEIVE	0	88
DEFENSE INDUSTRIAL SUPPLY CENTER	REALIGN	(16)	(388)
FORT INDIANTOWN GAP	CLOSE	(136)	(385)
GREATER PITTSBURGH IAP ARS	CLOSE	0	(367)
KELLY SUPPORT CENTER	REALIGN	0	(121)
LETTERKENNY ARMY DEPOT	REALIGN	(35)	(2,055)
NAESU PHILADELPHIA	CLOSE	(10)	(80)
NATBF PHILADELPHIA	CLOSE	(4)	(223)
NAWC-AD & NCCOSC DET WARMINSTER WARMINSTER	CLOSE	(16)	(332)
NAWC-AD OPEN WATER TEST FACILITY ORELAND	CLOSE	0	0
NSWC PHILADELPHIA	RECEIVE	0	281
NSY PHILADELPHIA-NORFOLK DET	REDIRECT	0	0
TOBYHANNA ARMY DEPOT	RECEIVE	0	300
	Total	(221)	(3,378)
PUERTO RICO			
FORT BUCHANAN	REALIGN	(88)	(123)
	Total	(88)	(123)
RHODE ISLAND			
NETC NEWPORT	RECEIVE	822	10
NAWC NEWPORT	RECEIVE	0	862
	Total	822	872
SOUTH CAROLINA			
FBC CHARLESTON	CLOSE	(2)	(8)
FORT JACKSON	RECEIVE	1,404	51
MCAS BEAUFORT	RECEIVE	840	5
NAVAL READINESS CMD 7 CHARLESTON	CLOSE	(30)	(16)
NAVY WPNSTA CHARLESTON	RECEIVE	2,780	0
SHAW AFB (728 ACS, HOMESTEAD AFB)	REDIRECT	(123)	(3)
	Total	4,869	31
TENNESSEE			
BUREAU OF PERSONNEL (IN)	RECEIVE	233	283
DEFENSE DISTRIBUTION DEPOT MEMPHIS	DISESTABLISH	(11)	(1,288)
	Total	222	(1005)

Department of Defense Recommended BRAC 95 Job Changes by State

(Military includes average student load; civilian includes on-base contractor personnel)

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State Installation	Action	Net Gain/(Loss)	
		Mil	Civ
TEXAS			
AF ELEC. WARFARE SIMULATOR ACT., FT. WORTH	DISESTABLISH	(4)	(1)
BERGSTROM AIR RESERVE BASE	CLOSE	0	(565)
BROOKS AFB	CLOSE	(1,820)	(1,839)
DEFENSE DISTRIBUTION DEPOT RED RIVER	DISESTABLISH	(1)	(820)
FORT BLISS	RECEIVE	470	62
FORT SAM HOUSTON	RECEIVE	414	27
JRB FT WORTH	RECEIVE	2	5
KELLY AFB (INCL SAN ANTONIO ALC)	REALIGN	264	(143)
LACKLAND AFB	RECEIVE	240	26
LAUGHLIN AFB	RECEIVE	129	823
LONE STAR ARMY AMMUNITION PLANT	RECEIVE	0	510
NAS CORPUS CHRISTI	REALIGN	262	(284)
NAS KINGSVILLE	RECEIVE	418	50
NRF LAREDO	CLOSE	(5)	0
RED RIVER ARMY DEPOT	CLOSE	(14)	(2,887)
REESE AFB	CLOSE	(900)	(1,183)
SHEPPARD AFB	RECEIVE	81	143
	Total	(375)	(6,808)
UTAH			
DEFENSE DISTRIBUTION DEPOT OGDEN	DISESTABLISH	(3)	(1,105)
DUGWAY PROVING GROUND	REALIGN	(185)	(831)
HILL AFB (INCL UTAH TEST AND TRNG RANGE)	RECEIVE	0	147
	Total	(173)	(1,809)
VIRGINIA			
CG MCCDC QUANTICO	RECEIVE	12	0
DEFENSE CONTRACT MANAGEMENT COMMAND	RECEIVE	11	41
DEFENSE GENERAL SUPPLY CENTER	RECEIVE	12	247
PORT LEE (KENNER HOSPITAL)	REALIGN	(88)	(108)
PORT PICKETT	CLOSE	(8)	(245)
NAS NORFOLK	REALIGN	(551)	0
NAS OCEANA	RECEIVE	5,185	145
NAVAL MGT SYSTEMS SPT OFFICE CHESAPEAKE	DISESTABLISH	(5)	(15)
NSWC DAHLGREN	RECEIVE	0	24
NSY NORFOLK	RECEIVE	0	230
SPAWAR ARLINGTON	REDIRECT	(201)	(832)
	Total	4,364	(511)
WASHINGTON			
FORT LEWIS	RECEIVE	137	0
NAS WHIDBEY ISLAND	RECEIVE	510	0
NSY PUGET SOUND	RECEIVE	41	28
NUWC KEYPORT	RECEIVE	82	(28)
	Total	780	0
WEST VIRGINIA			
VALLEY GROVE AREA MAINT SUP ACT (AMSA)	CLOSE	0	(7)
	Total	0	(7)
WISCONSIN			
NRC SHEBOYGAN	CLOSE	(5)	0
	Total	(5)	0

NOTE: This table excludes relocations "out" for BRAC 95 recommendations to change prior BRAC decisions that have not yet been implemented.

BRAC 95 Closure and Realignment Recommendation Costs and Savings

(FY 96 Millions)

Service/Agency Installation	State	Action	Closure Cost	FY96-01 Net Cost (Savings)	Annual Savings	Total Savings*	Net Personnel Gains and (Losses)	
							MB	Ch
Alabama								
Army								
Ft McClellan		Close	259	122	46	316	(4,095)	(2,441)
Navy								
NRC Huntsville		Close	0	(3)	1	7	(11)	(8)
Personnel Increases of Other Bases							329	3,340
Total Alabama Personnel Impact							(5,877)	931
Alaska								
Army								
Ft Greely		Realign	23	(43)	19	226	(438)	(264)
Navy								
NAF Adak		Close	9	(108)	26	365	(640)	(138)
Personnel Increases of Other Bases							305	86
Total Alaska Personnel Impact							(773)	(348)
Arizona								
Air Force								
Williams AFB		Redirect	0	(16)	0	21	0	0
Personnel Increases of Other Bases							167	184
Total Arizona Personnel Impact							167	184
Arkansas								
Army								
Ft Chaffee		Close	10	(37)	13	167	(40)	(207)
Personnel Increases of Other Bases							0	0
Total Arkansas Personnel Impact							(40)	(207)
California								
Army								
Branch U.S. Disciplinary Barracks		Close	0	0	0	0	0	0
East Ft Baker		Close	0	1	2	16	(67)	(80)
Ft Hunter-Liggett		Realign	4	(12)	6	64	(393)	(36)
Elba Vista Army Reserve Center		Close	0	(1)	0	2	0	0
Santa Army Depot		Realign	14	(55)	29	333	(63)	(539)
Navy								
MCAS El Toro/Tustin		Redirect	90	(293)	3	347	0	0
NAS Alameda		Redirect	Costs/Savings Included in NAS Meridian closure				0	0
Naval Health Research Ctr San Diego		Disestablish	6	2	1	11	(17)	(137)
NAVFERS R&D Ctr San Diego		Disestablish	8	4	2	16	(17)	(202)
NRE West San Diego		Disestablish	2	(17)	4	60	0	(58)
NRC Pomona		Close	0	(3)	0	6	(7)	(3)
NRC Santa Anna (Irvine)		Close	0	(3)	1	6	(12)	(3)
NRC Stockton		Close	0	(3)	0	5	(7)	0
NSV Long Beach		Close	76	(726)	131	1,949	(263)	(2,744)
Recruiting District San Diego		Redirect	0	0	0	0	0	0
SUPSHIP Long Beach		Disestablish	0	(1)	0	3	(11)	(8)
Air Force								
Moffett Federal Airport AGS		Close	15	(6)	6	60	(88)	(200)
North Highlands Air Guard Station		Close	1	1	0	2	0	0
Ontario AS		Realign	194	126	30	182	(573)	(1,202)
Orinda IAP AGS		Close	1	0	0	1	0	0

Net Personnel Gains and (Losses)	
MB	Ch

* Twenty Year Net Present Value of 2.75%

BRAC 95 Closure and Realignment Recommendation Costs and Savings

FY 96 (Millions)

Service/Agency Installation	State	Action	Closure Cost	FY96-01 Net Cost (Savings)	Annual Savings	Total Savings*	Net Personnel Costs and (Losses)		
							MM	CV	
Sacramento ALC (McClellan AFB) Defense Logistics Agency Defense Contract Management District West			Redirect	Cost/Savings included in AF ALC Realignment (See San Antonio ALC)			0	0	
Personnel Increases of Other Bases							2,190	2,294	
Total California Personnel Impact							602	(3,988)	
Colorado									
Army									
Fitzsimons Army Medical Center			Close	142	39	34	299	(1,291)	(1,612)
All Fees									
Lowry AFB			Redirect	2	(11)	3	39	(78)	(11)
Personnel Increases of Other Bases							528	303	
Total Colorado Personnel Impact							(841)	(1,320)	
Connecticut									
Army									
Storford Army Engine Plant			Close	2	(24)	6	80	0	0
Navy									
NAWC Det New London			Disestablish	23	(14)	8	91	(8)	(632)
Personnel Increases of Other Bases							20	13	
Total Connecticut Personnel Impact							13	(609)	
District of Columbia									
Navy									
Recruiting Command Wash. D.C.			Redirect	7	(1)	0	1	0	0
Security Group Det Potomac			Redirect	0	0	0	0	0	0
Personnel Increases of Other Bases							225	0	
Total District of Columbia Personnel Impact							225	0	
Florida									
Army									
Big Cane Key			Close	0	0	0	0	0	0
Navy									
NADEP Pensacola			Redirect	2	(2)	0	4	0	0
NAS Cecil Field			Redirect	67	(238)	12	436	0	0
NAS Key West			Redirect	0	(8)	2	26	(19)	(1)
NRL Underwater Sound Det Orlando			Disestablish	8	(4)	3	20	0	(109)
MTC Orlando/San Diego			Redirect	6	(26)	0	26	0	0
Nuclear Power Propulsion Ing Ctr. Orlando			Redirect	148	(20)	0	71	0	0
All Fees									
Eglin AFB			Redirect	2	(6)	3	31	(20)	299
Homestead AFB (301 ARS)			Redirect	8	(2)	2	16	(61)	(163)
Homestead AFB (726 ACS)			Redirect	7	(2)	0	5	0	0
MacDill AFB			Redirect	Cost/Savings included in MacDill AFB action			0	0	
Personnel Increases of Other Bases							3,414	643	
Total Florida Personnel Impact							3,784	679	
Georgia									
All Fees									
Worms-Robbins ALC (Robins AFB)			Redirect	Cost/Savings included in AF ALC Realignment (See San Antonio ALC)			(8)	(824)	

* Twenty Year Net Present Value of 2.78%

BRAC 95 Closure and Realignment Recommendation Costs and Savings

(\$Y 94 Millions)

Service/Agency	State	Action	Closure Cost	FY96-01 Net Cost (Savings)	Annual Savings	Total Savings *
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Net Personnel Gains and (Losses)	
MR	Civ

Defense Logistics Agency								
Defense Contract Management District South		Disestablish	4	(18)	4	74	(6)	(144)
Personnel Increases of Other Bases							804	77
Total Georgia Personnel Impact							791	(613)

Guam

Navy								
RFC Guam		Disestablish	18	(143)	31	437	(73)	(240)
NAS Agaña		Redirect	44	(214)	22	418	(1,372)	0
Naval Activities Guam		Realign	92	(64)	43	474	(737)	(1,484)
SPF Guam		Close	8	(172)	38	629	(22)	(641)
Personnel Increases of Other Bases							0	0
Total Guam Personnel Impact							(2,104)	(2,465)

Hawaii

Navy								
NAS Barber Point		Redirect	0	(18)	0	18	0	0
Personnel Increases of Other Bases							996	773
Total Hawaii Personnel Impact							996	773

Idaho

Personnel Increases of Other Bases							123	3
Total Idaho Personnel Impact							123	3

Illinois

Army								
Price Support Center, IL		Close	4	(35)	9	116	(26)	(200)
Savanna Army Depot Activity		Close	38	12	13	112	(87)	(293)
Personnel Increases of Other Bases							10	6
Total Illinois Personnel Impact							(72)	(487)

Indiana

Navy								
NAWC-AD Indianapolis		Close	180	27	68	640	(24)	(2,806)
Personnel Increases of Other Bases							13	1,778
Total Indiana Personnel Impact							(22)	(1,027)

Kansas

Navy								
MARC Olathe		Close	8	(40)	1	11	(10)	(4)
Personnel Increases of Other Bases							0	0
Total Kansas Personnel Impact							(10)	(4)

* Twenty Year Net Present Value at 2.76%

82A2.95 Closure and Redignment Recommendation Costs and Savings

(7 of 14 pages)

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings

Net Personnel	Gains and Losses	CV
1,416	84	(1,395)

Kentucky

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (149)		Cost/Savings included in NAVC Indianapolis action	(15)						

Florida

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (149)		Cost/Savings included in NAVC Indianapolis action	(15)						

Louisiana

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (15)		Cost/Savings included in NAVC Indianapolis action	(15)						

Mississippi

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (15)		Cost/Savings included in NAVC Indianapolis action	(15)						

Montana

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (129)		Cost/Savings included in NAVC Indianapolis action	(129)						

Massachusetts

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (279)		Cost/Savings included in NAVC Indianapolis action	(279)						

Michigan

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (279)		Cost/Savings included in NAVC Indianapolis action	(279)						

Minnesota

Agency	State	Action	Total	Closure	1996-01	Net	Annual	Savings	Savings
NAVY (279)		Cost/Savings included in NAVC Indianapolis action	(279)						

BRAC 95 Closure and Realignment Recommendation Costs and Savings

FY 96 (Millions)

Service/Agency Installation	State	Action	Closure Cost	FY96-01 Net Cost (Savings)	Annual Savings	Total Savings*
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Net Personnel Gains and (Losses)	
MB	CV

Mississippi

Navy									
NAS Meridian		Close	83	(189)	33	471	(1,843)	(947)	
NTIC Meridian		Close	Costs/Savings included in NAS Meridian action						
Personnel Increases at Other Bases							118	237	
Total Mississippi Personnel Impact							(1,819)	(710)	

Missouri

Army								
Aviation Troop Command		Discontin	146	(7)	46	463	(247)	(4,184)
Personnel Increases at Other Bases							1,411	362
Total Missouri Personnel Impact							1,164	(4,102)

Montana

Army								
Ft. Missoula		Close	0	(1)	0	2	0	0
Air Force								
Malstrom AFB		Realign	17	(6)	5	84	(719)	(40)
Personnel Increases at Other Bases							0	0
Total Montana Personnel Impact							(719)	(40)

Nevada

Personnel Increases at Other Bases							87	86
Total Nevada Personnel Impact							87	86

New Jersey

Army									
Bayonne Military Ocean Terminal		Close	44	8	10	90	(100)	(1,267)	
Camp Kilmer		Close	0	(1)	0	3	0	0	
Camp Peardtown		Close	0	(2)	0	0	0	0	
Caven Point Army Reserve Center		Close	Cost/Savings included in Ft. Hamilton action					(3)	0
Ft. Dix		Realign	19	(112)	36	478	(318)	(427)	
Navy									
NAWC Littleport		Close	97	5	37	369	(388)	(1,363)	
Personnel Increases at Other Bases							36	1,213	
Total New Jersey Personnel Impact							(788)	(1,844)	

New Mexico

Air Force								
Wright AFB		Realign	278	109	42	466	(4,864)	(2,294)
Personnel Increases at Other Bases							1,368	344
Total New Mexico Personnel Impact							(3,188)	(1,960)

New York

Army								
Baltimore Logistics Activity		Close	0	(2)	0	5	0	0
Ft. Hamilton		Realign	2	(3)	7	74	3	(82)
Ft. Totten		Close	4	0	2	17	(11)	(32)

* Twenty Year Net Present Value at 2.75%

BAC 95 Closure and Realignment Recommendation Costs and Savings

(in \$ Millions)

Service/Agency	State	Action	Closure	PPG-01 Net	Annual	Total
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Net Performance	Gain and (Loss)	CV
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Service Army Depot 18 21 242 242 (9) (14)

NAVY 0 0 10 10 (2) (2)

All Force 0 0 0 0 0 0

Griffin AFB (45th EIS) 1 1 64 64 0 0

Griffin AFB (Airfield Support) 81 81 111 111 0 0

Redford 2 2 11 11 (1) (1)

Redford 53 53 98 98 (1,067) (1,067)

Boyn AFS 2 2 8 8 (3) (3)

Personnel Increase of Other Bases 0 0 0 0 0 0

Total New York Personnel Impact 21 21 21 21 (1,118) (1,118)

North Carolina 0 0 0 0 0 0

Personnel Increase of Other Bases 0 0 0 0 0 0

Total North Carolina Personnel Impact 0 0 0 0 0 0

North Dakota 0 0 0 0 0 0

Grand Forks AFB 12 12 447 447 (1,506) (1,506)

Personnel Increase of Other Bases 0 0 0 0 0 0

Total North Dakota Personnel Impact 0 0 0 0 0 0

Ohio 0 0 0 0 0 0

Springfield-Beckley MAP AGS 23 23 36 36 0 0

Personnel Increase of Other Bases 3 3 30 30 0 0

Dixmore Distribution Depot Columbus 0 0 161 161 (21) (21)

Personnel Increase of Other Bases 1,216 1,216 1,216 1,216 0 0

Total Ohio Personnel Impact 0 0 0 0 0 0

Air Force 0 0 0 0 0 0

Chickamauga 0 0 0 0 0 0

Chickamauga Dry ALC (River AFB) 137 137 1,370 1,370 (379) (379)

Personnel Increase of Other Bases 1,743 1,743 1,743 1,743 0 0

Total Oklahoma Personnel Impact 0 0 0 0 0 0

Army 0 0 0 0 0 0

Personnel Increase of Other Bases 19 19 26 26 0 0

Personnel Increase of Other Bases 19 19 26 26 0 0

Total Army Personnel Impact 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

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Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

Cost/Savings Included in NAVCAD Worksheet 0 0 0 0 0 0

* Twenty Year Net Present Value of 2.75%

§BAC 95 Closure and Realignment Recommendation Costs and Savings

(in millions)

Service/Agency	Station	Action	Closure	FP&O Net Annual Total	Cost (Savings)	Savings
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Net Personnel Costs and (Losses)	Net Personnel
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NET PRODUCTION-NORTH DIST	Headq		0	520	9	126
Air Force			0			0
CRATER PRODUCTION IAP AFS	Com		22	(24)	13	141
Defense Logistics Agency						0
Defense Distribution Depot Letterman	Headq		46	21	12	102
Defense Joint Mil Supply Center, PA	Headq		17	(97)	10	227
Personnel Increases of Other Bases						0
Total Pennsylvania Personnel Impact						(221)
Puerto Rico						
Army						
RI BUCHON	Headq		74	60	10	46
Personnel Increases of Other Bases						0
Total Puerto Rico Personnel Impact						(97)
Stode Island						
Personnel Increases of Other Bases						572
Total Rhode Island Personnel Impact						572
South Carolina						
POC Charleston	Com		2	20	1	11
NET BUCHON (Cmd) / Charleston	Com		1	(14)	3	40
Personnel Increases of Other Bases						4,601
Total South Carolina Personnel Impact						4,699
Tennessee						
Defense Logistics Agency						
Defense Distribution Depot Memphis	Com		66	(18)	24	244
Personnel Increases of Other Bases						233
Total Tennessee Personnel Impact						222
Texas						
Red River Army Depot	Com		60	(313)	123	1,477
NAV Corps Civl	Headq					282
Off. Laredo	Com		0	(7)	0	4
Air Force						0
AF Electronic Warfare Training Agency, Ft. Worth	Headq		6	3	1	4
Com			13	(23)	21	291
Com			184	139	27	142
Com			27	(52)	22	267
Base AFB	Com		183	(129)	69	991
San Antonio ALC (Early AFB)	Headq					244
Defense Logistics Agency						0
Defense Distribution Depot Mid River	Headq		89	1	10	184
Personnel Increases of Other Bases						1,764
Total Texas Personnel Impact						(273)

Twenty Year Net Present Value of 2.75%

Army						
Red River Army Depot	Com		60	(313)	123	1,477
NAV Corps Civl	Headq					282
Off. Laredo	Com		0	(7)	0	4
Air Force						0
AF Electronic Warfare Training Agency, Ft. Worth	Headq		6	3	1	4
Com			13	(23)	21	291
Com			184	139	27	142
Com			27	(52)	22	267
Base AFB	Com		183	(129)	69	991
San Antonio ALC (Early AFB)	Headq					244
Defense Logistics Agency						0
Defense Distribution Depot Mid River	Headq		89	1	10	184
Personnel Increases of Other Bases						1,764
Total Texas Personnel Impact						(273)

Service/Agency	State	Act	Total	Annual	Net	Annual	Total	Net	Annual	Total
Army										
Drugs Training Ground	Region		25	25	(61)	307	(145)	(211)	0	0
Alford	Region		0	0	0	0	0	0	0	0
Odson ALC (HAFB)	Region		3	3	(62)	180	0	147	0	0
HAFB (Training Unit and Training Range)	Region		0	0	0	0	0	0	0	0
Defense Logistics Agency	Close		111	28	21	181	(8)	(1,105)	0	0
Defense Distribution Depot Ogden	Close		0	0	0	0	0	0	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Utah Personnel Impact			0	0	0	0	(1,733)	(1,897)	0	0
Virginia										
Army			0	0	0	0	0	0	0	0
PL Lee (Kernan Hospital)	Region		2	4	(16)	61	(99)	(104)	0	0
PL Pickett	Close		25	21	(41)	241	(9)	(245)	0	0
Information Systems Software Command	Relocate		6	2	1	8	0	0	0	0
Army Systems Mgt Ctr Arlington	Relocate		0	0	0	2	0	0	0	0
Naval Mgt Systems Spt Office Chesapeake	Relocate		2	3	(9)	26	(6)	(13)	0	0
NAVFAC Crystal City	Relocate		160	148	(48)	144	0	0	0	0
NSF Det Norfolk	Close		8	2	0	20	0	0	0	0
Office of Naval Research Arlington	Relocate		0	0	0	0	0	0	0	0
SPAWAR Arlington	Relocate		24	25	(120)	360	(201)	(932)	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Virginia Personnel Impact			0	0	0	0	0	0	0	0
Washington										
Army			0	0	0	0	0	0	0	0
Coro Bonanza	Close		0	0	(1)	2	0	0	0	0
NLMC Kaydon	Region		2	2	(10)	20	0	(28)	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Washington Personnel Impact			0	0	0	0	0	0	0	0
West Virginia										
Army			0	0	0	0	0	0	0	0
Volley Grove Area Maintenance Spt Activity, WV	Close		0	0	0	0	0	0	0	0
Contingency included in Kelly Support Center action			0	0	0	0	0	0	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total West Virginia Personnel Impact			0	0	0	0	0	0	0	0
Wisconsin										
Army			0	0	0	0	0	0	0	0
MCC Shadyon	Close		0	0	(1)	4	(6)	0	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Wisconsin Personnel Impact			0	0	0	0	0	0	0	0
Washington										
Army			0	0	0	0	0	0	0	0
Coro Bonanza	Close		0	0	(1)	2	0	0	0	0
NLMC Kaydon	Region		2	2	(10)	20	0	(28)	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Washington Personnel Impact			0	0	0	0	0	0	0	0
Virginia										
Army			0	0	0	0	0	0	0	0
PL Lee (Kernan Hospital)	Region		2	4	(16)	61	(99)	(104)	0	0
PL Pickett	Close		25	21	(41)	241	(9)	(245)	0	0
Information Systems Software Command	Relocate		6	2	1	8	0	0	0	0
Army Systems Mgt Ctr Arlington	Relocate		0	0	0	2	0	0	0	0
Naval Mgt Systems Spt Office Chesapeake	Relocate		2	3	(9)	26	(6)	(13)	0	0
NAVFAC Crystal City	Relocate		160	148	(48)	144	0	0	0	0
NSF Det Norfolk	Close		8	2	0	20	0	0	0	0
Office of Naval Research Arlington	Relocate		0	0	0	0	0	0	0	0
SPAWAR Arlington	Relocate		24	25	(120)	360	(201)	(932)	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Virginia Personnel Impact			0	0	0	0	0	0	0	0
Utah										
Army			0	0	0	0	0	0	0	0
Drugs Training Ground	Region		25	25	(61)	307	(145)	(211)	0	0
Alford	Region		0	0	0	0	0	0	0	0
Odson ALC (HAFB)	Region		3	3	(62)	180	0	147	0	0
HAFB (Training Unit and Training Range)	Region		0	0	0	0	0	0	0	0
Defense Logistics Agency	Close		111	28	21	181	(8)	(1,105)	0	0
Defense Distribution Depot Ogden	Close		0	0	0	0	0	0	0	0
Personnel increases of Other Bases			0	0	0	0	0	0	0	0
Total Utah Personnel Impact			0	0	0	0	(1,733)	(1,897)	0	0

Net Personnel
Gains and (Losses)
\$M

Total
Annual
Net
Annual
Savings

Service/Agency
State
Act





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

OPENING STATEMENT

THE HONORABLE ALAN J. DIXON, CHAIRMAN

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

Hearing on 1995 Base Closure Recommendations of Department of Defense

March 1, 1995

Washington, DC

GOOD MORNING, LADIES AND GENTLEMEN, AND WELCOME TO THE FIRST HEARING OF THE 1995 ROUND OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION.

TODAY WE EMBARK ON A DIFFICULT AND, FOR MANY COMMUNITIES, INDIVIDUALS AND BUSINESSES, A PAINFUL JOURNEY THAT WILL END ON JULY FIRST, WHEN THE COMMISSION PRESENTS ITS FINAL RECOMMENDATIONS FOR BASE CLOSURES AND REALIGNMENTS TO THE PRESIDENT.

BEFORE WE HEAR FROM SECRETARY PERRY, GENERAL SHALIKASHVILI AND DEPUTY SECRETARY DEUTSCH ABOUT THE DEFENSE DEPARTMENT'S RECOMMENDATIONS, I WANT TO DESCRIBE BRIEFLY THE RECENT HISTORY OF BASE CLOSURE, AND I WANT TO TELL YOU ABOUT HOW THIS COMMISSION WILL OPERATE IN THE COMING MONTHS.

I CANNOT EMPHASIZE STRONGLY ENOUGH THAT BOTH THE LAW UNDER WHICH OPERATE AND THE PERSONAL FEELINGS OF EVERY PERSON ASSOCIATED WITH THIS COMMISSION COMMIT US TO PROVIDE A FAIR , OPEN AND INDEPENDENT PROCESS THAT WILL RESULT IN THE TIMELY CLOSURE AND REALIGNMENT OF MILITARY INSTALLATIONS IN THE UNITED STATES.

IN 1988, THEN-SECRETARY CARLUCCI UNDERTOOK, WITH THE APPROVAL OF CONGRESS, THE FIRST ROUND OF DOMESTIC BASE CLOSURES IN MORE THAN A DECADE. THAT ROUND RESULTED IN THE CLOSING OF 86 BASES AND REALIGNMENT OF THIRTEEN OTHERS. TWO OF THE CLOSURES WERE IN THE MY OWN HOME STATE OF ILLINOIS, AND SO I KNOW THE PAIN OF BEING ON THE RECEIVING END OF ONE OF THESE DECISIONS.

IT WAS A FRUSTRATING TIME FOR ME AND FOR MANY OTHER ELECTED OFFICIALS. SECRETARY CARLUCCI OPERATED WELL WITHIN THE GUIDELINES GIVEN HIM BY CONGRESS. NONETHELESS, THE 1988 PROCESS WAS, TO BE CANDID, A VERY CLOSED ONE.

WHEN IT WAS OVER, SENATOR NUNN AND SENATOR WARNER AND I, AND OTHERS, SET ABOUT DEVISING A WAY TO CLOSE BASES THAT WOULD BE DONE FAIRLY AND OPENLY. AS A RESULT, IN 1990 CONGRESS PASSED THE "DEFENSE BASE CLOSURE AND REALIGNMENT ACT," UNDER WHICH WE OPERATE.

I BELIEVE THE LAW WE PASSED HAS IMPROVED SUBSTANTIALLY ON HOW BASES WERE CLOSED IN THE PAST. THE HALLMARK OF THE PROCESS IS OPENNESS.

I WANT TO ASSURE EVERYONE HERE TODAY, AND EVERY CITIZEN OF EVERY COMMUNITY THAT'S ON THE LIST, THAT EVERYTHING THIS COMMISSION DOES BETWEEN NOW AND JULY FIRST WILL BE DONE IN THE OPEN.

ALL THE MATERIAL THAT PERTAINS TO THIS JOB AT HAND WILL BE IN OUR LIBRARY AND AVAILABLE TO THE PUBLIC AND THE PRESS. OUR MANY HEARINGS IN WASHINGTON, AND ALL AROUND THE COUNTRY ARE, OF COURSE OPEN TO ALL. THE NOTES WE TAKE ON BASE VISITS WILL BE IN THE LIBRARY. SO WILL EVERY DOCUMENT ANY COMMUNITY GIVES US IN SUPPORT OF THEIR BASE.

THERE ARE NO FREEDOM OF INFORMATION ACT REQUESTS NECESSARY. IF WE HAVE IT, YOU CAN HAVE IT. IN THIS PROCESS, THERE WILL BE A SEAT AT THE TABLE FOR ANYONE WHO WANTS ONE.

WE ALL KNOW THAT PASSIONS WILL RUN HIGH AS THIS PROCESS UNFOLDS. BELIEVE ME, WE APPRECIATE WHAT'S AT STAKE FOR THE COMMUNITIES ON THE LIST, AND I GIVE YOU MY WORD -- WHICH IS ALL THAT YOU HAVE IN THIS BUSINESS OF GOVERNMENT -- THAT WE WILL GO ABOUT OUR DIFFICULT BUSINESS SENSITIVELY, AS WELL AS FAIRLY.

AS YOU ALL KNOW, THIS IS THE FINAL ROUND OF BASE CLOSINGS UNDER THE CURRENT LEGISLATION. OUR COMMISSION GOES OUT OF BUSINESS ON DECEMBER 31ST OF THIS YEAR.

THE FIRST THREE ROUNDS OF BASE CLOSINGS HAVE REDUCED DOMESTIC BASE STRUCTURE BY ABOUT 15 PER CENT. OVERALL, THE DEPARTMENT OF DEFENSE IS NOW CLOSING 70 MAJOR BASES AND REALIGNING 38 OTHERS, AND IMPLEMENTING MORE THAN 200 OTHER SMALLER CLOSURES.

BUT AS YOU ALSO KNOW, WHAT YOU MIGHT CALL THE "EASY" DECISIONS -- AND NONE OF THEM WERE -- HAVE ALL BEEN MADE. WE ARE DOWN TO, FOR THE MOST PART, EXCELLENT BASES, MANY WITH A LONG AND DISTINGUISHED HISTORY OF SUPPORT FOR OUR ARMED FORCES. OUR DECISIONS THIS YEAR WILL BE ALL THE MORE DIFFICULT FOR THAT REASON.

I BELIEVE THAT BASE CLOSING MUST NOT BE LOOKED AT AS SIMPLY A BUDGET-CUTTING TACTIC. IT SHOULD BE UNDERTAKEN TO REDUCE OUR DEFENSE INFRASTRUCTURE IN A DELIBERATE WAY THAT WILL IMPROVE LONG-TERM MILITARY READINESS AND INSURE WE ARE SPENDING TAXPAYER DOLLARS IN THE MOST EFFICIENT WAY POSSIBLE.

WE SHOULD NOT MAKE DECISIONS THAT WILL ELIMINATE IMPORTANT MILITARY ASSETS BASED ON OUR NEAR-TERM BUDGET IMPERATIVES. THIS COMMISSION'S CHALLENGE IS TO DEVELOP A CLOSURE LIST THAT ALLOWS US TO MAINTAIN READINESS, MODERNIZE OUR MILITARY, AND PRESERVE THE FORCE LEVELS WE NEED TO MAINTAIN SECURITY.

AND THAT IS WHY IT IS SO IMPORTANT THAT THIS THIRD ROUND PROCEED AS SCHEDULED -- BOTH OUR NATIONAL SECURITY AND OUR LONG-TERM BUDGET GOALS DEMAND IT. BRIEFLY, WE WILL GO ABOUT OUR WORK IN THE FOLLOWING WAY:

- * HEARINGS TODAY AND ON MARCH 6 AND 7 IN WASHINGTON AT WHICH DEFENSE DEPARTMENT OFFICIALS WILL EXPLAIN THEIR RECOMMENDATIONS.

- * A HEARING MARCH 16 IN WASHINGTON ON THE BASE RE-USE ACTIVITIES OF THE FEDERAL GOVERNMENT.

- * AS MANY REGIONAL HEARINGS AS WE NEED AROUND THE COUNTRY TO ALLOW INTERESTED PARTIES TO EXPRESS THEMSELVES FULLY.

- * BASE VISITS BY COMMISSIONERS AND STAFF.

* HEARINGS IN WASHINGTON IN JUNE AT WHICH MEMBERS OF CONGRESS CAN ADDRESS THE COMMISSION.

* PUBLIC SESSIONS BEGINNING IN LATE JUNE AT WHICH THE COMMISSIONERS WILL CAST THEIR VOTES ON WHICH BASES TO CLOSE OR REALIGN.

WE WILL MAKE OUR JUDGMENTS BASED ON EIGHT CLEARLY-STATED CRITERIA, DEVELOPED BY THE DEFENSE DEPARTMENT UNDER AUTHORITY GIVEN THEM BY CONGRESS, INVOLVING MILITARY VALUE, RETURN ON INVESTMENT AND IMPACTS ON THE COMMUNITY, AS WELL AS ON THE FORCE STRUCTURE PLANS OF THE MILITARY BRANCHES.

IN ADDITION TO OUR CLOSURE AND REALIGNMENT LIST, OUR FINAL REPORT WILL ALSO INCLUDE RECOMMENDATIONS TO THE CONGRESS REGARDING HOW TO CARRY OUT BASE CLOSURES IN THE FUTURE, AND IT WILL INCLUDE AN EVALUATION OF THE EFFECTIVENESS OF THE FEDERAL GOVERNMENT'S PROGRAMS FOR PROVIDING ASSISTANCE TO COMMUNITIES IN REPLACING THESE BASES IN THE LOCAL ECONOMY.

IT IS A LARGE, WRENCHING AND NECESSARY UNDERTAKING. YOUR ASSISTANCE WILL BE GREATLY APPRECIATED.

I BELIEVE THIS PROCESS HAS WORKED JUST ABOUT AS WELL AS WE COULD HAVE HOPED FOR WHEN WE THOUGHT IT UP. IF THE NUMBER OF CALLS FOR "BASE CLOSURE TYPE COMMISSIONS" TO BE CREATED TO DEAL WITH OTHER VEXING PUBLIC POLICY QUESTIONS IS ANY INDICATION, IT HAS SURELY BEEN A SUCCESS.

IN THE PAST TWO ROUNDS, THIS COMMISSION, WORKING UNDER GREAT TIME CONSTRAINTS AND POLITICAL PRESSURE, HAS PRODUCED A FAIR AND PRUDENT REDUCTION OF OUR DOMESTIC MILITARY INFRASTRUCTURE.

TODAY, WE BEGIN THE JOB OF COMPLETING THAT TASK. I WANT TO WELCOME ALL THREE OF OUR DISTINGUISHED WITNESSES TO THE COMMISSION THIS MORNING. I UNDERSTAND THE THREE OF YOU HAVE OPENING REMARKS. DR. PERRY, WE WILL BEGIN WITH YOU.



STATEMENT OF
THE HONORABLE WILLIAM J. PERRY
SECRETARY OF DEFENSE

BEFORE THE
DEFENSE BASE CLOSURE
AND REALIGNMENT COMMISSION

MARCH 1, 1995

Good morning, Mr. Chairman and distinguished members of the Commission. I appear before you today to present the Department of Defense's 1995 base realignment and closure, or BRAC, recommendations. As you know, this is the last list authorized under the current, streamlined base closure authority.

Our recommendations were not easily arrived at. We were forced to consider and choose among many excellent facilities. But there is no alternative. The BRAC process is a critical part of our efforts to bring the Department into the post-Cold War era. The dramatic changes in the global security environment have allowed us to carry out responsible reductions in our country's investment in defense. Since the 1980s, the defense budget has declined by roughly 40 percent. Our force structure has declined as well, shrinking by about 33 percent. Reductions in our base structure, however, have not kept pace. Even after the previous three BRAC rounds are implemented fully, we will have reduced our domestic infrastructure by only 15 percent. It is clear that we still have more bases than we need.

What may not be as clear are the increased risks that our nation's defense will face if we do not address the imbalance between our force structure and our base structure. Closing excess bases produces important savings over the long term, savings that we have already earmarked for maintaining readiness and modernizing our forces. Put simply, we will not have adequate funding for our highest priorities -- readiness and

modernization -- if we do not continue to close bases that we no longer need.

Our BRAC 95 recommendations are the result of a process that began well over a year ago. The Congress designed the base closure process to be objective, open, and fair. Each potential recommendation is measured by published criteria. The data we used have been certified; our procedures have been overseen by our Inspector General and the General Accounting Office. Both, of course, will be reviewed in detail by the public and this Commission. The process has worked well, so far, and we have followed it to the letter.

Our process was based a force structure plan and eight selection criteria. This was the first BRAC round based on the force structure called for in the Bottom-Up Review (BUR), which details our plans for the future size of the military. For BRAC 95, the Military Departments and Defense Agencies assessed their basing needs from the bottom-up to bring them into line with the BUR. The eight selection criteria give priority consideration to military value, and also address costs and savings as well as economic and environmental impacts.

We created new organizations in the Office of the Secretary of Defense to improve the process. Deputy Secretary Deutch chaired the BRAC 95 Review Group, which provided high-level oversight. The Review Group included senior representatives from

the Office of the Secretary of Defense, Military Departments, and Defense Agencies. The BRAC 95 Steering Group, chaired by the Assistant Secretary of Defense for Economic Security, assisted the Review Group.

We also placed a strong emphasis on common support functions in BRAC 95. Joint cross-service groups in five functional areas with significant potential for cross-servicing worked for over a year to develop cross-cutting alternatives. Joint groups addressed depot maintenance, test and evaluation activities, laboratories, medical treatment facilities, and undergraduate pilot training. The groups developed measures both of the functional value and the capacity of these facilities. They compared this to projected needs and suggested to the Services both reduction goals and possible alternatives in their own review process. In some cases, the Services adopted these suggestions as recommended or in modified form; in other cases they declined to do so because of the bases' underlying military value or for other reasons. Overall, the joint cross-service effort did assist in reducing excess capacity and determining where joint or collocated functions made functional and economic sense. Further, their DoD-wide review of support functions provides a road map for further cross-servicing in the future. The Department also established a cross-service group on economic impact to develop common methods and measures.

Within the Department, recommendations were made first by each Military Department and Defense Agency. Each made its best judgment about the facilities it has and the capacities it needs, applying the force structure and selection criteria as required by law.

At the beginning of February, the Services made their recommendations to me. Since that time, my staff and the Joint Staff have reviewed the recommendations and underlying analyses to ensure that the law and DoD policies were followed. We were particularly looking for concerns or effects that the Military Departments might not have fully taken into account, such as the war fighting requirements of the Unified and Specified Commanders, treaty obligations of the United States, or economic impacts from other Services' recommendations. In exercising military judgment, the Services have retained domestic capacity to accommodate their forward deployed forces if need be. I am confident, therefore, that the remaining base structure can accommodate any foreseeable force resizing -- even a significant degree of reconstitution.

As General Shalikashvili will tell you shortly, he concurs in this view and supports our recommendations fully.

The Department recommends 146 actions in BRAC 95. Our recommendations include a number of smaller closures and realignments.

As I stated a few moments ago, the BRAC process is essential because it saves money. Some have questioned whether BRAC savings are real, or whether they are as significant as we claim. Let me state clearly and unambiguously that the savings from the BRAC process are real. They are substantial by any measure.

Like many efficiencies, however, closing bases requires us to invest some money up front. Implementing our BRAC 95 recommendations will result in one-time costs of about \$3.8 billion -- excluding certain environmental costs. These funds cover the costs of closing and realigning bases, such as costs for relocating personnel and equipment and preparing facilities for transfer to the public. However, even within the six year period for which we budget, this BRAC round will save enough to cover all these costs and still provide about \$4 billion in net savings.

Over the long run, the up-front costs will pay for themselves several times over. If implemented, our recommendations will create annual recurring savings of \$1.8 billion. When measured by their net present value -- a commonly used approach to capture a stream of costs and savings in a single number -- our BRAC 95 recommendations would save over \$18 billion in the long run.

With the recommendations I am making this morning, the four BRAC rounds combined will have effected 548 BRAC actions. Annual savings for all four rounds would rise to \$6.0 billion, and the net present value of all BRAC savings would climb to about \$57 billion. We will have reduced our domestic base structure by about 21 percent -- measured in plant replacement value.

As you know, BRAC 95 is the last round authorized under our current legal authority for streamlined closings and realignments. If circumstances do not change, however, there is no doubt in my mind that the Department will need future base closure rounds.

It is fair to ask why, after four BRAC rounds, we need to continue the closure and realignment process. The answer is straightforward. First, we will continue to carry excess infrastructure, even after BRAC 95 has been implemented. So we will need to continue the process of balancing our bases and our forces. Second, we need time to absorb current closures. If we close too much too soon, we will jeopardize readiness in the near term. Third, we need to continue to assess future threats and to examine our future force structure needs.

I look forward to working with you and the Congress to lay the foundation for future rounds, which I believe will be needed about three or four years from now.

As we implement these closures, we recognize a special obligation to those men and women -- military and civilian -- who won the Cold War. We will meet that obligation.

In addition to a variety of personnel transition programs, the Department is determined to implement President Clinton's promise to help base closure communities reshape their economic future. This assistance comes in many forms: technical assistance and planning grants, on-site base transition coordinators to provide a focal point for Federal assistance; accelerated property disposal to make surplus property available for civilian reuse; and fast-track environmental clean-up in coordination with Federal and state regulators and community reuse authorities.

In some cases, reused bases are now home to more civilian jobs than there were before closure. Many communities have found that base property can be the bedrock for a healthier and more diverse economy. What it requires is strong local leadership and a lot of hard work. We at the Department stand ready to help.

Let me conclude by noting the critical role that your Commission plays. Your review is an essential confirmation of the integrity of our procedures and the soundness of our judgments. We know your review of our recommendations will be as searching, thorough, and careful as the process by which we made them. We stand ready to provide any information you require and

to discuss any judgment we have made. In the end, we hope you endorse our recommendations for this process is so essential to our Nation's security.

Thank you. With your approval, I would now like to allow General Shalikashvili to say a few words.

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Realignment Commission

DRAFT



OPENING STATEMENT

BY

GENERAL JOHN M. SHALIKASHVILI
CHAIRMAN OF THE
JOINT CHIEFS OF STAFF

BEFORE THE
1995 DEFENSE BASE CLOSURE
AND REALIGNMENT COMMISSION

1 March 1995

DRAFT

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Realignment Commission

DRAFT**INTRODUCTION**

Good morning Mr. Chairman and members of the Commission. Thank you for the opportunity to share my views on how the Department's proposed base closures and realignments support our Armed Forces and our national military strategy.

STRATEGIC ENVIRONMENT

The past few years have seen one of those great geopolitical upheavals that come only once every few generations. This has required us to respond with the most dramatic restructuring of our Armed Forces since the end of the Vietnam War.

We have a new military strategy that will carry us into the next century. Since 1990, we have completed four exhaustive force reviews. The most recent were the Bottom Up Review, that recommended the shape of our future conventional forces, and the Nuclear Posture Review, that determined our future strategic and nonstrategic nuclear requirements. As a result of these reviews and subsequent analysis, the CINCs and I are confident that the future force we are building is about right. It will meet our requirements at the turn of the century and into the foreseeable future.

As well, we are 70% to 80% toward meeting our reduction goals and repositioning our force to execute our new strategy. Part of that shift entails reorienting

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our force from a global strategy against a global threat toward a global strategy against regional threats. We have returned large numbers of forces from their overseas Cold War bases to the continental United States where they are better situated to perform the power projection role required by our new strategy.

As a result of the work and analysis of the past few years we now have a reliable blueprint for how many forces we need for the future, where those forces are going to be stationed, and how we will deploy those forces to crises or conflicts.

As we have moved along this glidepath, there have been three rounds of base closures attempting to keep pace with the still evolving force. This upcoming fourth round is needed to respond to the further changes mandated by the Bottom Up Review. The force reduction objective of the previous Base Force was to downsize our force by one quarter from our 1988 levels. But the Bottom Up Review, after recommending selected force enhancements, increased our reductions to nearly a third of our 1988 force strengths.

The numbers tell the story. By the end of the century our force will be around 34% smaller. Our budget will be about 40% smaller. But after three rounds of base closures and realignments our infrastructure is only projected to be 15% smaller.

The problem this presents is how to maintain balance among all those elements of our force that are critical to our overall posture -- the costs of retaining quality

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people; the costs of maintaining our near-term readiness; and the costs of ensuring our longer-term readiness through modernization and a sustained industrial base. These competing costs argue against maintaining excessive inventories in any area, just as they also put pressure on our Armed Forces to find new and innovative ways to train, to maintain, to sustain, and to care for our forces.

The Base Realignment and Closure process provides us the tool to close unneeded bases, reduce base operating costs, and reengineer our infrastructure to support our evolving military strategy. Our challenge is to use this tool wisely. While striving to balance force and base structure in ways that will foster operational flexibility and enhance joint warfighting capability, we must also balance the high upfront cost of base closures with the cost of operations today and modernization for the future. I am confident that our goal to maintain this balance is the right way to proceed.

BRAC 95

As Chairman of the Joint Chiefs of Staff, my role in the base closure process is to review and certify to the Secretary of Defense and the President that the proposed closures and realignments will not impair our operational warfighting capability. To carry out this review and ensure that all joint operational requirements were considered, I asked each of the combatant commanders and combat support agencies to participate along with the Services and the Joint Staff. Once they were prepared, we studied the Services' closure recommendations, looking for potential warfighting

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Functional experts from every military specialty reviewed the lists. The top priority was to ensure that we could execute our war plans without the bases marked for closure. We asked if we could still get Army equipment loaded on ships to meet deployment schedules if we closed Bayonne Military Ocean Terminal. Could the Air Force support rapid deployment of the 10th Mountain Division without the contingency airfield at Griffiss Air Force Base? We had to consider the impact of closing the Fleet Industrial Supply Center and Ship Repair Facility on Guam; could USCINCPAC still support the Seventh Fleet without these important logistics capabilities? We determined that the answer to all these questions was "yes".

We had to make sure that none of the installations being closed housed vital links in our worldwide network of command, control, communications, computers, and intelligence. Had the Services proposed closure of any of the irreplaceable instrumented training ranges that have enabled our forces to develop and maintain their warfighting skills? While downsizing the large infrastructure devoted to military research and development, were we retaining those critical facilities that provide US forces their decisive technological edge? We had to reduce the number of Reserve Component bases, but could the remaining installations adequately support the training and mobilization of our Citizen Soldiers? And of utmost importance, would the smaller

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basing structure still provide an acceptable quality of life for our dedicated men and women in uniform? Again, the answer was "yes".

On the basis of this review, I determined that the recommended closures and realignments that have been submitted to your commission will not impair the ability of our Armed Forces to carry out the national military strategy. I thus endorse these recommendations.

But, while these closures and realignments will not degrade operational readiness, neither will they achieve a full balance between our force and base structure. Excess capacity will remain. As Secretary Perry has explained, even though base closures eventually yield billions of dollars in savings, the high up-front investment costs associated with BRAC actions limit the number of closures that can be programmed in any one year. Trying to close too many bases at once would divert funding from other accounts, jeopardizing readiness today and modernization for tomorrow. Given current resource constraints, the uncertainty of world events, and the ongoing debate over defense spending, I believe the scope of these BRAC recommendations to be fiscally and operationally prudent.

However, it is vitally important that we complete divestiture of unaffordable excess infrastructure. To do so, I believe we will need future base closure authority. In addition, while we made some progress in this round with regard to cross-servicing, opportunities remain, particularly in the area of joint-use bases and training facilities.

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The Commission on Roles and Missions is expected to recommend such measures to enhance efficiency and interoperability. Implementing these recommendations could require a process similar to the one we are engaged in now.

CONCLUSION

Mr. Chairman, the Base Realignment and Closure process has been very successful. It has enabled us to close excess bases and to begin reengineering the defense infrastructure to more efficiently support our forces and our national strategy. The Department's BRAC 95 recommendations represent another major step in this process. The task before you and your fellow commissioners is terribly difficult, but absolutely essential to the national security of the United States. Thank you.

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**BRIEFING SLIDES TO ACCOMPANY THE
TESTIMONY OF THE**

**DEPUTY SECRETARY OF
DEFENSE**

BEFORE THE

**1995 DEFENSE BASE CLOSURE AND
REALIGNMENT COMMISSION**

March 1, 1995

BRAC 95 Highlights



- **Lower Costs than BRAC 93**
- **Faster Pay Back**
- **Consistent with Downsizing Imperatives**
- **Cumulative Economic Impact Considered**
- **First Time for Cross-Service Assessment**

Process Mandated in Law



**Service
Recommendations**

Feb 3 & 4

**SecDef Transmits
List to the Commission
and Congress**

NOW

**BRAC Commission
Recommendations to
President and Congress**

July 1

Total Impact



BRAC 95

FY 96 \$ Billions*

Closure Costs	Annual Savings	Total Savings**
---------------	----------------	-----------------

Net Direct Civilian Job Loss (000s)

Army	\$1.1	\$0.7	\$6.8	14.5
Navy	1.2	0.6	7.4	10.7
Air Force	1.1	0.4	3.1	6.1
Agencies	<u>0.4</u>	<u>0.1</u>	<u>1.1</u>	<u>2.9</u>
Total	3.8	1.8	18.4	34.2

BRAC 93	6.9	1.9	15.7	42.3
BRAC 91	4.0	1.6	15.8	27.9
BRAC 88	2.2	0.7	6.8	11.9

* Excluding environmental costs and land sale revenues

** Net savings over 20 years, discounted to present value at 4.2%

Major Decisions



Army

Fort McClellan, AL
Fitzsimons AMC, CO
Aviation Troop Command, MO
Letterkenny AD, PA
Red River AD, TX

Navy

NSY Long Beach, CA
NAS Meridian, MS
NAWC Indianapolis, IN
NSWC Louisville, KY
Guam Activities

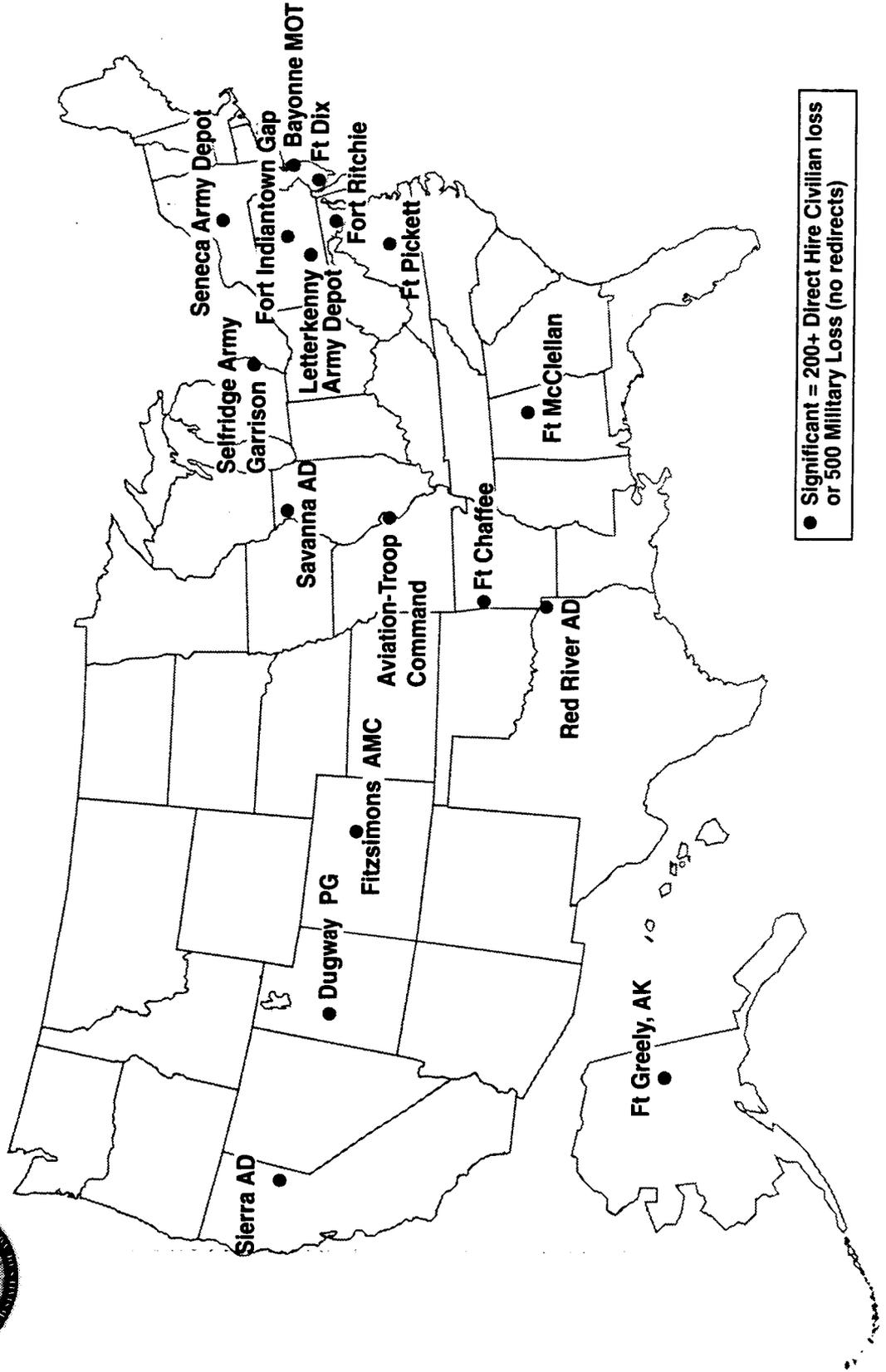
Air Force

Grand Forks AFB, ND
Kirtland AFB, NM
Rome Lab, NY
Reese AFB, TX
Brooks AFB, TX

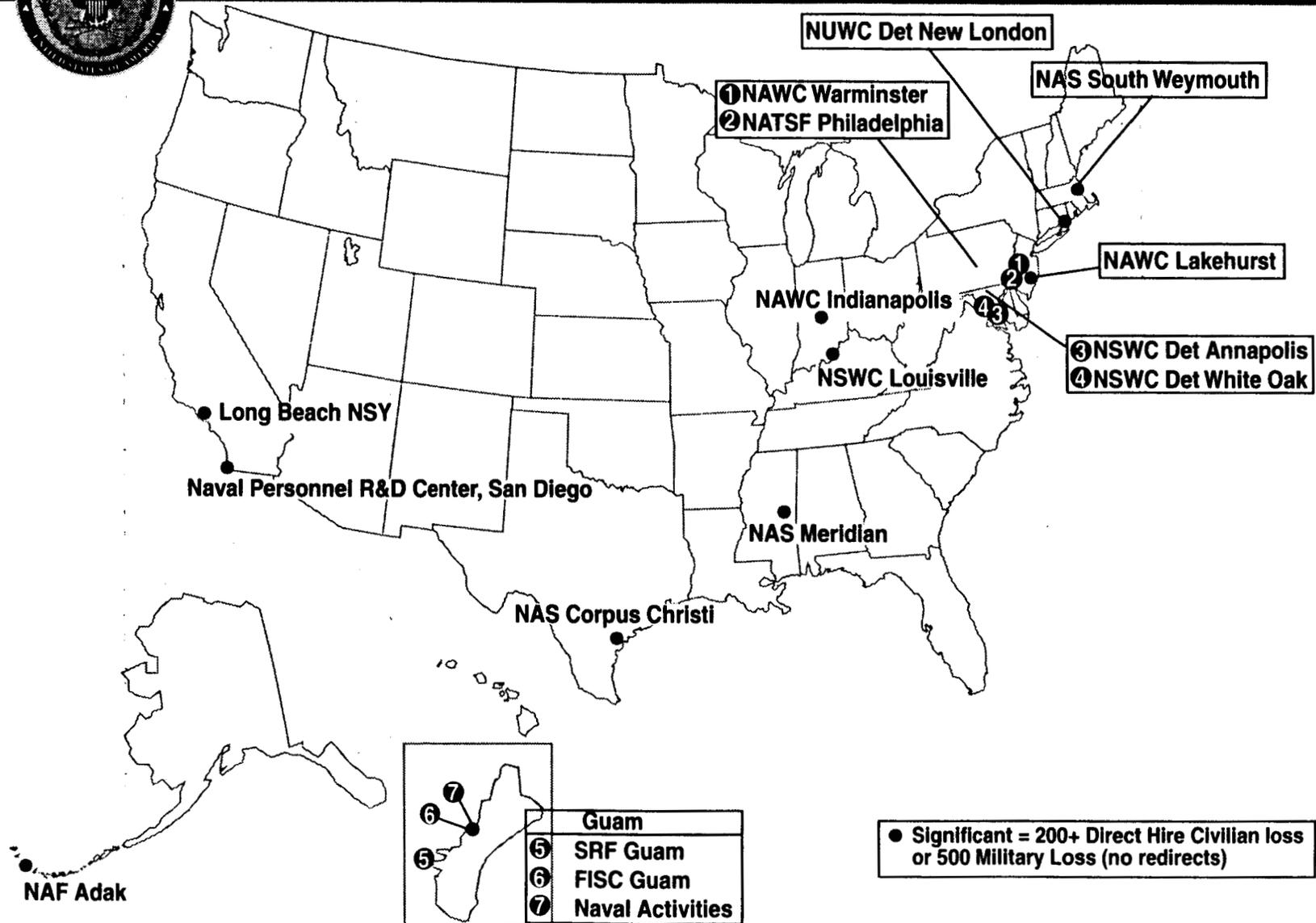
DLA

Def Depot Memphis, TN
Def Dep Red River, TX
Def Depot Ogden, UT

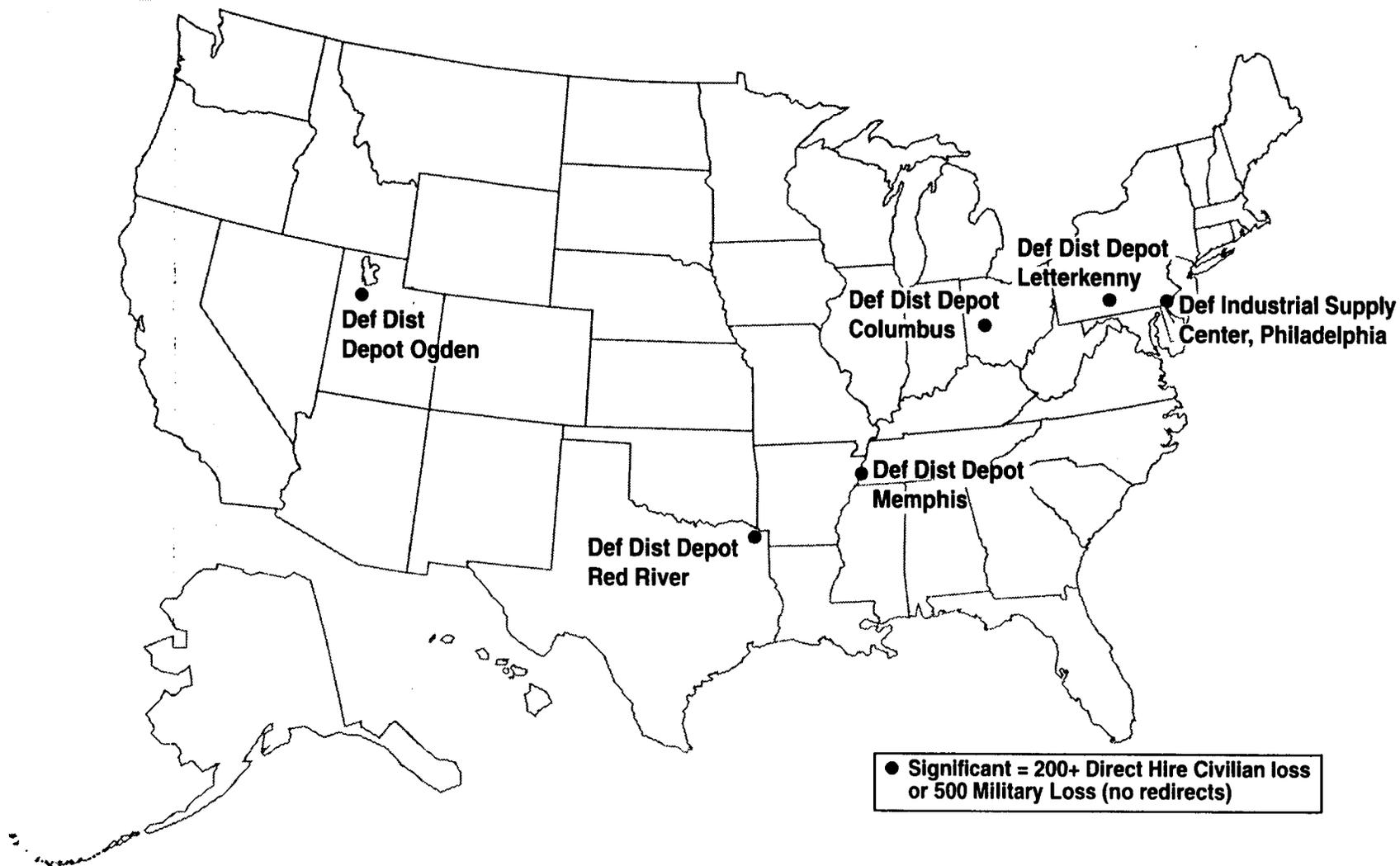
Significant Army Actions



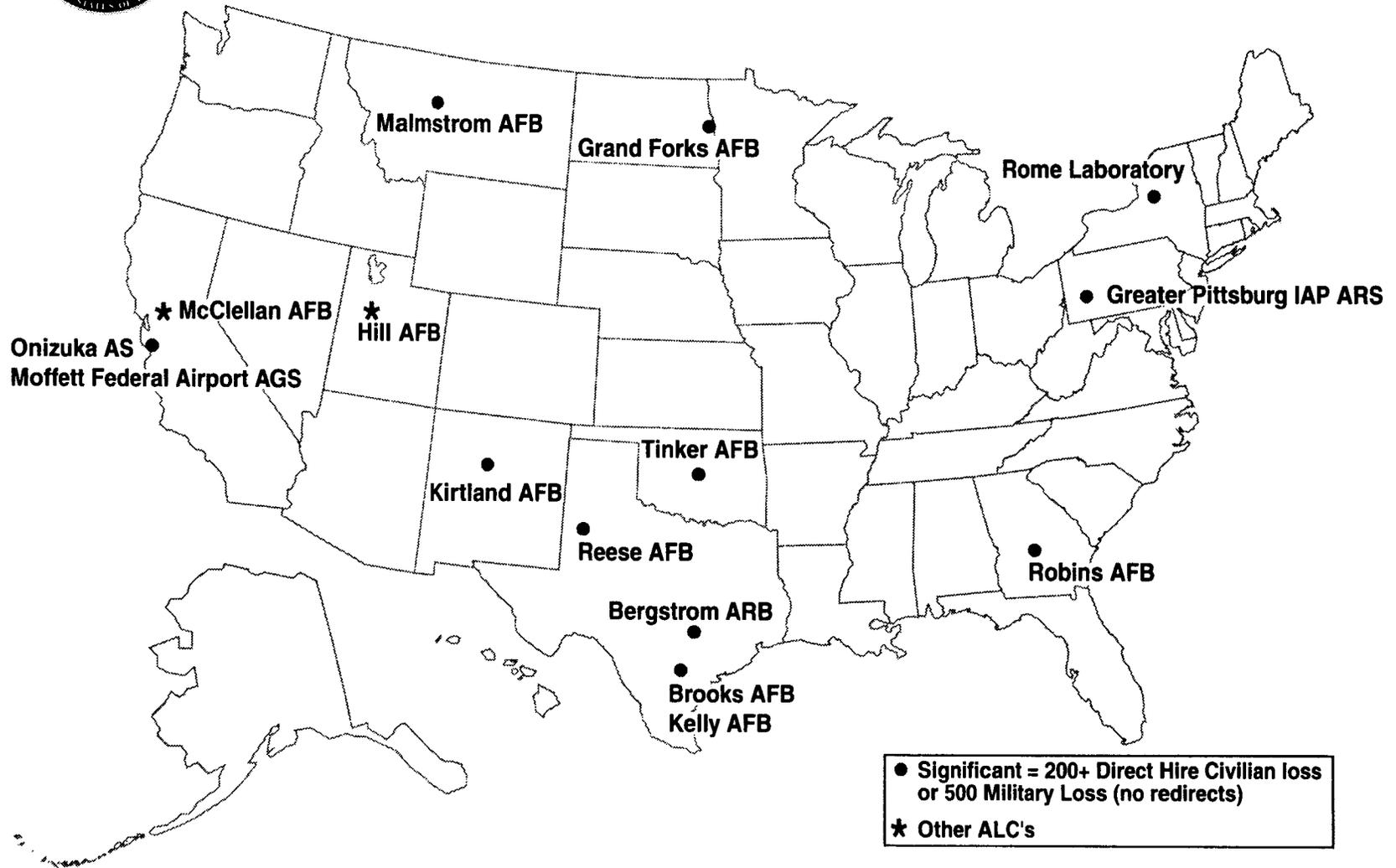
Significant Navy Actions



Significant DLA Actions



Significant Air Force Actions



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
Alternative - Close 2 Depots (+\$600 Million Env)	1,107	(363)	161	699

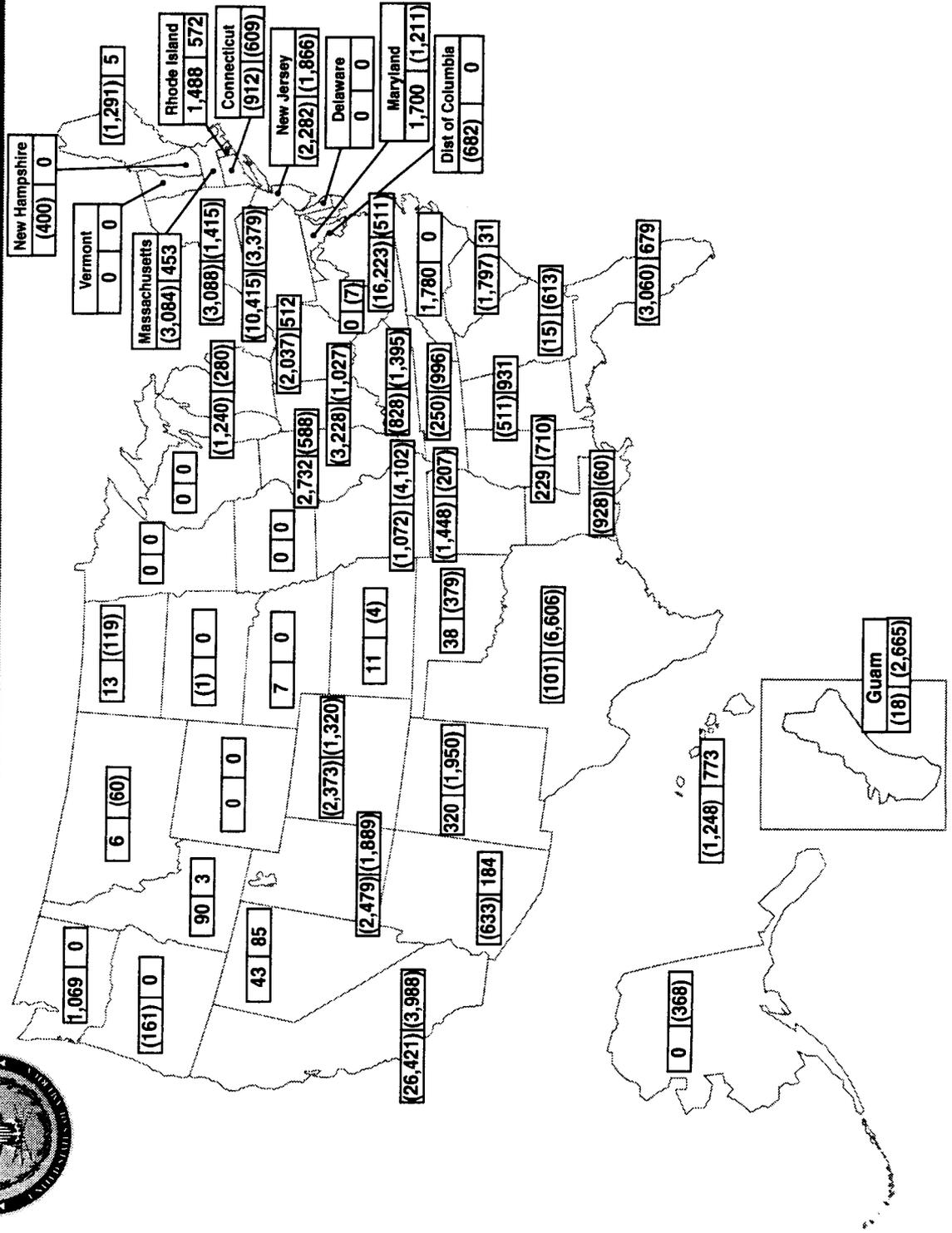
* Savings in 20 year net present value

Outstanding Issues



- **Future BRAC?**
- **Grand Forks AFB -- ABM Treaty**
- **Environmental Clean-Up Cost?**

Comparison of Net Direct Civilian Losses Previous BRAC's vs BRAC 95





GENERAL BACKGROUND

1. Secretary Perry, in January 1994, you put out guidance to the military Services that stated: "For the 1995 base closure round, the goal is to further reduce the overall DoD domestic base structure by a minimum of 15 percent of DoD-wide plant replacement value"-- a level of reductions that would be approximately equal to the 1988, 1991, and 1993 rounds combined.

In December, you stated in an interview concerning the 1995 closure round that: "We don't have goals as to what the size should be. ...But I think it's reasonable to expect that the 1995 round is going to be approximately comparable in size to the last one."

In January, you noted in a speech to the US Conference of Mayors that the 1995 round of base closings "will not be as large as the last one, not because we don't need to close more bases from the point of view of saving infrastructure, but simply because in the previous three closure rounds we have closed all of the bases that were relatively easy to close."

Mr. Secretary, can you tell us what caused you to alter your original guidance to the Services regarding the closure of 15% of the plant replacement value and how you determined the size of the base closure list you are presenting to the Commission this morning?

2. General Shalikashvili, in your view when the 1995 base closure and realignment proposal is combined with the closures and realignments of previous rounds, is there an appropriate balance between the general drawdown of forces and base infrastructure?

3. Secretary Perry, you were quoted in the press last month as saying that even after this year's closure process is finished, the nation will have more bases than it needs to support the scaled-down military of tomorrow.

If the Commission, the President, and the Congress endorsed the list of closures and realignments that you are presenting today, would there still be excess capacity in the Defense Department's basing structure?

In what general areas is there still excess capacity?

Would the Services still have more bases than needed in the future to support the force levels in your force structure plan?

4. Secretary Perry, to your knowledge, were any of the closure or realignment recommendations submitted to you by the Services changed by your office?

If so, which ones and for what reasons?

5. Secretary Perry, did your office instruct the Services to exclude certain installations as they developed their recommendations?

If so, which ones and for what reasons?

6. Secretary Perry, did the Services provide your staff with their approaches for determining excess capacity, and if so, were these approaches adequately documented and reasonable in your opinion?

7. Secretary Perry, the Fiscal Year 96 Defense budget proposal includes civilian personnel reductions totaling 38,300 in 1996 and 137,500 through 2001 in accordance with your expressed desire to expand the civilian drawdown to match the percentage of active duty reductions.

Mr. Secretary, how have these proposed civilian personnel reductions affected the number and specific type of installations on the closure and realignment list?

8. Secretary Perry, some communities have expressed concern that not all communities are receiving the same level of assistance from local base officials as they prepare their rebuttals to closure or realignment. One community says that their base officials have received orders to provide no assistance.

Is there a DoD policy that restricts base officials from providing assistance to communities as they prepare positions or materials to present to the Commission?

9. Secretary Perry, *since this the last round of closures and your list is somewhat smaller than originally planned, how much excess infrastructure will continue to exist?*

10. Secretary Perry, how do you answer critics who say that by leaving excess infrastructure in place you have jeopardized the future ability of the Services to train and to modernize their forces--particularly since there is not another round of base closings authorized under the current law?

FORCE STRUCTURE

1. General Shalikashvili, would you review for this Commission *the national military strategy and* the force structure that *were* used in developing this year's base closure and realignment recommendations?

2. General Shalikashvili, recognizing that our national military strategy remains in a state of transition, are you satisfied that sufficient capacity has been retained to support the potential need for a more robust force structure in the future?

3. Secretary Perry, was any consideration given to consolidating and realigning smaller bases or functions to those larger bases which were essentially exempt from closing because of their strategic location?

4. General Shalikashvili, are there any functional areas with excess capacity that you recommended not be considered by your staff or the Services because changes in the basing structure might preclude future force structure or roles and missions changes?

5. General Shalikashvili, are you and the Joint Warfighting Commanders-in-Chief satisfied that the basing infrastructure that remains provides sufficient mobilization and deployment capacity to support a two Major Regional Conflict scenario?

6. General Shalikashvili, will the basing infrastructure that is being proposed today be sufficient to support any probable restationing of forward deployed forces, in terms of available land, usable facilities, and necessary training facilities and ranges?

7. General Shalikashvili, has a region by region force projection analysis, such as an analysis of our ability to respond to contingencies in the Caribbean, revealed

any significant loss of responsiveness as a result of the proposals you are presenting today?

8. *General Shalikashvili, according to the 1995 DoD base closure report, you have validated the airfield requirements for the two Unified Commands at MacDill AFB and have determined that the Air Force should take responsibility for supporting those requirements. During the 1991 and 1993 rounds, the Joint Staff was unable to validate those requirements.*

Can you explain what has changed to permit validation now?

Are you completely satisfied with the recommendation for the Air Force to operate the airfield at MacDill?

9. *Secretary Perry, you have proposed inactivating the 321st Missile Group (150 Minuteman III missiles) at Grand Forks AFB, unless you determine prior to December 1996 that "the need to retain Ballistic Missile Defense options effectively precludes this action."*

What has prevented an earlier decision on the need to retain these options that would have enabled the Commission to act on a definitive recommendation?

If the Commission eliminates the 91st Missile Group (150 Minuteman III missiles) at Minot AFB from consideration for inactivation, and simply directs inactivation of the 321st Missile Group at Grand Forks AFB, how will Ballistic Missile Defense options be affected?

10. *Secretary Perry, did the Air Force or your staff exclude FE Warren AFB from consideration because of Peacekeeper missile basing?*

JOINT CROSS-SERVICE ISSUES

1. Secretary Perry, what impact did the work of the Joint Cross-Service Groups that you set up last year have on the final recommendations that you are presenting here this morning?

2. Secretary Perry, in May 1994 the Vice Chairman of the Joint Chiefs of Staff, Admiral Owens, recommended to the Deputy Secretary of Defense that the Services be required to incorporate the recommendations of the Joint Cross-Service Groups into their base closure recommendations. The Deputy Secretary elected not to require this of the Services.

Mr. Secretary, why wasn't the Joint Chiefs of Staff recommendation accepted?

3. General Shalikashvili, did the Joint Chiefs, the Joint Warfighting Commanders-in-Chief and the Joint Staff have any role in developing or critiquing the work of the Joint Cross-Service Groups?

Are you satisfied that the Services have consolidated some of their common functions as much as they need to or as much as they can?

4. Secretary Perry, in June of 1993 the Secretary of Defense and the Chairman of the Joint Chiefs of Staff asked the Commission not to address fixed wing aviation depots separately from other interservicing issues. They asked instead for the opportunity to come forward with comprehensive interservicing recommendations in 1995.

Are you satisfied, Mr. Secretary, that your recommendations in the area of fixed wing aviation depots represent a comprehensive approach to the problems of interservicing and excess capacity in this area?

5. Secretary Perry, the Air Force has had five major air logistics centers since the Vietnam Era. In the 1993 round, the Air Force recommended the closure of one of these five depots, but that depot was removed from the list by the Secretary of Defense. This year with the same selection criteria and a smaller force structure plan there is once again no Air Force depot on the list.

On what basis did you determine that the Air Force continues to need five air logistics centers?

6. Secretary Perry, in 1993 both the General Accounting Office and the Commission were critical of DoD for not making more progress in consolidating common functions across the Services. Your January 1994 guidance to the Services stated: "It is the DoD policy to make maximum use of common support assets. DoD components should, throughout the 1995 base closure analysis process, look for cross-service or intra-service opportunities to share assets and look for opportunities to rely on a single Military Department for support."

Mr. Secretary, in your view, do the recommendations you are presenting today represent a significant step forward in terms of consolidating common functions--such as depot maintenance, research labs, and test and evaluation facilities--across the Services?

7. Secretary Perry, are you satisfied that your interservicing recommendations to the Commission remove most or all of the excess capacity in each of the five Cross-Service study areas?

If there are areas where this is not the case, please explain why not?

COST TO CLOSE

1. Secretary Perry, given that the list is smaller than initially planned, how much will DoD have to plus up the budget to accommodate reduced savings in the late 1990s.

2. Secretary Perry, the Future Years Defense Program proposed by the Administration last month relies on savings from this round of closures to round out the defense budget beginning in the late 1990s. *What changes will you make to reduce costs if these savings are not realized?*

3. 1. Secretary Perry, the proposed Fiscal Year 1996 budget you presented to Congress last month represents a reduction of almost \$6 billion, or 5.3 percent in real terms, from the Fiscal Year 1995 level, and it includes \$785 million to begin implementing the 1995 closures in Fiscal Year 1996.

Was the size of the 1995 closure and realignment list that you are presenting today limited by your ability to budget adequate up-front closing costs to carry out these closures beginning in Fiscal Year 1996?

4. Secretary Perry, there are reports that the cost to close bases and the time required to recover those costs from previous rounds are significantly greater than anticipated.

Is this accurate, and what steps have you directed to ensure that cost and savings estimates are realistic for the 1995 round?

5. Secretary Perry, your report to us uses the results of Cost of Base Realignment Actions (COBRA) analyses to project the anticipated costs and savings that would result from implementing your recommendations.

Recognizing that the figures used in the COBRA analyses are not budget quality, how accurate do you believe the projections are?

How closely have the figures in the COBRA analyses prepared in 1991 and 1993 compared to the actual costs for closures?

ECONOMIC ISSUES

1. Secretary Perry, for the 1993 closure round your staff established cumulative economic impact thresholds that resulted in the removal of at least one installation from the Service recommendations by your staff. Were any similar cumulative economic thresholds set for the 1995 round?

2. Secretary Perry, you have been quoted as saying that you would “try to avoid having any one state suffer inordinately as a result of the closure process.” Was any installation removed from or added to a Service list primarily because of economic impact, including cumulative economic impact, within a state or a community?

3. Secretary Perry, in calculating cumulative economic impact, how did DoD differentiate between economic impacts caused by previously announced force structure changes and those that were due to closure or realignment decisions?

4. Secretary Perry, was DoD reluctant to close major industrial, laboratory, or test & evaluation installations because of economic impact?

Was any decision taken to downsize, rather than close an installation, as a result of economic impact considerations?

ENVIRONMENTAL IMPACT/RESTORATION ISSUES

1. Secretary Perry, according to your policy guidance, “environmental restoration costs at closing bases are not to be considered in cost of closure calculations.” Your policy further states that “unique contamination problems requiring environmental restoration will be considered as a potential limitation on near-term community reuse.”

Were any installations not recommended for closure or realignment due to unique contamination problems? If so, please elaborate.

2. Secretary Perry, were any installations eliminated from closure consideration because of the high cost of environmental cleanup?

3. Secretary Perry, how many installations recommended for closure in this or prior rounds are expected to have substantial portions of land placed into caretaker status due to unique contamination problems?

How long are such caretaker costs accounted for under base closure funding?

4. Secretary Perry, did the overall cost of environmental restoration at closure bases, which is a budget factor in closing bases even though it is not a decision factor, limit the size of the list presented to the Commission?

5. Secretary Perry, in the 1993 round, one community pointed out that the cost of cleaning up an installation directed to close could be three to ten times as great as the cost of cleaning up an active installation. This difference is due to expected technological advances in environmental restoration.

Mr. Secretary, do you believe the difference between routine and closure related cleanup costs, if factual, should be considered in cost of closure calculations?

6. Secretary Perry, could you describe any efforts by DoD or the Environmental Protection Agency to establish variable levels of environmental cleanup, tied to specific plans for reuse?

7. Secretary Perry, in making closure decisions what role did environmental compliance play in your analysis?

For example, did the fact that a base's expansion potential is limited by environmental restrictions play a major role in the analysis?

Were Bases in Clean Air Act non-attainment areas viewed differently from those in attainment areas?

MEDICAL ISSUES

1. *General Shalikashvili, given that wartime medical requirements far exceed those of peacetime, is there enough medical infrastructure remaining to support our two Major Regional Conflict strategy?*

2. Secretary Perry, military medical facilities play an important role in terms of both readiness for war and in supporting the force during peacetime. For families of military members, retirees and their families, and survivors, the local military hospital is often of particular importance. Military medical assets are also important from a Department budget point of view, in their ability to reduce Civilian Health and Medical Program for the Uniformed Services costs. However, the fate of military hospitals is often tied to larger closure and realignment decisions about the installations on which they are located.

Mr. Secretary, what guidance did the Department provide to the Services and to the Joint Cross-Service Groups to ensure that decisions that impact military hospitals and military beneficiaries are made in consideration of those impacts?

3. Secretary Perry, in 1993 the Commission made specific recommendations to the Department regarding improvements in health care operations and increased cost effectiveness.

Mr. Secretary, did you direct your Assistant Secretary for Health Affairs to examine the consolidation of resources across military departments?

What was the outcome of that examination?

How is that examination reflected in the Departments new list of recommended closures and realignments?

4. Secretary Perry, in developing the current list, did you direct the Services to consider closing military hospitals that are not cost effective, given their patient load and the cost and availability of medical care in their communities?

5. Secretary Perry, did you direct the Services to move medical assets, including moving them across Service lines, in order to increase the capability and usage of military medical facilities?

6. Secretary Perry, during the development of the current list, did you direct the Services to review their policy of closing military hospitals when bases served by those hospitals are closed?

What was the result of that review?

Have you ensured that the most cost effective means of delivering care to all beneficiaries are maintained, irrespective of other base closure actions?

BUSINESS EXECUTIVES FOR NATIONAL SECURITY REPORT

1. Secretary Perry, in October 1994 Business Executives for National Security (BENS) issued a report, "Uncovering the Shell Game," which criticized the Department's record in actually closing military facilities. "60 Minutes" featured the report later in the year. The essence of the report and the "60 Minutes" characterization was that "of the 67 bases the President, Congress and the Pentagon have agreed to shut down thus far, over one-third never closed or have quietly reopened under a new name or function." As you know, Mr. Secretary, we plan on offering recommendations to the President concerning reuse and future closure actions. Reports such as the BENS report detract from general support for the closure process.

Mr. Secretary, please give us your comments on the BENS report.

2. Secretary Perry, The Defense Finance and Accounting Service (DFAS) is currently slated to consolidate its 300+ offices at the 5 centers it currently operates (Denver, Columbus, Kansas City, Indianapolis, Cleveland). It also has plans to add 21 new sites, many of which will be on installations slated to close as a result of previous base closure rounds. Our staff's analysis of the Business Executives for National Security report indicates that of the 26 bases noted in the report as being "reopened," 14 were operating reasonably close to the recommendations of the Commission, and the other 12 were recipients of DFAS centers.

Please explain why DoD plans to place 12 of the 21 new DFAS offices on bases which are slated to close rather than on bases remaining open which have existing excess capacity.

3. Secretary Perry, about one-third of the 21 new Defense Finance and Accounting Service (DFAS) sites have yet to open. There is a Military Construction requirement for nearly \$200 million to make improvements to many of these sites.

In light of the ongoing consolidation efforts taking part in other parts of DoD, would it be worthwhile to consider further reductions in the number of Defense Finance and Accounting Service (DFAS) sites?

FUTURE BASE CLOSURES AND REALIGNMENTS

1. Secretary Perry, as you know this is the final round of expedited base closures and realignments authorized under the Defense Base Closure and Realignment Act of 1990.

Once this round is completed, the Defense Department will go back to operating under the section of Title 10, United States Code, that required DoD to conduct extensive budgetary, strategic, economic, and environmental studies of a potential closure affecting more than 300 civilians, or a realignment affecting more than 50 percent of an installation's civilian workforce, before proposing such a closure or realignment.

I think we can all agree that it is almost impossible to close or realign a military base under this authority.

This Commission plans to make recommendations on a process for closing or realigning military bases in the future, after this 1995 round is completed.

Mr. Secretary, do you have any suggestions in this area for us to consider?

QUESTIONS SUGGESTED BY MEMBERS OF CONGRESS

NEW MEXICO CONGRESSIONAL DELEGATION

Sen. Pete Domenici
Sen. Jeff Bingaman
Rep. Joe Skeen
Rep. Bill Richardson
Rep. Steve Schiff

1. Nuclear deterrence remains the backbone of the United States Strategic Policy of deterrence. Are any facilities under consideration involved with, or connected to the US nuclear deterrent capability? Was an analysis done on the impact on this capability? Was the Department of Energy consulted with regard to this impact?
2. One of the principal BRAC objectives is to consolidate DoD activities. Was consideration given to the interrelationship of the bases on the list and the tenants located on the facility? Were these tenants contacted and asked to provide information about the economic effects base realignment will have on them, and the effects on their overall mission? Can you provide tenant responses to these questions, along with a list of tenants for each base on this list including the functions shared between the base and the tenant?
3. Which bases on the proposed list for realignment or closure have an intergovernmental relationship with agencies or entities outside the base? Were these entities notified, or asked to provide information about economic effects, or mission? Will you provide these responses?

Question for Congressman Browder & Sen. Shelby

Secretary Perry, the 1993 Base Closure and Realignment Commission removed a particular installation from the list proposed by the Department of Defense and directed the Secretary of Defense to pursue all the required permits and certification for the construction of facilities at a new location prior to the 1995 Base Closure process before the DoD could again place that installation of the 1995 BRAC list.

It appears to the Commission that the Department of Defense has not followed the direction of the 1993 Base Closure and Realignment Commission.

Have any of the necessary permits been obtained by the Army at the receiving installation?

SENATOR DAVID PRYOR (ARKANSAS)

1. Secretary Perry, it is my understanding that the Red River Army Depot was recently awarded the President's Prototype Award in support of the Administration's National Performance Review initiatives. Were such awards for quality and efficiency considered by DoD in its base closure process?
2. Secretary Perry, could you detail the reasoning behind the Army's recommendation to completely close out one of its primary depots and realign another when the other Services appear to have chosen realignment initiatives through "downsizing in place" at their maintenance facilities?
3. Secretary Perry, the Army was asked to consider the cost of moving the Defense Logistics Agency activity at the Red River Army Depot in its analysis of the total closure costs. The community has estimated the cost for such a move to be in excess of \$300 million. Is this estimate consistent with the cost calculated by DoD?





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

INTRODUCTORY REMARKS OF SENATOR DIXON

AFTERNOON HEARING

MARCH 1, 1995

WASHINGTON DC

GOOD AFTERNOON, LADIES AND GENTLEMEN AND WELCOME.

AT THIS AFTERNOON'S HEARING, WE ARE PLEASED TO HAVE WITH US THE HONORABLE JOSHUA GOTBAUM, THE ASSISTANT SECRETARY OF DEFENSE FOR ECONOMIC SECURITY. MR. GOTBAUM SERVES AS CHAIRMAN OF THE DEFENSE DEPARTMENT'S "BRAC 95" STEERING GROUP AND IN THAT CAPACITY HAS HAD RESPONSIBILITY FOR REVIEWING THE DEPARTMENT'S BASE CLOSURE PROCESS.

HE IS ACCOMPANIED BY MR. ROBERT E. BAYER, DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR INSTALLATIONS.

THEY WILL EXPLAIN FOR US THE METHODOLOGY THE DEPARTMENT USED IN DEVELOPING ITS CLOSURE AND REALIGNMENT RECOMMENDATIONS, AND I HOPE THEY WILL ALSO ADDRESS TWO IMPORTANT AREAS THAT WERE UNDER MR. GOTBAUM'S PURVIEW -- NAMELY, ESTABLISHING GUIDELINES TO MEASURE BOTH THE ECONOMIC IMPACT AND THE CUMULATIVE ECONOMIC IMPACT OF BASE CLOSURES ON LOCAL COMMUNITIES; AND THE WORK OF THE JOINT CROSS SERVICE GROUPS THAT WERE ESTABLISHED IN THE PENTAGON FOR THE 1995 BRAC ROUND TO EXAMINE AREAS WITH SIGNIFICANT POTENTIAL FOR CROSS-SERVICE COOPERATION.



**THE DEFENSE BASE CLOSURE &
REALIGNMENT PROCESS**

STATEMENT OF

JOSHUA GOTBAUM

**ASSISTANT SECRETARY OF DEFENSE
(ECONOMIC SECURITY)**

BEFORE THE

DEFENSE BASE CLOSURE & REALIGNMENT COMMISSION

MARCH 1, 1995

Good afternoon. I am Joshua Gotbaum, the Assistant Secretary of Defense for Economic Security. With me is Robert Bayer, the Deputy Assistant Secretary of Defense for Installations.

You have asked that we review for you the process and procedures that the Department followed in developing the recommendations. We welcome the opportunity to do so, because they are, necessarily, very complicated. Nonetheless, we believe that they are sound, that they are fair, and that they meet both the spirit and the letter of the law.

I will cover our procedures in general and our joint cross-service work, then ask Bob to describe how we considered economic impact.

Before I turn to the details, there are four points about our process that I would like to emphasize.

First, that it is fair. Congress, when it recognized that the existing procedures for base closing did not work and proposed BRAC as a substitute, recognized that it must, unquestionably, be fair. We go to extraordinary efforts to make sure that it is. As the law directs, we consider all installations equally. We direct the use of a common public force structure and public selection criteria. The services develop their tests and measures for applying those criteria, where possible, in advance of seeing any data for particular installations. All the data used is certified by its providers to be, to the best of their knowledge, complete and accurate. We performed more analysis in BRAC 95 than we did in any of the prior rounds. All of it is done under the watchful eyes of auditors from the DoD Inspector General, auditors within each Military Department, and the General Accounting Office.

These requirements form an extraordinary discipline. Only then do we make these critical, difficult judgments. And then those judgments are reviewed by the Office of the Secretary of Defense, by the General Accounting Office, by the public, and -- most importantly - by this Commission.

Second, that it is undeniably painful. As the Secretary has already noted, we did not arrive at our recommendations easily. We were forced to choose among many excellent facilities. The facilities are on this list, not because they aren't excellent, but because they are more than we need or can afford. And in every case, this is a facility with a Commander who is justifiably proud of his or her operation. And in every case, there is a community that has supported our Nation's defense, sometimes for hundreds of years.

Third, that it is extraordinarily complicated. In the base closure process, we must make judgments about many different kinds of facilities in a way that is at the same time effective, accurate, consistent, public and fair. To do so we have developed many methods of analysis and many methods for implementation of the selection criteria. Because these are so complicated, in some cases where the results are relatively close people will argue that the Department's recommendation is arbitrary. Once you understand the extraordinary level of analysis that we have undertaken, it should be clear that there is nothing in this process that is arbitrary. Others will argue that some additional factor ought to be taken into account that would help their base

survive. You will, of course, make your own judgments on these arguments, but we hope you recognize that every ad hoc addition for a specific site makes the result less consistent, less fair, and even more complicated.

My last point before turning to the process is that, as we discuss the details of this or that procedure and this or that base, we must not lose sight of the reasons why we must close bases in the first place. And that, quite simply, is because we need those funds. Even after the three previous BRAC rounds, we still have too many bases. Reductions in our forces and our budget have far outpaced reductions in our basing structure. We estimate that the BRAC process will produce total savings of some \$50 billion dollars -- savings that are critical to maintain readiness and modernize the armed forces in the decades to come.

A Bottom Up Process Under Secretarial Guidance

Most of the analysis and review that is carried out in the base closure process is performed by the Military Departments and Defense agencies under the policy guidance and review of the Secretary of Defense.

The Deputy Secretary of Defense established the policy, procedures, authorities, and responsibilities for selecting bases for realignment and closure. Over a year ago, in January 1994, he set out by memorandum the basic policies under which all service and the Defense agencies must operate. This guidance required them to:

- develop recommendations based exclusively upon the force structure plan and eight selection criteria;
- consider all military installations inside the United States equally;
- analyze their base structure using like categories of bases;
- use objective measures for the selection criteria wherever possible; and
- allow for the exercise of military judgment in selecting bases for closure and realignment.

The Deputy Secretary also established the BRAC 95 Review Group and the BRAC 95 Steering group to oversee the entire BRAC process. The Review Group was composed of senior level representatives from each of the Military Departments, Chairpersons of the Steering Group and each Joint Cross-Service Group, and other senior officials from the Office of the Secretary of Defense, Joint Staff, and Defense Logistics Agency. It provided oversight and policy for the entire BRAC process.

The BRAC Steering Group was established to handle day-to-day issues and assist the Review Group in exercising its authorities. Upon confirmation, I chaired that group. I was given the responsibility to oversee the process on a day-to-day basis, and was delegated authority to issue additional instructions.

The Chairman of the Joint Chiefs issued force structure plans in February 1994. The force structure plan was updated in January and again this month to reflect budget decisions, and we have already provided the plan to the Commission. As the Secretary noted, this was the first round of base closures based upon the Bottom Up Review.

The selection criteria, which the Deputy Secretary issued in November, remained unchanged from BRAC 93. They give priority consideration to military value, and also consider costs and savings and environmental and economic impacts. (Those criteria are attached to this testimony.)

These criteria have not been changed. However, we have made some improvements in the way we implement them. For example, the Army never analyzed air space in analyzing its training schools; it now does so. They now also give extra credit for ranges that are computerized. In 1991, the Air Force took 80 different attributes of each base into account; this year they use 250.

The Service Recommendation Process

Each Service begins by categorizing its bases. For example, the Air Force divides its activities into large aircraft and missile bases, small aircraft bases, air reserve/guard components, industrial/depot, and so forth.

Then they must define -- in advance -- those factors that should be taken into account to apply the criteria for each type. Obviously, different factors are important for different types of installations. They defined data -- again, in advance -- that would measure those factors. The Services were directed and sought to develop measures that were, as much as possible, objective and quantifiable.

Furthermore, they assigned a weighting in advance to each criterion. The weighting reflected their best military judgment as to the likely importance of each factor to the particular criterion and to the Department as a whole.

There are two key points here:

- One, that BRAC 95 was a process conducted from the bottom-up, based on the judgments of the military services about the relative value of their installations.
- Second, that before any data was collected, before any alternatives were considered, before any decisions were made, the Services defined what was important, what measures they would use in ranking facilities, and how they would evaluate those measures.

Once the Services had completed these tasks, they sent to their installations requests for data, to collect the information on which to base their decisions. Personnel at bases around the country collected the data, certified that it was accurate and complete to the best of their knowledge and belief, and sent it back to headquarters where it could be analyzed.

The Services next developed rankings of their installations by type, using the approved selection criteria, the common force structure plan, and the measures that they had previously defined. In many cases, they considered alternatives developed by the Joint Cross-Service Groups, and/or modifications of those alternatives.

The process of assessing alternatives is itself a difficult undertaking. The Services had to balance numerous considerations. For example, they examined how much capacity they have now, and how much they need to keep. They had to evaluate the military value of numerous alternatives, and examine these in light of differing costs and savings, economic impacts, and environmental concerns. Also, as Secretary Perry stated this morning, closing bases costs money up front. So each Service had to determine how much of a near-term investment they could afford to make in order to realize long-term savings.

At the end of this rigorous, labor-intensive, analytical process, the Services decided on their recommendations, and presented them to the Secretary of Defense.

Within each military department, these decisions are of course the responsibility of the service secretary. But in every case, they were discussed, reviewed, analyzed and debated -- sometimes for days -- by a group composed very senior, experienced military and civilian officials. The chiefs of service were completely involved in the process. The resulting recommendations reflect the best judgment of both the civilian and military leadership. And they are never made lightly.

Cross-Service Alternatives

The 1993 Commission recommended that the Department develop procedures for considering joint or common activities among the Military Departments. For BRAC 95, the Deputy Secretary directed the creation of Joint Cross-Service Groups to consider these issues in conjunction with the Military Departments. Each such group included membership from the Office of the Secretary of Defense and each of the Military Departments.

We established a process, involving the Joint Groups and the Military Departments, through which we developed alternatives in five areas: depot maintenance, medical treatment facilities, test and evaluation, undergraduate pilot training, and laboratories.

Each of the Joint Groups developed excess capacity reduction goals, established data collection procedures and milestone schedules, presented alternatives to the Military Departments for their consideration in developing recommendations. The Joint Groups issued their alternatives to the Military Departments in November 1994, and they considered them as part of their ongoing BRAC analyses. In some instances, the Departments adopted the alternatives and recommended them, as made or modified, to the Secretary of Defense. In other instances, the Services declined to endorse them, because the particular alternative was not considered to be cost effective, the base too valuable militarily, or for other reasons. Our report to you -- in Chapter 4 -- summarizes the Joint Groups' efforts. Further, we have already provided you with detailed documentation of each Joint Group's activities, methods, and analyses.

We also established a Joint Group to address economic impact. Bob will discuss their efforts in a few minutes.

Review & Decision by the Secretary of Defense

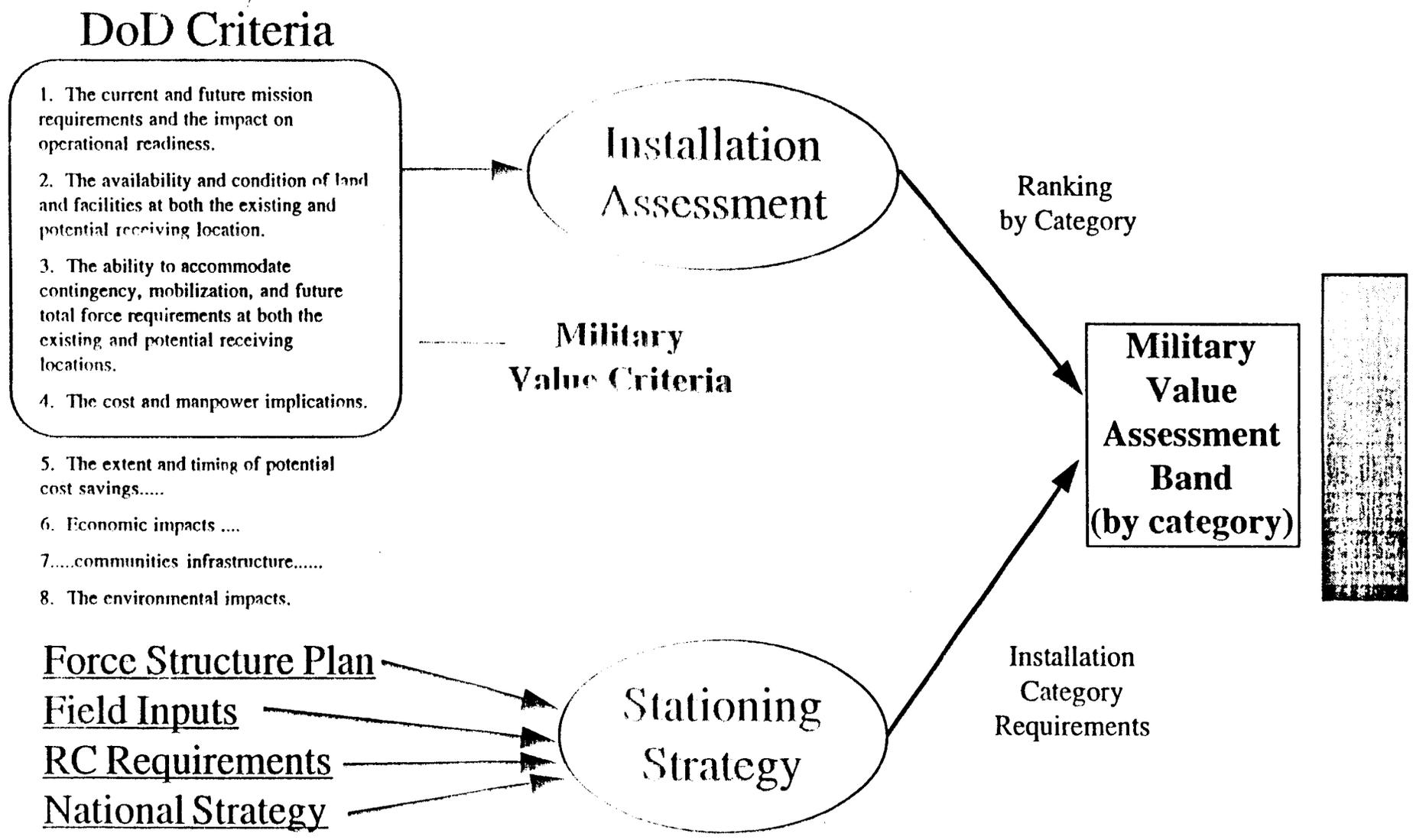
Once the services reported their recommendations to the Secretary of Defense, these were in turn reviewed by the Office of the Secretary and of the Joint Staff.

The Joint Staff reviewed the recommendations from a warfighting perspective, to ensure they would not impair the military readiness of the armed services and the particular war fighting requirements of the Unified and Specified Commanders. After that review, the Chairman of the Joint Chiefs of Staff endorsed all of the recommendations without exception.

Within the Office of the Secretary, the recommendations were review by many different offices. For example, the Undersecretary for Policy, the General Counsel, and the Assistant to the Secretary for Atomic Energy reviewed recommendations that might affect compliance with various treaties. We considered whether recommendations made by a particular service might have failed to consider sufficiently the interests of other parts of the Department or other Federal agencies with national security concerns. Furthermore, the staff assistants to the secretary who had been responsible for particular cross-service analyses were asked to review the responses of the Services to their recommendations. Finally, my office reviewed the recommendations, to ensure that they conformed to the Secretary's guidance, and to consider possible economic impacts from independent actions of several Services on a particular locale. After considering the results of our review, Secretary Perry endorsed all of the recommendations of the Service Secretaries and Defense Agency Directors.

FILE:
6073701

Military Service Process (Illustrative)



	WEIGHT	
CAPACITY-MAINTENANCE	150	
CAPACITY-SUPPLY	150	
RESERVE TRAINING	30	
DEPLOYMENT NETWORK	50	
AVAILABLE WORKFORCE	30	
MAINTENANCE FLEX	40	
MISSION REQUIREMENTS	---	450
AGE OF FACILITIES	75	
INFRASTRUCTURE	50	
% PERMANENT FACILITY	75	
ENVIRONMENTAL CAP	25	
LAND AND FACILITIES	---	225
EXCESS CAP-MAINT	40	
EXCESS CAP-SUPPLY	40	
BUILDABLE ACRES	20	
ENCROACHMENT	15	
IMA	10	
FUTURE REQUIREMENTS	---	125
IBOE	100	
MCA Cost Factor	50	
MISSION OVERHEAD	50	
COST AND MANPOWER	---	200

SCORE		1000
RANK:		

Table 60. Depots Decision Pad Model (Table 1 of 2)

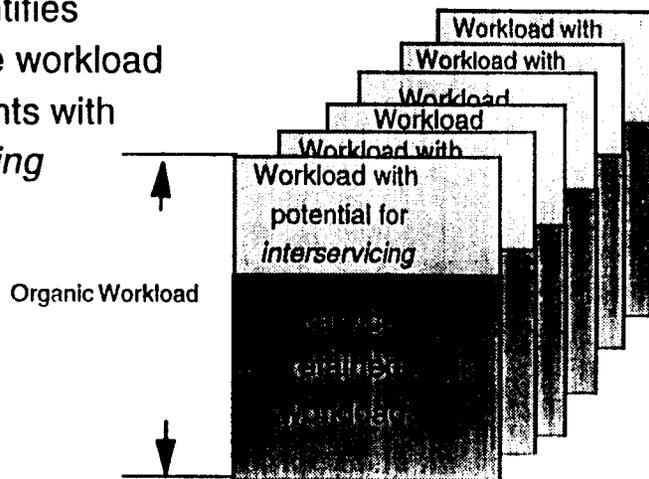
		ANNISTON DEPOT	LETTERSBOGNY DEPOT	RED RIVER DEPOT
	WEIGHT			
CAPACITY-MAINTENANCE	150	3,200,446	1,995,000--	3,350,808
CAPACITY-SUPPLY	150	1,962,600++	1,185,000--	1,707,000+
RESERVE TRAINING	30	0.30+	2.20	5.10
DEPLOYMENT NETWORK	50	6.1	6.2	6.1
AVAILABLE WORKFORCE	30	48,264	59,407+	52,006
MAINTENANCE FLEX	40	13	13	12-
MISSION REQUIREMENTS	--- 450	7.2	2.8	5.1
AGE OF FACILITIES	75	44.00-	43.00	44.00-
INFRASTRUCTURE	50	7.6+	0.0-	6.8+
% PERMANENT FACILITY	75	99%+	83%-	91%
ENVIRONMENTAL CAP	25	7.9	5.3	9.2
LAND AND FACILITIES	--- 225	6.5	1.0	4.8
EXCESS CAP-MAINT	40	164,600	56,421,000+	149,770
EXCESS CAP-SUPPLY	40	0	19,000	10,000
BUILDABLE ACRES	20	1,468	3,202	2,139
ENCROACHMENT	15	190.9	161.1	80.7
IMA	10	1195.0	1220.0	1275.0
FUTURE REQUIREMENTS	--- 125	1.2	6.0	2.5
IBOE	100	\$11.38+	\$19.28--	\$13.40
MCA Cost Factor	50	0.77	1.02	0.94
MISSION OVERHEAD	50	\$15.32	\$22.37-	\$8.32+
COST AND MANPOWER	--- 200	6.5	0.4	6.3

SCORE	1000	6.1	2.3	5.0
RANK		2	4	3

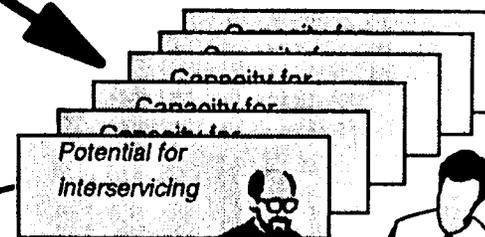
Table 60. Depots Decision Pad Model (Table 1 of 2)

Joint Cross-Service Analysis Process

- JCSG identifies FYDP core workload requirements with *interservicing* potential



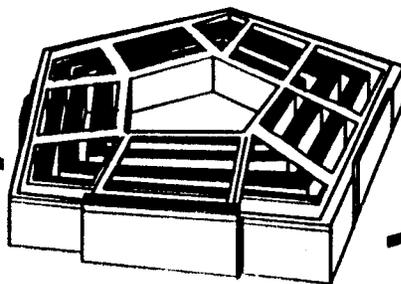
- JCSG develops alternatives for interservicing for DoD Component analysis



- Services and JCSG consider alternatives



- Service Recommendations



HOLD UNTIL RELEASED
BY COMMISSION

**THE DEFENSE BASE CLOSURE &
REALIGNMENT PROCESS**

STATEMENT OF

ROBERT E. BAYER

**DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR
INSTALLATIONS**

**BEFORE THE
DEFENSE COMMISSION ON BASE CLOSURE AND REALIGNMENT**

MARCH 1, 1995

Good afternoon, Mr. Chairman, and distinguished members of the Commission. I am Robert Bayer, the Deputy Assistant Secretary for Installations. I serve as one of Assistant Secretary Gotbaum's Deputies and the BRAC 95 process is one of my principal responsibilities. I served as the Chairman of the BRAC 95 Joint Cross-Service Group on Economic Impact. I also served as Chairman of the BRAC Steering Group during the early months of the process, until Mr. Gotbaum was confirmed in his current position. I welcome the opportunity to discuss with you how the Defense Department conducted its BRAC 95 process and in particular, how the Department applied the economic impact criterion in our BRAC 95 process.

GENERAL OBSERVATIONS

Before I turn to the specifics of economic impact, I would like to make three general observations.

First, the Department fully recognizes that communities face economic challenges when military installations are realigned or closed. Economic impact is not something that we try to sweep under the rug. On the contrary, our approach has been to recognize that closures and realignments do have economic impacts. As a matter of past and current BRAC policy, we assess these impacts on a "worst case" basis.

Second, I want to highlight the improvements we made in analyzing economic impacts for BRAC 95. Over a year ago, we established the Joint Cross-Service Group on Economic Impact. This Group which included Service representatives, reviewed our methods from the ground up; established common measures and approaches; and developed a greatly enhanced computer-based system for analyzing economic impact and cumulative economic impact. While our policy direction did not change from previous BRAC efforts, it is no exaggeration to say that we reinvented the way economic impact was considered in our BRAC processes.

Finally, our focus on economic impact was local...MSA or county. We did not analyze economic impacts on either a state or regional basis, believing that we should measure impacts where they occur.

Now let me turn to the specifics. First, I will discuss in some detail the method that we used to analyze economic impact. Then, I will discuss the economic implications of our recommendations.

ECONOMIC IMPACT IN THE BRAC PROCESS

Under the law, the Department developed BRAC recommendations based on consistent application of the eight selection criteria and the force structure plan. The first four selection criteria pertain to military value and are accorded priority consideration. "The economic impact on communities" is the sixth criterion.

The Department considered cumulative economic impact as part of the economic impact criterion. In response to concerns raised by the 1993 Defense Base Closure and Realignment

Commission and the General Accounting Office, DoD analyzed economic impact and cumulative economic impact as relative measures for comparing alternatives. DoD did not establish threshold values above which, for example, it would remove bases from consideration.

ECONOMIC IMPACT MEASURES

DoD measured economic impact by analyzing:

- (1) the potential job change in the economic area and
- (2) that change expressed as a percentage of total, that is, military and civilian, employment in the economic area in which the installation is located.

There are some limits to the scope of our analysis. Our estimates of job changes include "direct job losses," that is military, DoD civilian, and on-base contractor jobs. We did not account for off base contractor personnel as direct impacts, even if their sole purpose was to support a base's missions. Our job change figures include only jobs directly associated with base closures and realignments.

Our analysis also included indirect job losses that are calculated by applying multipliers to the direct personnel reduction. The multipliers, which we developed working with data from the Department of Commerce, vary by the type of personnel, the principal activity performed at each installation, and the size of its economic area. Because our goal for estimating indirect job changes was to examine the "worst-case" potential outcome, we selected multiplier values that represent the high end of a reasonable range of potential indirect impacts. These multipliers ranged from 0.13 for some military trainees to 2.42 for some civilians. We also used data from the Bureau of Economic Analysis to estimate employment in levels economic areas.

ECONOMIC IMPACT AREAS

We assigned installations to economic areas based on our estimates of where people who would be affected by BRAC actions live and work. We defined and consistently applied a set of rules for assigning installations to economic areas. These rules are included at the end of my written statement.

Our approach focused on the local level. We have already provided the Commission with a listing of the economic areas for each military installation. In short, we generally used metropolitan statistical areas (MSAs) as the economic area for installations located within an MSA. The Office of Management and Budget defines MSA boundaries, and they are the standard Federal unit for economic analyses of metropolitan areas.

Under some circumstances, we felt that using current MSA definitions would unnecessarily dilute one of our measures of economic impact--the percentage of area jobs affected. We made changes on a case-by-case-basis when recent changes to MSA boundaries or other factors suggested that the standard MSA definitions would not be an appropriate depiction of where local economic activity occurred. For these exceptions, which our rules define, we

assigned installations to smaller economic areas. This has the effect of increasing those particular measures of economic impact. Out of 351 areas, approximately 66 (or 19 percent) were altered to better reflect economic impact.

The Department placed installations located in non-metropolitan areas in a single county economic area, or in a multi-county area when that was more appropriate based on estimated labor and expenditure patterns.

For BRAC 95 purposes, we determined that there is no economic impact associated with relocating personnel from one installation to another within the same economic area.

CUMULATIVE ECONOMIC IMPACTS FROM PRIOR BRAC ROUNDS

Improving our consideration of cumulative economic impact in BRAC 95 was a high priority for the Department. We developed a much more sophisticated approach to measure and consider cumulative economic impact. Here is an overview.

Cumulative economic impact can arise for two reasons, so it was measured in two dimensions: retrospectively and prospectively. First, cumulative impact can occur if we recommend a BRAC 95 action in an area that has had BRAC actions in the prior rounds. Second, cumulative impact can occur if more than one BRAC 95 action is recommended in the same location.

We used our same two measures to estimate cumulative impact -- the maximum potential job loss, expressed in absolute numbers and as a percent of area employment -- but we adjusted them to include prior-round BRAC actions.

To place these estimates of past and future impacts in a broader context, we considered historic economic information, covering the period 1984 through 1993. This information included local information on the level and rate of growth of employment, the level and rate of growth of personal income per capita, and unemployment rates. This information describes recent economic conditions in each economic area, and, more importantly, it captures the economic effects, through 1993, of prior-round BRAC actions and other factors that have affected local economies. Although some areas around our bases have been affected by the drawdown in defense industry, we could not capture these discrete impacts. However, by assessing overall economic activity in an area, we captured these industrial reductions, along with other economic impacts on the economy.

CUMULATIVE ECONOMIC IMPACTS FROM MULTIPLE BRAC 95 ACTIONS

After the Secretaries of the Military Departments and the Directors of the Defense Agencies submitted recommendations to the Secretary of Defense, we identified economic areas with multiple proposed BRAC 95 recommendations. These numbered about 46. The Military Departments and Defense Agencies reassessed their recommendations considering the cumulative economic impact, along with the other seven selection criteria. Fortunately, most of these

multiple actions involved small numbers of personnel. In no case did a Military Department or Defense Agency change its recommendation as a result of this review.

PROCESS VALIDATION

From the start, we wanted to make sure that our approach to analyzing economic impact was sound and consistent among all Services and Defense Agencies. In the past the Services used different approaches which while valid, were inconsistent. Since we anticipated consideration of cross service closure alternatives, we were determined to develop and use a uniform approach in this area. We felt that the best way to ensure that we were on the right track was to have independent reviewers from outside the Defense Department evaluate our plans for analyzing economic impact. To accomplish this, we sponsored an independent review in May 1994. Six experts from government, academia, and the private sector participated in the review.

The reviewers agreed that our proposed measures of economic impact were reasonable. They also supported our approach to defining economic areas--that is, based on estimates of local labor and expenditure patterns. The reviewers suggested several improvements, many of which we incorporated into our final methods. In addition, they emphasized a point that I have already stressed -- namely, that our estimates are "worst case," and often overstate economic impact. The reviewers stressed the need for the Department to make this point in our presentations to this Commission, the Congress, and the public.

In addition to the independent review, we asked the Bureau of Economic Analysis of the Department of Commerce to review our methodology for deriving indirect job multipliers. Their written response, a copy of which we will provide to you, pronounced the methodology to be of "good, sound quality, consistent with good regional economic impact estimation practices."

PROCESS LIMITATIONS

That being said, I feel that it is important for you to understand the limits of methodology. Like the data used to apply the other seven criteria, we wanted it to be as accurate as possible. However, its primary purpose is to help make valid comparisons, not to provide "budget quality projections". The entire BRAC analysis is a balance between accuracy and timeliness to achieve the functional goal of even handed comparisons. Our measures of economic impact helped us compare alternative closures and realignments. We have used them to judge the relative differences, under worst-case scenarios, of the potential economic impacts of various BRAC alternatives. We believe that our measures are very well suited for that limited purpose.

Let me stress, however, that these measures are not detailed forecasts of how economies will ultimately adjust to BRAC actions. Forecasting how any particular local economy will adjust over a period of many years is a highly uncertain undertaking, and one that we stayed away from. In essence, our process compares the magnitude of the economic challenges presented by alternative closures and realignments. It does not predict how well communities will meet these challenges.

DATA IS WORST CASE

Finally, let me touch briefly on the point stressed by our independent reviewers. The method we use to derive the our key measures overstates economic impact for numerous reasons. For example, the measures do not take into account the creation of new jobs in base closure communities. Experience strongly suggests that the creation of new jobs can, over time, offset job losses from base closures. Also, the job losses associated with base closures will occur over a period of several years, rather than all at once as the measures imply. Further, there are many programs administered by DoD and other federal and state agencies to ease the transition for base personnel and for the surrounding communities. For these and other reasons, the measures should be considered a "worst-case" potential outcome, rather than a likely prediction of future economic impact.

We intentionally chose to use this "worst-case" methodology. We sought to create a reasonable, fair, and consistent tool to compare the potential economic impacts of alternative BRAC recommendations. We believe that the BRAC decision making process was enhanced through consistent comparisons of these worst-case potential economic impacts.

DATABASE TOOL

We developed the BRAC 95 Economic Impact Database to facilitate our analysis of the measures of economic impact, cumulative economic impact, and historic economic information. The Database allows users to measure the economic impact and cumulative economic impact of BRAC actions. We have already made the Database available to the Commission staff. The public may obtain a copy of the Database by downloading it from the Internet, beginning at the end of this week. The Internet address is ([HTTP://GLOBE.LMI.ORG/BRAC.HTM](http://GLOBE.LMI.ORG/BRAC.HTM)).

CONCLUSION

In conclusion, I believe that the Department conducted a fair, consistent, and auditable assessment of the economic impacts of proposed BRAC actions. While the tools we developed did not address every conceivable economic impact, we believe that it captured a sufficiently broad and timely set of economic data so that BRAC decision makers - the Secretaries of the Military Departments and Directors of Defense Agencies, and ultimately the Secretary of Defense, could appropriately weigh economic impact in making difficult base realignment and closure actions.

I would be pleased to respond to your questions.

DETERMINATION OF ECONOMIC AREAS

In response to changes by the Office of Management and Budget (OMB) in metropolitan area definitions related to the 1990 Census, and a review of earlier BRAC economic area definitions, the Joint Cross-Service Group on Economic Impact has established the following rules to guide the assignment of installations to economic areas for BRAC 95:

1. The economic area should include residences of the majority of the military and civilian employees at the activity.
2. An economic area is generally defined as a metropolitan statistical area (MSA) or a non-MSA county(s) unless there is evidence to support some other definition.
3. In those cases where OMB's 1993 redefinition of an MSA added counties which increased the MSA population by 10 percent or more, then continue to use the old MSA definition unless certified residency data shows that the new MSA definition is more appropriate.
4. An economic area should only be expanded to include an additional county if the resulting percentage increase in the number of employee residences included in the expanded economic area is greater than the resulting percentage increase in the total employment of the expanded economic area.
5. Installations in the same county should be in the same economic area.
6. If the economic area was previously defined (in prior BRAC rounds) as a non-MSA county(s), it should continue to be that county, even if that county has now been incorporated into an MSA.



GENERAL BACKGROUND

1. Mr. Gotbaum, did DoD achieve their objectives in the cross-service areas?
2. Mr. Gotbaum, we understand that the five joint cross-service functional groups reported to you and were established to develop closure and realignment alternatives with a “strong emphasis on cross-service utilization of common support assets.”

Please outline for the Commission the interservicing and consolidation proposals emerging from your cross-service groups and list those that were included in the DoD’s recommended list of closures and realignments.

Did the Office of the Secretary of Defense conduct an independent analysis of cross-service opportunities?

3. Mr. Gotbaum, to your knowledge were any installations removed from the recommendations of the military departments by your office?

If so, which ones, and for what reasons?

4. Mr. Gotbaum, why were the joint cross-service groups’ alternatives given to the Services for their consideration rather than included as part of the Office of the Secretary of Defense’s base closure deliberation process?

5. Mr. Gotbaum, once the 1995 Base Closure recommendations are implemented, where will excess capacity remain? Please identify for the Commission where excess capacity will exist by Service, by category of base or functional area.

6. Mr. Gotbaum, if implemented, will the Department’s recommendations to the Commission reduce a major portion of the excess capacity in any or all of the five cross-service functional areas? Please discuss those areas in which this was not the case and explain.

7. Mr. Gotbaum, the joint cross-service groups calculated functional value. How does functional value relate to military value?
8. Mr. Gotbaum, what was the role of the 1995 Base Realignment and Closure Steering Group, which you chair, compared with that of the Review Group chaired by the Under Secretary of Defense for Acquisition and Technology?
9. Mr. Gotbaum, what was your role in the cross-service decision process, beyond that of setting standards and guidelines?
10. Mr. Gotbaum, will the Commission receive *all* of the data and study options produced by the joint cross-service groups? When will we receive it?

COSTS/SAVINGS

1. Mr. Gotbaum, the Administration's Fiscal Year 1996 budget reflects net savings of \$6.6 billion over 5 years for the first three rounds of base closures. This budget also includes requests for \$785 million and \$824 million Fiscal Years 1996 and 1997, respectively, to cover costs for the 1995 Commission closures.

How do actual costs and savings compare with what had been anticipated in previous budgets?

What are the annual costs and savings expected from your recommendations on the 1995 round of closures?

How does the Department keep track of savings and costs from the base closure process?

At what point is it more cost effective to keep excess infrastructure rather than pay the up-front closure costs?

Is there a formula?

Have thresholds been established?

Or, is this just a financial judgement decision?

2. Mr. Gotbaum, what is the annual cost of the excess infrastructure remaining after the 1995 round?

Will this excess infrastructure cost cause a drain on Modernization, Operations and Maintenance funds?

3. Mr. Gotbaum, in the past, despite specific DoD guidance, the Services have used different baselines. For example, the Navy and Air Force used different base years for computing manpower numbers and job losses.

Have these inconsistencies been corrected for your 1995 analysis?

What have you done to ensure a common baseline for analysis among services?

Are there any significant differences among services?

4. Mr. Gotbaum, how did you apply cost of base realignment action (COBRA) analysis to cross-service groups given the different way of computing costs among services? What were the major cost problems and how did you overcome them?

5. Mr. Gotbaum, did DoD factor any external costs, such as leases, into the analysis? If so, what were they and will all such data be provided to the Commission?

FORCE STRUCTURE/CAPACITY

1. Mr. Gotbaum, since the end of the Cold War, the DoD has reduced the Armed Forces by approximately 30 percent. The prior rounds of the base closure process have reduced the size of the DoD infrastructure by approximately 15 percent. The current Defense Planning Guidance and the 1995 Base Realignment and Closure (BRAC) policy guidance set a goal of reducing the infrastructure by another 15 percent.

Does the 1995 list of recommended closures achieve the goal of a 15 percent reduction in infrastructure?

In your view, did DoD need to achieve an additional 15% reduction in infrastructure to bring it in line with the force levels?

What measures of infrastructural capacity did you and the Department use to measure reductions:

- 1) the number of bases?
- 2) plant replacement value?
- 3) building square footage?

DEPOT MAINTENANCE

1. Mr. Gotbaum, several years ago, the Went study of DoD maintenance depots done for the Chairman of the Joint Chiefs concluded that there was 25 to 50 percent excess capacity in the depots. The General Accounting Office reviewed the study and concurred that there was significant excess capacity. An April 1994 study by the Defense Science Board concluded that 24 depots remaining after the BRAC 93 closures round will have 20 to 30 percent excess capacity. One of the goals of the Joint Cross-Service Depot Maintenance Group was to eliminate unnecessary duplication and excess capacity.

Do the closure recommendations that you have submitted result in significant elimination of excess depot maintenance capacity?

2. Mr. Gotbaum, the staff understands that the joint-cross service Maintenance depot group recommended that eight depots should be closed but DoD's list includes fewer.

What were the eight maintenance depots?

Why wasn't the joint cross-service group's recommendation accepted?

How much excess capacity would be eliminated if the Secretary's recommendations are accepted?

How much additional excess capacity would be eliminated if all eight maintenance depots closed?

3. Mr. Gotbaum, as you know, excess capacity is one of the primary factors considered by this Commission in deciding whether or not a particular base or activity should be closed or realigned. An April 1994 Defense Science Board study indicates Air Force aviation depots expect to reduce their capacity by more than 4.9 million direct labor hours between fiscal years 1994 and 1997.

Please explain how the Air Force will reduce the total depot capacity for its aviation depot facilities by 4.9 million direct labor hours.

Will the Air Force eliminate workstations through permanent divestiture of plant equipment and facilities or will the maintenance capability simply be placed on layaway?

4. Mr. Gotbaum, in May 1994, the Deputy Secretary of Defense stated that "Core is the capability maintained within organic Defense depots to meet readiness and sustainability requirements...Core depot maintenance capabilities will comprise only the *minimum facilities, equipment and skill personnel necessary* to ensure a ready and controlled source of required competence." (emphasis added)

After the implementation of the proposed closure recommendations, will any of the Services retain capacity above their core level? If so, what are the reasons for retaining this capacity?

Will the DoD's base closure list result in the minimum number of facilities to ensure readiness and sustainability? If not, what means other than the base closure process will the Department use to implement the Deputy Secretary's direction to achieve the minimum number of depot maintenance facilities?

Did you seek to minimize the number of facilities through use of a two-shift per day operation similar to that used by the private sector? If not, did you study the impact that use of the private sector standard would have on achieving the Deputy Secretary's May 1994 guidance.

Please explain how Air Force plans to accomplish this reduction.

Will this reduction result in the closing of one or more of the five Air Force Depots? If not, won't retaining the remaining infrastructure be exceptionally expensive?

5. Mr. Gotbaum, you indicated in testimony last week that the Joint Cross Service Group Depot Team calculated capacity of depots based on a 40-hour work week, or just one shift per activity.

Of course, this is a very conservative way of measuring capacity since people work more than one shift in times of crisis.

Even with this conservative one-shift calculation, how much excess capacity did the Joint Cross Service Group Depot Team find in the five Air Force depots?

6. Mr. Gotbaum, in May 1994, the Deputy Secretary of Defense stated that private and public competition for maintenance depot workload would be halted due to DoD's ability to determine actual costs. He also stated that efficiencies in the maintenance function will be achieved through interservicing.

What maintenance depot workloads will be done on an interservice basis if the Secretary's recommendations are accepted?

How did interservicing impact the Department's recommendation for maintenance depot closures?

How will interservicing decisions be made if not through competition or the base closure processes?

7. Mr. Gotbaum, in May 1994 the Deputy Secretary of Defense directed all system upgrades and modifications will be performed by the private sector. Furthermore, he directed that new weapon systems will no longer transition to organic DoD maintenance facilities, but instead be supported by the private sector.

What is the impact of these policy changes on workload projections in the future?

Do the Department's base closure recommendations reflect the impact of the workload changes which will result from these policy changes?

8. Mr. Gotbaum, the 1993 Commission report stated that the Commission "...strongly supports a joint organization responsible for assigning workloads to DoD's maintenance depots. Joint oversight could mandate cost effective interservicing actions circumventing Services parochial interests...the Commission recommends the Secretary of Defense consider during his bottom up review of the Department, a single defense depot system with a joint responsibility..."

Did the joint cross-service depot maintenance group consider this option as part of their analysis? If so, what was the result of the analysis?

RESEARCH AND DEVELOPMENT LABORATORIES

1. Mr. Gotbaum, an April, 1994 Defense Science Board (DSB) report states the Defense Laboratory System is an obsolescent artifact of the Cold War which has not kept pace with the shrinking military force structure and changing patterns of technology advancement generation.

The DSB recommended a 20 percent cut in the laboratories' Civil Service personnel, in addition to the 4 percent per annum cut directed by Defense Policy Guidance 1995 through 1999. According to a senior DoD official, these cuts will result in a 35 percent reduction in these personnel by the turn of the century.

How much of a reduction in DoD laboratory infrastructure is contained in your recommendations?

How and when is DoD going to eliminate the excess infrastructure?

TEST AND EVALUATION

1. Mr. Gotbaum, as you know, test and evaluation was one of the joint cross service areas selected for special emphasis during the 1995 Base Realignment and Closure process (BRAC 95). Several studies and key officials have pointed out that the greatest opportunities for reduction in test and evaluation infrastructure exist in testing of high performance aircraft, electronic warfare systems, weapons and munitions testing, test support aircraft, and selected test and training functions.

Why did DoD's BRAC 95 not recommend significant consolidations in the above areas?

How does the Department plan to reduce its test and evaluation infrastructure?

2. Mr. Gotbaum, please state for the record the specific consolidation and realignment alternatives proposed by the Test and Evaluation Joint Cross Service Group at DoD.

3. Mr. Gotbaum, how was capacity measured for laboratories and test and evaluation facilities? Was the basic 8-hour workday used to measure capacity or were additional measures used, such as a two-shift operation? If a two-shift operation was not used, why not?

Medical

Closure and Realignment Decisions

1. Mr. Gotbaum, in 1993 the Commission made specific recommendations to the Department regarding improvements in health care operations and increased cost effectiveness. Most of these recommendations relate directly to cross-service issues.

Did your joint cross-service medical group examine the consolidation of resources across military departments?

If so, what was the outcome of that examination?

How are the results of that examination reflected in the Department's new list of recommended realignments and closures?

2. Mr. Gotbaum, did you direct the joint cross-service medical group to review the costs and benefits of closing military hospitals when bases served by those hospitals are closed? What was the result of that review? Does the Department's list reflect an attempt to ensure that the most cost effective means of delivering care to all beneficiaries are maintained, irrespective of other base closure actions?

3. Mr. Gotbaum, in developing the joint cross-service medical group alternatives, did the group recommend closing military hospitals that are not cost effective, given their patient load and the cost of medical care in their communities? Did the group explore the potential for consolidation, including consolidation across Service lines, in order to increase efficiency?

Medical

Impacts on Beneficiaries

4. Mr. Gotbaum, with only Medicare to fall back on, many retirees, their family members, and survivors over age 65 view their local military hospital as an important source of health care services. Many retirees viewed access to those hospitals for themselves and their spouses as an important inducement to make a career of military service. However, these beneficiaries have always had the lowest priority for receiving most direct care services. Furthermore, it appears that the TRICARE goal of maximizing use of military hospitals for enrolled beneficiaries will further erode their chances of accessing the military health services system because only under 65, civilian health and medical program of the uniformed services (CHAMPUS) eligible beneficiaries are eligible for TRICARE.

Mr. Secretary, is the Department taking steps to ensure that these beneficiaries are not doubly penalized by the closure of military hospitals and their exclusion from the TRICARE program?

5. Mr. Gotbaum, given that wartime medical requirements far exceed those of peacetime, is there enough medical infrastructure remaining to support our two Major Regional Conflict strategy?

UNDERGRADUATE PILOT TRAINING

1. Mr. Gotbaum, in your view, what are the pros and cons of DoD integrating fully Air Force and Navy Undergraduate Pilot Training (UPT) programs?
2. Mr. Gotbaum, did the Undergraduate Pilot Training (UPT) Joint Cross Service Group recommend that any Air Force or Navy UPT bases be closed?
4. Mr. Gotbaum, does DoD have a policy regarding the cross-servicing of UPT? If so, please discuss.
5. Mr. Gotbaum, did DoD or the Services consider integrating operations at the same base, using the same training aircraft, in a way that still permits Service-specific training programs?

ECONOMIC IMPACT

1. Mr. Gotbaum, would you define for the record cumulative economic impact? How are losses from previous closure rounds captured? Can impacts from previous closures be differentiated from other negative impacts on the economic area, such as civilian downsizing, or is everything lumped together?
2. Mr. Gotbaum, for the 1993 closure round your staff established cumulative economic impact thresholds that resulted in the removal of at least one installation from the Service recommendations by your staff. Were any similar cumulative economic thresholds set for the 1995 round?
3. Mr. Gotbaum, in calculating cumulative economic impact, how did DoD differentiate between economic impacts caused by previously announced force structure changes and those that were due to closure or realignment decisions?
4. Mr. Gotbaum, was DoD reluctant to close major industrial, laboratory, or test & evaluation installations because of economic impact?

Was any decision taken to downsize, rather than close an installation, as a result of economic impact considerations?

ENVIRONMENTAL IMPACT/RESTORATION

1. Mr. Gotbaum, according to the Departments policy guidance, “environmental restoration costs at closing bases are not to be considered in cost of closure calculations.” But your policy further implies that “unique contamination problems requiring environmental restoration will be considered as a potential limitation on near-term community reuse.”

Were any installations not recommended for closure or realignment to the Commission due to unique contamination problems? If so, please elaborate.

2. Mr. Gotbaum, did the overall cost of environmental restoration at closure bases limit the size of the list presented to the Commission?

3. Mr. Gotbaum, were any installations eliminated from closure consideration because of the high cost of environmental cleanup?

DEFENSE AGENCIES

1. Mr. Gotbaum, in 1993, the Defense Base Closure Commission realigned a part of the Defense Information Services Agency (DISA) into 16 information processing megacenters. At that time, all officials concluded there would be excess capacity even within these megacenters. Some have suggested that DISA actually requires only 5 megacenters. To realign, DISA would have to come to the Commission to change the 1993 recommendation.

Given that there is excess capacity within DISA, why are there not recommendations for further consolidation?

2. Mr. Gotbaum, the Defense Finance and Accounting System (DFAS) is currently slated to consolidate its 300+ offices at the 5 centers it currently operates (Denver, Columbus, Kansas City, Indianapolis, Cleveland). Further, it will add 21 new offices, many of which will be placed on installations slated to close as a result of previous Base Realignment and Closure rounds.

Why did DoD place most of the 21 new DFAS offices on bases which are to close rather than on bases remaining open which have existing excess capacity?

3. Mr. Gotbaum, about one-third of the 21 new DFAS sites have yet to open. There is a Military Construction (MILCON) requirement for nearly \$200 million to make improvements to many the sites, particularly among those not yet open.

In light of the ongoing consolidation efforts taking part in other parts of DoD, would it be worthwhile to consider further reductions in the number of DFAS sites?





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

February 6, 1995

Honorable William J. Perry
Secretary of Defense
The Pentagon, Room 3E880
Washington, D.C. 20301

Dear Secretary Perry:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you and General Shalikashvili to testify at the Commission's opening hearing and to present the Department's 1995 closure and realignment recommendations to the Commission.

The Commission would like you to discuss how the Department's selection criteria and force structure plan have shaped your closure and realignment recommendations. We will be very interested in hearing how your recommendations will affect the ability of the military services to carry out their full range of assigned missions in the future, as well as the costs and expected savings of your recommendations. Given the interest of past Commissions in the issue of consolidating common functions across the military services, I hope your testimony will also highlight any recommendations in this area.

As you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you will give the Commission your views on this important question.

The hearing will be held in room SD-106 of the Dirksen Senate Office Building beginning at 9:30 am. Please provide 100 copies of your opening statement to the Commission staff prior to the hearing. If your staff has any questions before the hearing, they should contact Mr. Frank Cirillo of the Commission staff.

I look forward to your testimony.

Sincerely,

A handwritten signature in black ink, appearing to read "Alan J. Dixon". The signature is fluid and cursive, with the first name "Alan" written in a large, sweeping loop.

Alan J. Dixon
Chairman



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

February 6, 1995

General John M. Shalikashvili, USA
Chairman
Joint Chiefs of Staff
The Pentagon, Room 2E872
Washington, D.C. 20301

Dear General Shalikashvili:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you to testify with Secretary Perry at the Commission's opening hearing and to present the Department's 1995 closure and realignment recommendations to the Commission.

The Commission would like you to discuss the role that the Joint Chiefs of Staff and the unified Commanders in Chief played in the development of the Department's closure and realignment recommendations. In addition, the Commission is particularly interested in your views on how the Department's recommendations will affect the ability of the military services to carry out the full range of their assigned missions in the future, including the effect of these recommendations on readiness, joint operations and training. Given the interest of past Commissions in the issue of consolidating common functions across the military services, I hope your testimony will include your views on any recommendations in this area.

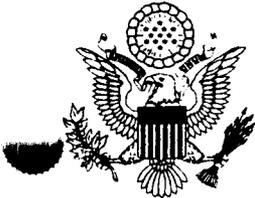
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Alan J. Dixon
Chairman



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

February 6, 1995

Honorable Joshua Gotbaum
Assistant Secretary of Defense (Economic Security)
The Pentagon, Room 3E808
Washington, D.C. 20301

Dear Secretary Gotbaum:

The Defense Base Closure and Realignment Commission will begin its hearings on the Defense Department's recommendations to close or realign military installations in the United States on March 1, 1995. I would like to invite you to testify before the Commission on the afternoon of March 1 at 1:30 p.m. in room SD-106 of the Dirksen Senate Office Building.

The Commission would like your testimony to address the process and methodology used by the Department of Defense in putting together its closure and realignment recommendations for 1995. This should include a discussion of the role that each of the Joint Cross Service Groups played in the development of the Department's recommendations, and the extent to which the alternatives examined by these Groups are reflected in your recommendations. We would also like your testimony to summarize the implementation of prior closure rounds, and the projected schedule, costs and savings from the 1995 round.

As in past years, the Commission will be particularly interested in the economic impact of the Department's closure and realignment recommendations. Your testimony should address in detail the economic impact and cumulative economic impact the closure and realignment recommendations have on the affected communities, as well as the methodology used to measure these impacts.

Finally, as you know, the 1995 round of base closings is the final round authorized under the Defense Base Closure and Realignment Act of 1990. In light of this fact, I intend for this Commission to recommend to the Defense Department and the Congress a process for the closure and realignment of military bases in the future. I hope you will give the Commission your views on this important question.

Please provide 100 copies of your opening statement to the Commission staff prior to the hearing. If your staff has any questions before the hearing, they should contact Mr. Jim Owsley of the Commission staff.

I look forward to your testimony.

Sincerely,

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Alan J. Dixon
Chairman



CHARTER

- A. Official Designation: Defense Base Closure and Realignment Commission
- B. Objective and Scope of Activity: In accordance with the National Defense Authorization Act for FY 1991, there is hereby established a Presidential advisory committee entitled the Defense Base Closure and Realignment Commission, which shall review the recommendations made by the Secretary of Defense regarding base closures and realignments for the time periods and by the dates set down in the Authorization Act. The Commission shall transmit a report of its findings and conclusions to the President, based upon a review and analysis of the Secretary's recommendations, together with the Commission's recommendations for closures and realignments of military installations in the United States.
- C. Period of Time Required: This Commission shall continue to function until December 31, 1995, as specified in the Act.
- D. Official or Sponsoring Proponent to Whom the Commission Reports: The Commission shall report directly to the President, and provide copies of its reports to the congressional defense committees.
- E. Support Agency: The Director of Administration and Management, Office of the Secretary of Defense, shall provide administrative and related support for the Commission.
- F. Duties and Responsibilities: The Commission will be composed of eight members appointed by the President, by and with the advice and consent of the Senate. At the time the President nominates individuals for appointment to the Commission for each session of Congress, the President shall designate one such individual to serve as Chairman of the Commission. The functions of the Commission are outlined in B. above and amplified in the Act.
- G. Estimated Annual Operating Costs and Manyears: It is estimated that the annual operating costs for the Commission for the calendar years 1991 through 1995 will average \$2.65 million. Funding for the operation of the Commission will be appropriated and obtained from the DoD Base Closure Account 1990, as specified in the Act.
- H. Number of Meetings: The Commission will meet only during calendar years 1991, 1993, and 1995. During each of those years it will meet as needed, upon the call of the Chairman, to meet the functions and the responsibilities outlined in B. above and amplified in the Act. Ad hoc panels and staff working groups will perform research and analysis functions, as necessary, to carry out the responsibilities of the Commission.
- I. Termination Date: The Commission will terminate on December 31, 1995. This charter will be renewed every two years from the date of its establishment, consistent with the Federal Advisory Committee Act.
- J. Date Charter is Filed: _____



PROCEDURAL RULES OF THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

- Rule 1 The Defense Base Closure and Realignment Commission ("Commission") was established in Title XXIX of the National Defense Authorization Act for Fiscal Year 1991, Pub. L. No. 101-510 as amended. The Commission's operations shall comply with the Act and with these Procedural Rules.
- Rule 2 The Commission's meetings, other than meetings in which classified information is to be discussed, shall be open to the public. In other respects, the Commission shall comply with the Federal Advisory Committee Act, as amended, 5 U.S.C. app2.
- Rule 3 The Commission shall meet only during calendar years 1991, 1993, and 1995.
- Rule 4 The Commission shall meet at the call of the Chairman or at the request of a majority of members of the Commission serving at that time.
- Rule 5 When the Commission meets to consider (a) the recommendations of the Secretary of Defense ("Secretary") submitted under section 2903(c) of Pub. L. No. 101-510, as amended, (b) the Commission's report to the President under section 2903(d) including the Commission's recommendations for closures and realignments of military installations, or (c) a revised list of recommendations for the closure or realignment of military installations under section 2903(e), a quorum shall consist of a majority of the Commission members serving at that time. When the Commission conducts public hearings on the Secretary's recommendations under section 2903(d) (1), a quorum shall consist of one or more members designated by the Chairman.
- Rule 6 When the Commission meets to consider (a) the recommendations of the Secretary of Defense ("Secretary") submitted under section 2903(c) of Public Law No. 101-510, as amended, (b) the Commission's report to the President under section 2903(d), or (c) a revised list of recommendations for the closure or realignment of military installations under section 2903(e) and a QUORUM has been established, a vote shall be required of the Commission to dispense with any of the above responsibilities or to ratify any actions of the Commission. The adoption of any action taken by the Commission with regard to responsibilities (a), (b), or (c) stated above will be by a majority vote of Commission members serving at that time. Commissioners may vote in person or by proxy in accordance with Rule 9. The resolution of all other issues arising in the normal course of the Commission meetings or hearings, etc. will be by a simple majority of the Commissioners present.

Rule 7

The Chairman shall preside at meetings and public hearings of the Commission when he or she is present. In the Chairman's absence, he or she shall designate another member of the Commission to preside.

Rule 8

The Chairman (or another member of the Commission presiding in the Chairman's absence) shall have the authority to ensure the orderly conduct of the Commission's business. This power includes, without limitation, recognizing members of the Commission and members of the public to speak, imposing reasonable limitations on the length of time a speaker may hold the floor, determining the order in which members of the Commission may question witnesses, conducting votes of members of the Commission, and designating Commission members for the conduct of public hearings under section 2903(d)(1).

Rule 9

A member of the Commission may designate another member to vote and otherwise act for the first member when he or she will be absent. The first member shall issue a written proxy stating the specific or limited purpose for which the proxy can be exercised.

Rule 10

These rules other than those required by statute may be amended by the majority vote of the members of the Commission serving at that time.

Rule 11

Public and all interested parties may submit written testimony for the record.

**Oath to be administered to all witnesses testifying before the
Commission:**

Do you solemnly swear or affirm that the testimony you are about to give to the Defense Base Closure and Realignment Commission shall be the truth, the whole truth, and nothing but the truth?



**THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
1995 ORGANIZATION CHART**

COMMISSIONERS

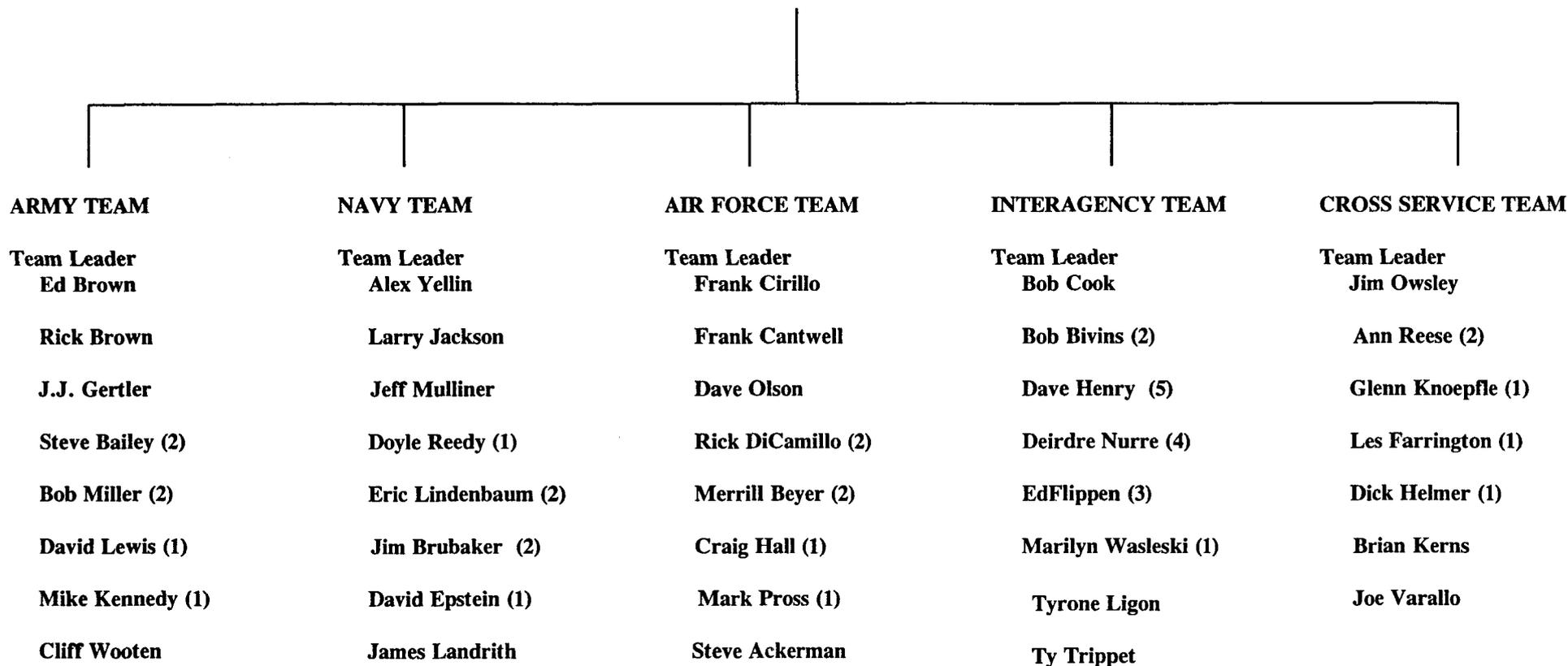
Staff Director	David Lyles
Executive Director	Charles Smith
Military Assistant	Col. Wayne Purser, USAF
Sr. Exec. Asst to the Chairman	Britta Brackney

General Counsel	Madelyn Creedon
Special Assistant	Christy Still
Counsel	Ralph Kaiser
Counsel	Elizabeth King

ADMINISTRATION	REVIEW & ANALYSIS	COMMUNICATIONS	LIAISON	INFORMATION SERVICES
Chris Goode	Ben Borden	Wade Nelson	Cece Carman	James K. Phillips
Budget /Personnel Paul Stilp	Army Team Leader Ed Brown	Deputy Communications Director Chuck Pizer	House Liaison Jim Schufreider	Systems Analyst David Fuchs
Executive Secretariat Jeffrey Campbell	Navy Team Leader Alex Yellin	Assistant Communications Director John Earnhardt	State & Local Liaison Chip Walgren	
ExecSec Assistants Bond Almand Antonia Forkin Walton Smith	Air Force Team Leader Frank Cirillo		Reuse Issues Liaison Sylvia Davis Thompson	
Travel/Hearings Coordinator Shelley Kestner	Interagency Team Leader Bob Cook		Congressional Assistant Cristin Ciccone	
Travel Assistants Ziba Ayeen Melissa Chalfant Kent Eckles Paul Hegarty Raymond Geller Bob Gibson Clark Gyure	Cross Service Team Leader Jim Owsley			
Staff Assistants Amy Smith Altnett Turner	(Individual team members listed separately)			

**THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION
OFFICE OF REVIEW AND ANALYSIS
1995 ORGANIZATION CHART**

DIRECTOR
Ben Borden ——— Rob Kress



- 1 Detailee from General Accounting Office
- 2 Deatilee from Department of Defense
- 3 Detailee from Federal Aviation Administration
- 4 Detailee from Environmental Protection Agency
- 5 Detailee from Department of Commerce



SUPER 25 LIST

SENATE

Senator Bob Dole

Majority Leader
S-230, The Capitol
Washington, DC 20510

(202) 224-6521
(202) 228-4569 (fax)

Staff Contact: Dan Stanley

Senator Tom Daschle

Minority Leader
S-221, The Capitol
Washington, DC 20510

(202) 224-2321
(202) 224-2047 (fax)

Staff Contact: Brad Van Dam

Senator Strom Thurmond

Chairman
Committee on Armed Services
SR-228
Washington, DC 20510

(202) 224-3871
(202) 228-3781 (fax)

Staff Contact: George Lauffer

Senator Sam Nunn

Ranking Member
Committee on Armed Services
SR-228
Washington, DC 20510

(202) 224-3871
(202) 228-3780 (fax)

Staff Contact: Arnold Punaro

Senator John McCain
Chairman
Subcommittee on Readiness
Armed Services Committee
SR-241
Washington, DC 20510

(202) 224-2235
(202) 228-2862 (fax)

Staff Contact: Ann Sauer

Senator John Glenn
Ranking Member
Subcommittee on Readiness
Armed Services Committee
SH-503
Washington, DC 20510

(202) 224-7987
(202) 224-7983 (fax)

Staff Contact: Suzanne McKenna

Senator Mark O. Hatfield
Chairman
Committee on Appropriations
S-128, The Capitol
Washington, DC 20510-6025

(202) 224-7271
(202) 224-4344 (fax)

Staff Contact: Jim Morhard

Senator Robert C. Byrd
Ranking Member
Committee on Appropriations
SD-135
Washington, DC 20510

(202) 224-7200
(202) 224-3001 (fax)

Staff Contact: Dick D'Amato

Senator Ted Stevens

Chairman
Subcommittee on Defense
Committee on Appropriations
SD-119
Washington, DC 20510

(202) 224-3471
(202) 224-3001 (fax)

Staff Contact: Steve Cortese

Senator Daniel Inouye

Ranking Member
Subcommittee on Defense
Committee on Appropriations
SD-117
Washington, DC 20510

(202) 224-7296
(202) 224-3001 (fax)

Staff Contact: Charlie Houy

Senator Conrad Burns

Chairman
Subcommittee on Military Construction
Committee on Appropriations
SD-131
Washington, DC 20510

(202) 224-7271
(202) 224-4344 (fax)

Staff Contact: Jim Morhard

Senator Harry Reid

Ranking Member
Subcommittee on Military Construction
Committee on Appropriations
SD-157
Washington, DC 20510

(202) 224-7276
(202) 224-3001 (fax)

Staff Contact: Dick D'Amato

HOUSE

Rep. Newt Gingrich
Speaker of the House
H-232, The Capitol
Washington, DC 20515

(202) 225-0529
(202) 225-4656 (fax)

Staff Contact: Krister Holladay

Rep. Dick Armey
Majority Leader
H-329, The Capitol
Washington, DC 20515

(202) 225-7772
(202) 225-7614 (fax)

Staff Contact: Valerie Shank

Rep. Dick Gephardt
Minority Leader
H-204, The Capitol
Washington, DC 20515

(202) 225-0100
(202) 226-0938 (fax)

Staff Contact: Brett O'Brien

Rep. Floyd Spence
Chairman
National Security Committee
2120 RHOB
Washington, DC 20515

(202) 225-7120
(202) 225-0789 (fax)

Staff Contact: Phil Grone
Larry Shockley

Rep. Ron Dellums
Ranking Member
National Security Committee
2340 RHOB
Washington, DC 20515

(202) 225-7120
(202) 225-0789 (fax)

Staff Contact: Phil Grone
Larry Shockley

Rep. Joel Hefley

Chairman

Subcommittee on Military Installations and Facilities

National Security Committee

2120 RHOB

Washington, DC 20515

(202) 225-7120

(202) 225-0789 (fax)

Staff Contact: Phil Grone

Larry Shockley

Rep. Solomon Ortiz

Ranking Member

Subcommittee on Military Installations and Facilities

National Security Committee

2120 RHOB

Washington, DC 20515

(202) 225-7742

(202) 226-1134 (fax)

Staff Contact: Sheila McCready

Rep. Bob Livingston

Chairman

Committee on Appropriations

H-218, The Capitol

Washington, DC 20515-6015

(202) 225-2771

(202) 225-

Staff Contact: James Dyer

Rep. David Obey

Ranking Member

Committee on Appropriations

1016 Longworth HOB

Washington, DC 20515-6015

(202) 225-3841

(202) 225-9476 (fax)

Staff Contact: James Lilly

Rep. Bill Young

Chairman
Subcommittee on National Security
Committee on Appropriations
H-144, The Capitol
Washington, DC 20515-6018

(202) 225-2847
(202) 225-2882 (fax)

Staff Contact: Kevin Roper

Rep. John Murtha

Ranking Member
Subcommittee on National Security
Committee on Appropriations
1016 Longworth HOB
Washington, DC 20515

(202) 225-3481
(202) 225-9476 (fax)

Staff Contact: Carmen Scalabba
Greg Dahlberg

Rep. Barbara Vucanovich

Chairman
Subcommittee on Military Construction
Committee on Appropriations
B-300 RHOB
Washington, DC 20515-6026

(202) 225-6155
(202) 225-2319 (fax)

Staff Contact: Dennis Parobek

Rep. Bill Hefner

Ranking Member
Subcommittee on Military Construction
Committee on Appropriations
B-300 RHOB
Washington, DC 20515

(202) 225-3715
(202) 225-4036 (fax)

Staff Contact: Irene Schecter

March 1995

EVENT CALENDAR (as of 2/22/95)

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday																																																																																																									
<table border="1"> <thead> <tr> <th colspan="7">February</th> </tr> <tr> <th>S</th><th>M</th><th>T</th><th>W</th><th>T</th><th>F</th><th>S</th> </tr> </thead> <tbody> <tr><td></td><td></td><td>1</td><td>2</td><td>3</td><td>4</td><td></td></tr> <tr><td>5</td><td>6</td><td>7</td><td>8</td><td>9</td><td>10</td><td>11</td></tr> <tr><td>12</td><td>13</td><td>14</td><td>15</td><td>16</td><td>17</td><td>18</td></tr> <tr><td>19</td><td>20</td><td>21</td><td>22</td><td>23</td><td>24</td><td>25</td></tr> <tr><td>26</td><td>27</td><td>28</td><td></td><td></td><td></td><td></td></tr> </tbody> </table> <table border="1"> <thead> <tr> <th colspan="7">April</th> </tr> <tr> <th>S</th><th>M</th><th>T</th><th>W</th><th>T</th><th>F</th><th>S</th> </tr> </thead> <tbody> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td>1</td></tr> <tr><td>2</td><td>3</td><td>4</td><td>5</td><td>6</td><td>7</td><td>8</td></tr> <tr><td>9</td><td>10</td><td>11</td><td>12</td><td>13</td><td>14</td><td>15</td></tr> <tr><td>16</td><td>17</td><td>18</td><td>19</td><td>20</td><td>21</td><td>22</td></tr> <tr><td>23</td><td>24</td><td>25</td><td>26</td><td>27</td><td>28</td><td>29</td></tr> <tr><td>30</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </tbody> </table>			February							S	M	T	W	T	F	S			1	2	3	4		5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28					April							S	M	T	W	T	F	S							1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30							1 9:00 AM HRG.(Sec. Perry), SD-106 1:30 PM HRG. (Gotbaum), SD-106	2	3	4
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April 1995

EVENT CALENDAR (as of 2/22/95)

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May 1995

EVENT CALENDAR (as of 2/22/95)

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June 1995

EVENT CALENDAR (as of 2/22/95)

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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Sunday

Monday

Tuesday

Wednesday

Thursday

Friday

Saturday

HEARINGS (Cong.)

HEARINGS (Cong.)

HEARINGS (Cong.)

HEARINGS

DELIBERATIONS

COMMISSIONER REVIEW

DELIBERATIONS

DELIBERATIONS

DELIBERATIONS

DELIBERATIONS





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

ALAN J. DIXON, Chairman

Biography

Alan J. Dixon was confirmed by the U.S. Senate October 7, 1994, as chairman of the Defense Base Closure and Realignment Commission, adding another chapter to a distinguished 45-year career in public service.

Dixon, 67, is a senior partner in the corporate and business department of the St. Louis-based law firm of Bryan Cave, which he joined in 1993 after representing Illinois in the U.S. Senate for 12 years. Until his defeat in the Democratic primary election in 1992, Dixon had enjoyed an unbroken string of 29 election victories dating from 1949 when, while attending law school, he was elected police magistrate in his hometown of Belleville, Illinois.

In 1988 and again in 1990, Democratic Senators elected him unanimously to serve as chief deputy whip, their number three leadership post.

During his Senate career, Dixon held important positions on the committees on Armed Services, Small Business, and Banking, Housing and Urban Affairs.

On the Armed Services Committee, he chaired the Subcommittee on Readiness, Preparedness and Sustainability, which oversees 38 per cent of the U.S. defense budget. The subcommittee was one of those responsible for making sure U.S. manpower and weapons systems employed in the Persian Gulf War were adequate for the task. In 1990, he co-authored the legislation that created the commission he now chairs and the process under which the federal government operates to close and realign military bases in the United States.

Dixon began a 20-year career in the Illinois General Assembly with election to the House of Representatives in 1950. As a legislator, he wrote or co-sponsored legislation that produced or nurtured the state's modern criminal code, the modern judicial article to the Illinois Constitution, the state's community college system and its open meetings law.

He served as Illinois Treasurer from 1971-77, during which time his policies earned hundreds of millions of dollars for Illinois taxpayers and he established investment incentives for Illinois banks to encourage them to invest locally.

He was elected Illinois Secretary of State by a margin of 1.3 million votes in 1976. In 1978, he was re-elected by 1.5 million votes, becoming the first candidate in Illinois history to carry all 102 counties in the state, including all 30 townships in suburban Cook County and all 50 wards in the City of Chicago.

He was the first Democratic statewide candidate to disclose the sources and amounts of all campaign contributions, and since 1970, his personal financial assets and liabilities were a matter of public record.

Dixon is a graduate of the University of Illinois and holds a law degree from Washington University in St. Louis. He and his wife, Jody, have three children and seven grandchildren.



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

AL CORNELLA, Commissioner

Biography

Al Cornella is the President of Cornella Refrigeration Inc., a Rapid City, South Dakota firm specializing in commercial and industrial refrigeration. He is a U.S. Navy Veteran with service in Vietnam and has been active in military issues for over a decade.

Cornella has also served on a number of boards and commissions in South Dakota including the Rapid City Chamber of Commerce. During his tenure with the Chamber, he served as Chairman of the Board of Directors from 1991-1992 and as Chairman of the Military Affairs Committee.

In 1992, Mr. Cornella was appointed by former South Dakota Governor George Mickelson to serve on the State Commission on Hazardous Waste Disposal.

Mr. Cornella currently serves on the boards of the South Dakota Air and Space Foundation and the Rapid City Economic Development Loan Fund.



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

REBECCA G. COX, Commissioner

Biography

Rebecca G. Cox is currently a Vice President of Continental Airlines, Inc. She joined Continental in January, 1989. In 1993, she served as a Member of the Defense Base Closure & Realignment Commission.

Before joining Continental, Rebecca served as Assistant to the President and Director of the Office of Public Liaison, President Reagan's primary outreach effort to the private sector. She was also appointed by the President to serve as Chairman of the Interagency Committee for Women's Business Enterprise.

Prior to her 1987 White House appointment, Ms. Cox had served as Assistant Secretary for Governmental Affairs at the Department of Transportation. As Assistant Secretary, she was responsible for coordinating legislative strategies and non-legislative relationships between the Department and Congress, as well as ensuring a continuing Departmental program for effective communication and policy development with other Federal agencies, state and local governments and national organizations.

Ms. Cox had previously served at the Department of Transportation as Counselor to Secretary Elizabeth Dole and as Deputy Assistant Secretary for Government Affairs.

Before coming to the Department of Transportation, Ms. Cox worked in the U.S. Senate first as staff assistant, then legislative assistant and, finally, as Chief of Staff to U.S. Senator Ted Stevens. As Chief of Staff, she was responsible for managing the Senator's Alaska staff, the leadership duties of the Office of the Assistant Majority Leader and the oversight of his Subcommittee assignments including those involving the Commerce, Appropriations, and Governmental Affairs Committees.

In 1976, she received a B.A. degree from Depauw University in Greencastle, Indiana and a Juris Doctorate degree from the Columbus School of Law, Catholic University, Washington, D.C. in 1981.

Ms. Cox resides in Newport Beach, California with her husband Chris and their two children.



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

JAMES B. DAVIS, Commissioner

Biography

In August of 1993, General J.B. Davis concluded a thirty-five year career with the United States Air Force as a combat fighter pilot, commander and strategic planner and programmer. He has served as a commander of a combat fighter wing, of the U.S. Air Force's Military Personnel Center, Pacific Air Forces, and United States Forces Japan. On the staff side, he served as the Director and Programmer of the U.S. Air Force's personnel and training, Deputy Chief of Staff for Operations and Intelligence Pacific Air Forces, and served his last two years on active duty as the Chief of Staff, Supreme Headquarters Allied Powers Europe (NATO).

During his career he has had extensive experience in operations, intelligence, human resource management, and political/military and international affairs. He has commanded a nuclear capable organization of about six thousand personnel and a joint service organization of about sixty thousand personnel and several sizes in between.

In the 1990's, he was deeply involved in the successful multimillion dollar negotiations for support of U.S. Forces in Japan and the Japanese financial support of U.S. Forces in Desert Storm. In NATO, he was the chief negotiator with the North Atlantic Council and the United Nations for NATO's participation in the Yugoslavian conflict.

General Davis has lived overseas for more than ten years almost evenly split between the Pacific and Europe. Because of his official duties, he has traveled extensively to all the ASEAN and NATO countries and many of the Central and Eastern European countries, including Hungary and Albania, meeting with Ministers of State and Defense, Prime Ministers and Presidents.

General Davis has a B.S. degree in Engineering from the U.S. Naval Academy, a Masters degree in Public Administration from Auburn University at Montgomery, and has attended multiple professional schools.



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

S. LEE KLING, Commissioner

Biography

S. Lee Kling serves as Chairman of the Board of Kling Rechter & Company, a merchant banking company. The company was formed in 1991. Additionally, he serves as a Special Advisor and Managing Director of Willis Corroon Corp. of Missouri.

Mr. Kling served as Chairman of the Board of Landmark Bancshares Corporation, a St. Louis based bank holding company located in Missouri and Illinois, from 1975 through December 1991 when the company merged with Magna Group, Inc. He served additionally as the company's Chief Executive Officer from 1974 through October 1990, except for the year 1978 when he served as Assistant Special Counselor on Inflation for the White House, and in that capacity as Deputy for Ambassador Robert S. Strauss.

From 1953 until 1974, Mr. Kling was in the insurance brokerage business. He founded his own insurance firm in 1965, which was sold in 1969 to a publicly traded manufacturing company, Weil McClain Co., Inc. He remained with the company as Chairman and CEO of the insurance division until 1974, when the company was sold to Reed Stenhouse of Canada. He then continued on a part-time basis for a number of years.

From 1974 to 1977, Mr. Kling served as Finance Chairman of the Democratic National Committee and a member of its Executive Committee. In 1976, he was Treasurer of the Democratic National Convention. He founded and chaired for two years the Democratic Congressional House and Senate Council. He was Co-Chairman in 1977 of the Democratic Congressional Dinner, and in 1982 was the recipient of the Democratic National Committee Distinguished Service Award. He served as National Treasurer of the Carter-Mondale Election Committee, and in 1987-88 Mr. Kling served as National Treasurer of the Gephardt for President Committee.

Mr. Kling was Co-Chairman of the Citizens Committee for the Ratification of the Panama Canal Treaties. In 1979 he served as United States Economic Advisor representing the private sector during the peace negotiations between Israel and Egypt. In 1982-83 he was Co-Chairman of the Coalition for Enactment of the Caribbean Basin Initiative legislation. Mr. Kling serves on the boards of a number of public and private corporations, civic and charitable organizations.

He received the Distinguished Business Alumni Award from Washington University in 1989 and was the Missouri Building & Construction Trade Counsel "Construction Man of the Year" in 1990.

Mr. Kling and his wife, Rosalyn Hauss, have four children. Their residence is at Grayling Farms in Villa Ridge, which is just west of St. Louis, Missouri. He attended New York Military Academy, Cornwall-on-Hudson, New York, and received his B.S.B.A. degree from Washington University in St. Louis. From 1950 to 1952, he served in the Army as a 1st Lieutenant and aide-de-camp to General Buy O. Kurtz. Mr. Kling was born in St. Louis, Missouri on December 22, 1928.



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BENJAMIN F. MONTOYA, Commissioner

Biography

Benjamin F. Montoya is currently the President and Chief Executive Officer of Public Service Company of New Mexico, an investor-owned public utility serving gas, electricity and water throughout the State.

His private sector career, which began in 1989 when he retired from the Navy, has included the positions of Manager, Vice President, and Senior Vice President of Pacific Gas and Electric company, San Francisco.

Mr. Montoya enjoyed a distinguished and decorated U.S. Navy career spanning 31 years, rising to the rank of Rear Admiral. He served as Commanding Officer of the Navy Public Works Center in San Diego, California; Commander of the Western Division Naval Facilities Engineering Command in San Bruno, California; and Director of the Shore Activities Division in the Office of Deputy Chief of Naval Operations (Logistics) in Washington, D.C. From 1987-1989, he assumed the duty as Commander of the Naval Facilities Engineering Command and Chief of Civil Engineers. Mr. Montoya was selected to the rank of Rear Admiral in March, 1987.

His awards include the Legion of Merit, Bronze Star Medal with Combat "V," Meritorious Service Medal, Navy Commendation Medal and the Navy Achievement Medal.

Mr. Montoya is a graduate of the U.S. Naval Academy. He also holds a Bachelor of Science degree in civil engineering from Rensselaer Polytechnic Institute, a Master of Science degree in sanitary engineering from Georgia Institute of Technology.



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JOSUE (JOE) ROBLES, JR. , Commisisoner

Biography

Joe Robles is Senior Vice President, Chief Financial Officer/Corporate Controller for USAA Financial Services. He directs USAA's activities in the areas of Payroll and Compensation Accounting, Accounting Policy, Corporate Financial Analysis, Internal Audit and Taxes. He joined USAA in July 1994 as Special Assistant to the Chairman after retiring from the U.S. Army as a Major General after 28 years of service. He assumed the role of CFO/Controller in September 1994.

General Robles was born in Rio Piedras, Puerto Rico, January 24, 1946. He joined the U.S. Army in 1966 and received his commission as a second lieutenant through the Artillery Officer Candidate School at Fort Sill, Oklahoma in 1967. He received a Bachelor of Business Administration degree in Accounting from Kent State University in 1972. He also holds a Master of Business Administration from Indiana State University. His military education included Field Artillery Basic and Advanced courses, U.S. Army Command and General Staff College, Spanish General Staff College, and U.S. Naval War College.

Robles served in a variety of important command and staff positions, culminating in his assignment as Commander General, 1st Infantry (Mech) at Fort Riley, Kansas. Prior to that position, General Robles served as Director of the Army Budget, and as the assistant division commander, 1st Cavalry Division, Fort Hood, Texas. The latter included participation in Operations Desert Shield/Desert Storm. His early troop assignments included command and staff positions in Field Artillery units in Korea; Fort Knox, Kentucky; Vietnam; and Germany.

Robles' mid-level assignments included work with the Resource Management Department, U.S. Army Institute of Administration, Fort Benjamin Harrison, Indiana. He also served as special assistant to the G-3, 1st Infantry Division (Mech), and battalion commander, 1st Battalion 7th Field Artillery, 1st Infantry Division, both at Fort Riley, Kansas.

Recent assignments included Chief, programming and budget office with Headquarters, U.S. Army, the Pentagon, and Division Artillery commander of the 1st Infantry Division (Mech), Fort Riley, Kansas.

Robles' military awards include the Distinguished Service Medal with Oak Leaf Cluster, the Legion of Merit with two Oak Leaf Clusters, the Bronze Star Medal with Oak Leaf Cluster, the Meritorious Service Medal with Oak Leaf Cluster, the Air Medal, the Army Commendation Medal with Oak Leaf Cluster, the Army Good Conduct Medal, and the Army General Staff Identification Badge.

General Robles is married to the former Patricia Ann Gavin of East Greenwich, Rhode Island and has three sons, Joseph (deceased), Andrew and Christopher, and a daughter, Melissa.



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WENDI L. STEELE, Commissioner

Biography

Wendi L. Steele served as the Senate liaison for the Defense Base Closure and Realignment Commission in 1991. She began her career in the Reagan Administration, working in the legislative affairs offices of both the Office of Management and Budget and the White House. Following her service in Washington, Mrs. Steele was a congressional and economic analyst for the Defense and Space Group of the Boeing Company in Seattle, Washington. She returned to D.C. during the Bush Administration and worked for the assistant secretary for legislative and intergovernmental affairs of the U.S. Department of Commerce. In 1993, she staffed defense, veterans' affairs, foreign policy and trade issues for Senator Don Nickles (R-OK).

Mrs. Steele currently resides with her husband Nick in Houston, Texas, where she is a writer.

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DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION

OPEN MEETING

9:00 a.m.

106 Dirksen Senate Office Building
Washington, D.C.

Wednesday, March 1, 1995

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COMMISSIONERS PRESENT:

Alan Dixon, Chairman

* * * * *

C O N T E N T S

	PAGE
Opening Statement of The Honorable Alan J. Dixon, Chairman, Defense Base Closure and Realignment Commission	3
TESTIMONY:	
The Honorable William J. Perry Secretary of Defense	11
General John Shalikashvili Chairman, Joint Chiefs of Staff	27
The Honorable John Deutch Deputy Secretary of Defense	45
Joshua Gotbaum Assistant Secretary of Defense (Economic Security)	123
Robert E. Bayer Deputy Assistant Secretary of Defense (Installations)	141

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P R O C E E D I N G S

1
2 CHAIRMAN DIXON: Ladies and gentlemen, the initial
3 meeting of the 1995 Defense Base Closure and Realignment
4 Commission will now come to order. I feel a little bit like
5 the Maytag repairman up here by myself, and apologize to all
6 of you in the country at large because of the fact that my
7 seven colleagues, the other commissioners, have not yet been
8 confirmed by the United States Senate.

9 As a former Senator, I take into account that this
10 is a matter of some concern in the Senate and that it will be
11 addressed shortly. I would like to take this opportunity,
12 before we start the hearing, to introduce, in alphabetical
13 order, my colleagues, who will be shortly confirmed by the
14 Senate, I am confident, and who will serve with me from this
15 day forward on the Commission.

16 Mr. Al Cornella is a businessman in Rapid City,
17 South Dakota and a Navy veteran with service in Vietnam. Al,
18 would you rise? Thank you.

19 Mrs. Rebecca Cox is a vice president of Continental
20 Airlines, and she served with great distinction as a base
21 closure commissioner in the 1993 round. Ms. Cox.

22 General J.B. Davis, retired from the Air Force in

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1 1993 as a four-star general, after a distinguished 35-year
2 career. General Davis.

3 Mr. S. Lee Kling is chairman of the board of Kling,
4 Rector, and Company, a merchant banking company. Mr. Kling.

5 Admiral Benjamin F. Montoya of New Mexico retired
6 from the Navy with the rank of rear admiral. He is currently
7 president and chief executive officer of Public Service
8 Company of New Mexico. Admiral Montoya.

9 Mr. Joel Robles, General Joe Robles retired from
10 the Army with the rank of major general after 28 years of
11 service and is currently chief financial officer, corporate
12 controller of USAA Financial Services. General Robles.

13 Mrs. Wendi L. Steele has worked in the United
14 States Senate and served in the Bush Administration and is a
15 former distinguished staff member of the Base Closure
16 Commission in prior rounds. Mrs. Steele.

17 We thank you all, not only for your willingness to
18 serve on this Commission in a very difficult task, but for
19 your understanding of the democratic process in this country,
20 which leads us to the requirement that you must remain out
21 there until such time as you are confirmed by the Senate.

22 I would hope that the Senate hears me as a make

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1 those remarks this morning and can find, as we used to say,
2 Congressman Montgomery, a window today to confirm these very
3 fine potential commissioners.

4 Today, ladies and gentlemen, we embark on a
5 difficult and, for many communities, individuals, and
6 businesses, a painful journey that will end on July 1st, when
7 the Commission presents its final recommendations for base
8 closures and realignments to the President of the United
9 States.

10 Before we hear from Secretary Perry, General
11 Shalikashvili, and Deputy Secretary Deutch about the Defense
12 Department's recommendations, I want to describe briefly the
13 recent history of base closure, and I want to tell you about
14 his this Commission will operate in the coming months.

15 I cannot emphasize strongly enough that both the
16 law under which we operate and the personal feelings of every
17 person associated with this Commission commit us to a fair
18 and open and an independent process that will result in the
19 timely closure and realignment of military installations in
20 the United States.

21 In 1988, then Secretary Carlucci undertook, with
22 the approval of Congress, the first round of domestic base

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1 closures in more than a decade. That round resulted in the
2 closing of 86 bases and realignment of 13 others. Two of the
3 closures were in my own state, when I chaired the Readiness
4 Subcommittee of the Armed Services Committee, and so I know
5 the pain of being on the receiving end of one of these
6 decisions.

7 It was a frustrating time for me and for many other
8 elected officials. Secretary Carlucci operated well within
9 the guidelines given him by the Congress. Nonetheless, the
10 1988 process was, to be very candid, a closed one.

11 When it was over, Senator Nunn, Senator Warner, and
12 I, and others, set about devising a way to close bases that
13 would be done fairly and openly and, as a result, in 1990,
14 Congress passed the Defense Base Closure and Realignment Act
15 under which we now operate.

16 I believe the law we passed has improved
17 substantially on how bases were closed in the pass, and the
18 hallmark of this process is openness. I want to assure
19 everyone here today, and every citizen of every community in
20 this country that's on the list, that everything this
21 Commission does between now and July 1st will be done in the
22 open.

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1 All the material that pertains to this job at hand
2 will be in our library and available to the public and the
3 press. Our many hearings in Washington, and all around the
4 country, are, of course, open to all. The notes we take on
5 base visits will be in the library and so will every document
6 any community gives us in support of their own base.

7 There are no Freedom of Information Act Requests
8 necessary. If we have it, you can have it. In this process,
9 there will be a seat at the table for anyone who wants one.

10 We all know that passions will run high as this
11 process unfolds. Believe me, we appreciate what's at stake
12 for the communities on this list, and I give you my word --
13 which is about all you have in this business of government --
14 that we will go about our difficult business sensitively, as
15 well as fairly.

16 As all of you know, is the final round of base
17 closings under the current legislation -- I stress, under the
18 current legislation. Our Commission goes out of business on
19 December 31st of this year.

20 The first three rounds of base closings have
21 reduced domestic base structure by approximately 15 percent.
22 Overall, the Department of Defense is now closing 70 major

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1 bases, realigning 38 others, and implementing more than 200
2 other smaller closures.

3 But, as you know, what you might call the "easy"
4 decisions -- and none of them were easy -- have all been
5 made. We are down to, for the most part, excellent bases,
6 many with a long and a distinguished history of support for
7 our great armed forces, and our decisions this year will be
8 all the more difficult because of that reason.

9 I believe that base closing must not be looked at
10 -- must not be looked at -- as simply a budget-cutting
11 tactic. It should be undertaken to reduce our defense
12 infrastructure in a deliberate way that will improve long-
13 term military readiness and ensure we are spending taxpayers'
14 dollars in the most efficient way possible.

15 We should not make decisions that will eliminate
16 important military assets based on our near-term budget
17 imperatives. This Commission's challenge is to develop a
18 closure list that allows us to maintain readiness, modernize
19 our military, and preserve the force levels we need to
20 maintain security.

21 And that's why it's so important that this third
22 round proceed as scheduled -- both our national security and

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1 our long-term budget goals demand it. Briefly, we will go
2 about our work in the following way:

3 Hearings today and on March 6th and 7th in
4 Washington at which Defense Department officials will explain
5 their recommendations.

6 A hearing March 16th, here in Washington, on the
7 base re-use activities of the federal government.

8 As many regional hearings as we need around the
9 country to allow interested parties to express themselves
10 fully.

11 Base visits by commissioners and staff; and my
12 fellow commissioners have been kind enough to indicate
13 they'll share that responsibility with me, so that a
14 commissioner will go to everyone of these bases or
15 installations and walk on the ground with the people who are
16 concerned about their interests in that base.

17 Hearings in Washington in June at which Members of
18 Congress can address this Commission.

19 Public sessions beginning in late June at which the
20 commissioners will cast their votes, in public, on which
21 bases to close or realign.

22 We will make our judgments based on eight clearly

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1 stated criteria, developed by the Defense Department under
2 the authority given the Defense Department by Congress,
3 involving military value, return on investment, and impacts
4 on the community, as well as on the force structure plans of
5 the military branches.

6 In addition to our closure and realignment list,
7 our final report will also include recommendations to the
8 Congress regarding how to carry out base closures in the
9 future, and it will include an evaluation of the
10 effectiveness of the federal government's programs for
11 providing assistance to communities in replacing these bases
12 in the local economy. It is a large, wrenching, and
13 necessary undertaking, and your assistance will be greatly
14 appreciated.

15 I believe this process has worked just about as
16 well as we could have hoped for when we thought it up. If
17 the number of calls for base closure type commissions to be
18 created to deal with other vexing public policies is any
19 indication, it has surely been a success.

20 In the past two rounds, this Commission, working
21 under great time constraints and political pressure, has
22 produced, I think, a fair and prudent reduction of our

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1 domestic military infrastructure. Today, we begin the job of
2 completing that task.

3 I want to welcome all three of our distinguished
4 witnesses to the Commission this morning. I understand that
5 each of the three have opening remarks. Before you begin,
6 let me say that, in 1993, as part of the National Defense
7 Authorization Act for fiscal year 1994, the Base Closure Act
8 was amended to require that all testimony before the
9 Commission at a public hearing be presented under oath.

10 As a result, all of the witnesses who appear before
11 the Commission this year must be sworn in before testifying.
12 Secretary Perry, General Shalikashvili, and Secretary Deutch,
13 would you mind rising and raising your right hands? Thank
14 you very much.

15 (Witnesses sworn.)

16 CHAIRMAN DIXON: I thank you. Secretary, Perry, we
17 will begin with you, and we thank you for your presence here
18 this morning.

19 SECRETARY PERRY: Thank you very much, Mr.
20 Chairman.

21 With the ending of the Cold War, there came about a
22 significant reduction in the military threat to the United

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1 States and that, in turn, allowed us to make a significant
2 reduction in our force structure. Indeed, from about the
3 mid-'80s to the mid-'90s -- '86 to '96 -- that force
4 structure reduction is about 33 percent.

5 With fewer forces, obviously, we need fewer bases.
6 In BRAC '88, '91, and '93, we've already effected or have
7 underway about a 21 percent reduction in infrastructure.
8 Now, I would note for you that that 21 percent is not still
9 up to the 33 percent which is the reduction in our forces.

10 The Department of Defense and the services are
11 motivated to reduce this infrastructure further and the
12 reason they are is because we want to free up the dollars it
13 takes to support those bases so we can apply that money to
14 our forces, to the readiness, and to the modernization of our
15 forces. So for those reasons, we have a very strong
16 motivation for proceeding forward with this base closing
17 round.

18 The process we're using -- and I may use a chart
19 now to illustrate that point -- the first chart simply
20 reflects the numbers, which I've already given you and the
21 next chart describes the process which is underway. It is a
22 bottom-up process.

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1 That is, we have gone to each of the services and
2 to the defense agencies and asked them to do a very careful
3 analysis, using their own best judgments, the facilities that
4 they have, the capacities they need. Then, on the basis of
5 the published force structure and the published criteria for
6 BRAC, they made their recommendations to me as to what they
7 recommend in terms of base closing and base realignment.

8 This was done on the bottom-up review force
9 structure, the first time that we have done a base closing
10 that was calibrated to that particular force structure.

11 It was done, for the first time, using joint cross-
12 servicing. This is a very difficult process, and we have
13 made real progress in that direction, but we have not gone,
14 as you will see, we have not gone the total distance in
15 effecting cross-servicing. You will see, though, in our
16 recommendations on depots, a very serious consideration about
17 making better use of cross-servicing.

18 The services made their recommendations to me early
19 this month -- early in February, pardon me -- and both my
20 staff and General Shalikashvili's staff have been reviewing
21 it since that time. We did not, in this reviewing, attempt
22 to second guess their judgments, which was the tradeoff

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1 between their needs, as they saw them, and the importance of
2 those bases meeting the needs. Instead, we applied what we
3 thought were our particular responsibilities.

4 We wanted, first of all, to verify that their
5 process had followed the laws and the DOD policies.

6 Secondly, we wanted to be confident that the requirements of
7 our war-fighting commanders in chief in the field will be met
8 by these, and General Shalikashvili will have more to say
9 about that, but that was a very important part of his review.

10 Both he and I looked very carefully at the question
11 of whether these base closings would in any way affect treaty
12 obligations. For example, we are recommending the closing of
13 a missile base. This missile base come under the terms of
14 the START treaty, so we wanted to be very sure that what was
15 happening here, what was being recommended here, would not
16 adversely affect this treaty.

17 We had to look at the effects on other departments
18 of the government. We are recommending, for example, the
19 closure of Kirtland Air Force Base; and there is, in
20 Kirtland, resident in Kirtland, a very important national
21 security facility managed by the Department of Energy, so we
22 had to coordinate with the Department of Energy to be sure

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1 that this action was not adversely affecting its mission.

2 Finally, we had asked each of the services to
3 conduct a cumulative economic impact, but we wanted to look
4 at the economic impact across the services. In the event
5 that one region had an Army, Navy, and Air Force base being
6 closed in the region, then we could consider cumulative
7 across the services as well as cumulative through the last
8 three BRACs.

9 That was the nature of our review that we have been
10 making in the last few weeks.

11 I would like to report to you that this review was
12 intensive and, during the course of this review, we received
13 many, many recommendations from people outside the process,
14 asking us not to have their base on the list. We considered
15 these carefully; we considered our own analysis carefully
16 and, when this process was all done, we concluded that we
17 were going to accept all of the recommendations of the
18 services.

19 The list which we will be recommending to this
20 Commission is the list that was submitted to myself by the
21 services. There were three or four cases where it was a very
22 tough call to make. That is, the recommendations that a base

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1 be removed from the list clearly had merit. When we make
2 available to you the information from the services, we will
3 also make available to you the analysis we did where we were
4 considering whether or not to keep the recommendations on the
5 list.

6 I want to summarize on this point by saying again
7 that the list that we are recommending, recommendations we
8 are submitting to this Commission are the same as the
9 recommendations that we got from the service and that our
10 analysis, in the last month, simply confirmed the services'
11 recommendations, rather than finding exception to them.

12 I believe this was because the process we used for
13 the review, in which we had a BRAC review group chaired by
14 Deputy Secretary John Deutch, that we have maintained
15 communications with the service all through this process, to
16 it's not surprising that we are able to validate, at the end
17 of this process, that indeed they followed the laws and the
18 policies and that they had considered the points which we
19 felt it was important for them to consider.

20 Let me tell you about the criteria which we used.
21 They are listed on the next chart.

22 Military value was the first criteria, and General

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1 Shalikashvili will be talking to you more about that in his
2 testimony. We had to be able to be sure that all of the
3 military requirements continued to be met, even in the face
4 of this base closing.

5 A second consideration was cost and savings. I
6 will have more to say about that in my testimony. I want to
7 emphasize, though, that in this review, the principal
8 criterion we used was assessing the present value of the
9 proposed closing. That is, we took into account the cost, we
10 took into account the savings, and we also took into account
11 the cost of money. We used, then, a computation of the net
12 present value over a 20-year period as a principal criterion.

13 That gave us somewhat different results, perhaps,
14 than we'd have gotten if we'd used the criteria of two years
15 ago, because it tended to put a stronger emphasis on near-
16 term savings and it put an emphasis against heavy front-end
17 costs. So some of the realignment we might have done, which
18 would have involved moving from one base to another and
19 entailing very expensive military construction costs, tended
20 to be less likely, because we're using this net present value
21 method.

22 Finally, we considered community impacts, both

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1 economic and environmental impacts in the course of our BRAC
2 determination. While ultimately, we will have to pay for
3 removing the environmental problems of the base, we did not
4 use them in our calculation as to whether or not -- in our
5 net present value calculation and, indeed, as of this point,
6 the bases that we are recommending to you for closure, we
7 have not yet computed the environmental costs of doing it.

8 We did very much consider the economic impact,
9 including the cumulative economic impact from the three
10 previous base closings.

11 Now with that background, let me give you the
12 results on this next chart. This aggregates the results in
13 terms of the costs and savings of BRAC. I would like to call
14 your attention to the first column, called "BRAC Actions,"
15 which says, that in BRAC '95, we have 146 BRAC actions, which
16 is about 20 percent less than the ones we had in 1993.

17 Let me jump, though, over to the next column.
18 Notice that the closure costs, even though we're only 20
19 percent less, the closure costs are about half of what they
20 were in BRAC '93. This reflected our emphasis on avoiding
21 heavy front-end costs.

22 Most significantly, I think, is the six-year net

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1 savings which is shown in the third column, that, whereas in
2 BRAC '93, over a six-year period, we had just barely broken
3 even, on this BRAC, we will have \$4 billion of savings
4 reflected by the end of the six-year period.

5 Indeed, once we reach a positive savings, from that
6 point on, the annual savings will be \$1.8 billion. So, even
7 though this is a smaller BRAC in terms of number of actions,
8 in '93, we have essentially the same annual savings resulting
9 from it.

10 Finally, if I go to the last column, which is
11 called "Total Savings," this is the net present value over a
12 20-year period, including discounting the savings for the
13 cost of money. That shows that this BRAC is the largest BRAC
14 we've ever had in terms of net present savings.

15 We have referred to this BRAC as being somewhat
16 smaller than the previous BRACs in terms of actions and in
17 terms of job losses but, in terms of savings, it's actually
18 the largest BRAC we have ever had.

19 Let me go from there to listing for you some of the
20 major decisions that were made.

21 In the Army, the closing of Fort McClellan;
22 Fitzsimmons Medical Center; Aviation Troop Command in

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1 Missouri; Letterkenny Depot in Pennsylvania; and the Red
2 River Depot in Texas.

3 In the Air Force, the closing of Grand Forks Air
4 Force Base -- that was the missile base that I was referring
5 to earlier in my testimony; Kirtland Air Force Base, which I
6 also referred to; the Rome Lab in New York; and two Air Force
7 bases in Texas -- Reese and Brooks.

8 Navy, the closing of the shipyard at Long Beach;
9 Naval Air Station in Meridian, Mississippi; Naval Air Weapons
10 Center in Indianapolis; Surface Warfare Center at Louisville,
11 Kentucky; and we're closing some Naval activities in Guam.

12 And, finally, the Defense Logistics Agency has some
13 closures associated with the previous ones that I've
14 mentioned to you, at Red River, for example, as well as
15 closures at Memphis and Ogden.

16 Now, if I reflect these on the map, the next chart
17 shows the Army actions spread across the country. I have
18 listed on here what we considered significant Army actions,
19 significant in terms of more than 200 civilian loss or more
20 than 500 military loss.

21 Any closing or realignment which qualified for that
22 is listed on this chart. You can see they are spread rather

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1 widely, geographically.

2 These are the Navy actions. You don't have the
3 same geographic spreading in the Navy. The Navy tends to be
4 located generally along the coasts, of course, and we see,
5 therefore, a different geographic spreading for the Navy.

6 The next chart lists the DLA actions; and the next
7 one the Air Force actions.

8 Now, I'd like to discuss one specific conclusion,
9 which refers to my previous comment on cross-servicing. We
10 have looked and worked on a very difficult problem of how to
11 make our depots more efficient, and the Navy, indeed, has
12 proposed closing some depots as part of this proposal.

13 The Air Force, on the other hand, took a different
14 approach to it, and that is reflected in the next chart. The
15 Air Force elected, instead of closing one of two of the
16 depots, to make a reduction in all of them -- a reduction in
17 size in all of them. The reductions were large enough that
18 they required BRAC actions to do this.

19 This chart shows you the comparison between the two
20 alternatives, the one which was scaling down the size of all
21 of their depots versus alternatively closing two depots.

22 This is very instructive, because if you look at the one-time

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1 costs, we see that there's \$218 million versus \$1 billion for
2 the one-time cost of closing. Not surprisingly, it costs
3 more to close down two depots than it does to scale down all
4 five of them.

5 In the second column, that reflects the savings
6 that are achieved. This, again, is over the six-year period.
7 This shows you that the scaling down, the savings is \$627
8 million, about twice what we would have saved on closing the
9 two depots.

10 The annual savings are also larger and, most
11 significantly, I think, is that the net present value, which
12 is our primary criterion for valuation, shows almost \$3
13 billion net present value with the scaling down, whereas it
14 would have been about \$700 million net present value from the
15 closing.

16 On the basis of this analysis, the Air Force
17 decided and we concurred that this was a better action to
18 take.

19 I wanted to also describe to you the effect on
20 jobs. This has been a very important factor. It's one that
21 has affected all of the communities in which BRAC is affected
22 and, on this rather complicated -- we now have a map which

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1 should show you the effect of the job losses.

2 You won't be able to read that map from that
3 position. We will make the charts available, for your
4 committee, though, to review.

5 CHAIRMAN DIXON: I'd appreciate your doing that as
6 soon as you can, Mr. Secretary, so we could have them at hand
7 next week.

8 SECRETARY PERRY: We'll do it today.

9 CHAIRMAN DIXON: Thank you.

10 SECRETARY PERRY: I will give you a few highlights
11 from this chart, though. I have listed on this the job
12 losses from all previous BRACs, is the first number listed
13 and the second number is the job losses from this BRAC.

14 I note, for example, California, which had taken a
15 very, very heavy hit in the previous BRACs. 26,000 jobs were
16 lost in all previous BRACs. We did not exempt California
17 from this time, but it is hit considerably less hard this
18 time, a total of 3,900 jobs lost in this year's BRAC.

19 If I go down to Texas, we see in all previous
20 BRACs, there was an insignificant loss of jobs, only 100
21 actually, whereas this year it is rather heavily hit, with
22 6,600 jobs total, with the closing of the Red River Arsenal

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1 and the Brooks and the Reese Air Force Bases.

2 If I go up to New York, I see that, in previous
3 BRACs there was a loss of 3,000 jobs; in this BRAC, a loss of
4 1,400.

5 You see similar information across the country. I
6 think you will conclude, in looking at this chart, two
7 things.

8 First of all, there is no geographic bias or
9 preference in what we are doing and, secondly, that there was
10 a consideration of cumulative economic impact, and so the
11 ones which were hit the hardest in the previous times are not
12 hit the hardest this time.

13 We believe that, besides implementing this BRAC --
14 that is, implementing the closing of bases -- we do have a
15 responsibility to assist the communities in developing their
16 redevelopment plans and their reuse plans.

17 I have, on this chart, just one map, a plan called
18 "Base Reuse. This will give you a flavor of how this is
19 going on at one particular base. This is the Lowry Air Force
20 Base, which was closed in 1991 and has had a vigorous reuse
21 plan underway since then.

22 This has resulted in a redevelopment of that Lowry

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1 Air Force Base, which includes Defense Finance and Accounting
2 Center being located there, new housing, a business park, an
3 educational campus, recreation areas. In short, what the
4 people around Lowry Air Force Base have done, they have taken
5 the problem posed to them by BRAC and made an opportunity out
6 of it. We have assisted them in this purpose and we will
7 continue to assist the communities that are affected by this
8 1995 BRAC.

9 Let me conclude my statements, Mr. Chairman, by
10 observing that the BRAC, for the communities and for the
11 Defense Department as well, has been a painful process.
12 Nevertheless, it is a necessary process.

13 In order to gain the proper balance between our
14 infrastructure and our forces, in order to gain the proper
15 balance between tooth and tail or our military forces, it was
16 necessary to close the bases we closed in the past; it's
17 necessary to close the ones that we are proposing in 1995. I
18 believe that BRAC is not only the right way of doing this, it
19 may be the only way that we could effect base closures of
20 this magnitude.

21 We have made a serious effort to carefully follow
22 the process that was prescribed by the BRAC legislation. We

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1 welcome, we truly welcome the role of this Commission and we
2 pledge to fully cooperate with the Commission, including
3 making available to you all of the data which we have
4 assembled in the course of arriving at our recommendations to
5 you.

6 With those remarks, I'd like to turn the floor over
7 to General Shalikashvili.

8 CHAIRMAN DIXON: Mr. Secretary, before I go to the
9 distinguished chairman of the Joint Chiefs, I understood
10 that, at least you and the general -- I'm not so sure about
11 Secretary Deutch -- have to leave at some appointed hour.

12 SECRETARY PERRY: General Shalikashvili and I have
13 to leave at 10:30 for another hearing. Secretary Deutch is
14 prepared to stay behind at that time.

15 CHAIRMAN DIXON: May I inquire of all three of you
16 if the distinguished Secretary also has obligations later in
17 the morning. I'd like to go to pretty close to about 12:15
18 or so this morning on questions, so it might be that you
19 would want to select other staff people after you depart to
20 answer questions, unless the distinguished Secretary can stay
21 that long. That may be a burden on you, sir.

22 MR. DEUTCH: I believe I can stay until shortly

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1 before 12:00. I have to be back and host a luncheon at
2 12:00.

3 CHAIRMAN DIXON: Is there anybody else you would
4 like to select that I could put under oath now so that, after
5 you leave --

6 MR. DEUTCH: Yes. Let me introduce Mr. Bayer.

7 CHAIRMAN DIXON: Well, of course, Bob will be on
8 our list this afternoon, I believe. But perhaps we would
9 swear him in now, so that, while that might be a little out
10 of order with the procedure, I'd like to get a lot of work
11 done this morning, frankly. So would you mind, Bob, letting
12 us do that now? Let me see if I can find the oath here.

13 Would you raise your right hand, please?

14 (Witness sworn.)

15 CHAIRMAN DIXON: Would you mind pulling up a chair,
16 please, Mr. Bayer? The distinguished chairman of the Joint
17 Chiefs, General Shalikashvili.

18 GENERAL SHALIKASHVILI: Thank you, Mr. Chairman,
19 future members of the Commission. I am pleased to have this
20 chance to offer my views on this, the fourth round of the
21 base realignment and closure process.

22 This morning, I would like to take just a few

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1 moments, if I may, to elaborate on the recommendations that
2 have been forwarded for your consideration. The CINCs and I
3 reviewed the list of proposed base closures before it was
4 submitted to this Commission. We examined and analyzed this
5 list to determine if any of these base closures would harm
6 our readiness or our ability to train our forces, or our
7 ability to deploy, too, and to conduct joint operations.

8 Additionally, these recommendations were evaluated
9 against the requirement to support our future force structure
10 as described in our force structure plan that has been
11 provided to you and the Commission. The infrastructure that
12 will remain when the list is approved will fully support that
13 force structure and is ample to carry is into the next
14 century.

15 In fact, excess capacity will still remain that, at
16 some point, I think, in the future, might warrant
17 consideration of future base closures. As you can imagine,
18 when the CINCs and I began to review the recommendations that
19 lie before you, there were some healthy discussions and some
20 concerns were raised.

21 One proposal on the list before you caused
22 discussion regarding our war-fighting capability. In its

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1 recommendations, the Navy proposed the closure of the Fleet
2 Industrial Supply Center, Guam and the Ship Repair Facility,
3 Guam, changing the home port of five Combat Logistics Force
4 ships from Guam to Hawaii, and relocating Naval aviation
5 units from Anderson Air Force Base to locations in Hawaii and
6 on our West Coast. In this connection, two concerns were
7 raised.

8 The first was that the personnel reductions and
9 realignments associated with these actions might contribute
10 to Allied perceptions that we are withdrawing from the
11 Pacific.

12 Actually, once this proposal is implemented, we
13 will still have a military force of over 7,000 personnel on
14 Guam -- a significant presence and a significant capability
15 -- and, as you know, we continue to be committed to
16 maintaining a force of some 100,000 personnel in the region.

17 The second concern was the loss of the Fleet
18 Industrial Supply Center, the Ship Repair Facility, and the
19 restationing of the logistics ships and how it would impair
20 logistics support for deployed battle groups.

21 However, we are preserving the physical facilities
22 of the ship repair and supply center in the event that, at

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1 some time in the future, these facilities could be needed for
2 contingency operation. In addition, facilities in Hawaii and
3 Japan provide sufficient logistics support capacity, ship
4 repair, and operational flexibility, to sustain fleet
5 operations.

6 As a result of these considerations, it is my view
7 that these closures on Guam will not impair the operation of
8 our forces.

9 In addition to the Guam proposal, there were two
10 other issues that were not directly affecting our current
11 war-fighting capability, but were of concern.

12 The recommendation to inactivate the Missile Wing
13 at Grand Forks Air Force Base in North Dakota and to move the
14 missiles to Malmstrom Air Force Base in Montana makes good
15 military sense. However, as Secretary Perry indicated, there
16 are associated issues, particularly arms control issues, that
17 still need to be resolved.

18 Finally, the proposed closure of the Naval Surface
19 Weapons Center at White Oak in Maryland raised concerns, as
20 well.

21 In this case, the loss of the hyper-velocity wind
22 tunnel at that facility could eliminate a unique national

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1 capability, a capability that serves military research and
2 development needs and that is used, as well, by other
3 agencies, such as NASA. While the wind tunnel at White Oak
4 should probably be retained, there are no military objections
5 to closing the base that houses the facility.

6 In each of these issues I just raised, the
7 Department of Defense will continue to work hard to resolve
8 the specific concerns, but I am convinced that the closure,
9 realignment, and redirection recommendations that have been
10 submitted to this Commission in no way impair our readiness,
11 our ability to train our forces, or our ability to carry out
12 the full scope of military missions and joint operations.

13 You also asked for my views on the issue of
14 consolidating common functions across the services.

15 In addition to the significant work of the six
16 joint cross-service groups just described by Secretary Perry,
17 there are other initiatives being pursued outside the BRAC
18 process. Over the past decade we have made many strides in
19 this direction, some large and some small.

20 For instance, at Fort Bragg, we established a
21 composite wing adjoining Pope Air Base that has proven very
22 successful. The invasion of Haiti, which our last-minute

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1 diplomatic success allowed us to call back at mid-flight, was
2 launched from that last job and proved very successful. We
3 also have established a joint readiness training center that
4 has been very successful in cross-service training.

5 Other examples are the initiatives that were
6 included in General Powell's last role submissions and
7 functions report, specifically those that concentrated Army
8 and Air Force helicopter training at one base, Fort Drucker,
9 and several other consolidations of a similar nature.

10 On a smaller side, there are bases all around the
11 United States and overseas that have been finding ways to
12 combine certain functions, from sharing bus services to
13 finding any number of other ways to pool services to their
14 communities.

15 I might add that while consolidations and
16 cross-servicing are not the primary functions of either the
17 Joint Requirements Oversight Council or the
18 congressionally-mandated Commission on Role Submissions, I
19 expect that some of their recommendations will involve
20 improving future effectiveness and finding future economies
21 by bringing more jointness into how we manage our bases and
22 facilities.

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1 And as Secretary Perry mentioned, while we made
2 progress in this round with regard to cross-servicing, the
3 services and the Joint Staff will continue to look for more
4 ways to reduce our infrastructure and pursue efficiencies.

5 I believe that this list is the prudent step at
6 this stage. It strikes the right balance between the
7 investment required to close unneeded bases and still
8 adequately fund vital near-term readiness and future
9 modernization of our armed forces.

10 I fully appreciate the difficulty of the task
11 before you. Like all of us who make the armed forces a
12 career, I have spent my life moving between these and like
13 military communities, and I view each of these communities as
14 something very special. These are the home towns that have
15 welcomed us and cared for us during our assignments, and they
16 are home to the same citizens who did so much to make our
17 service rewarding, and that took our families into their
18 schools and into their churches and cared for our families
19 when we were away from home.

20 They have been cherished neighbors, and we hate to
21 leave them. But all of us must balance this against our need
22 to sustain the finest fighting force in the world, which for

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1 us must remain the overriding consideration.

2 Thank you, Mr. Chairman, for the opportunity to
3 make these comments.

4 CHAIRMAN DIXON: Thank you, General. Mr.
5 Secretary, we're delighted to have you here, sir.

6 SECRETARY PERRY: Mr. Chairman, I have no prepared
7 statement to permit time for questions, sir.

8 CHAIRMAN DIXON: That's very considerate of you.
9 Thank you, Mr. Secretary.

10 Secretary Perry, in the course of this whole
11 process, there have been a good deal of discussions about
12 what the size of this closing would be, and I recall on
13 different occasions different ideas being expressed by some
14 over at the Department of Defense and in the different
15 services.

16 Can you tell us what caused you to alter your
17 original guidance to the services regarding the closure of 15
18 percent of the planned replacement value, and how you
19 determined the size of the base closure list you are
20 presenting to us this morning?

21 SECRETARY PERRY: Mr. Chairman, the hope originally
22 was that we would be able to close in this last round of the

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1 closing, last round of BRAC, that we would be able to close
2 enough bases to balance out the bases -- the infrastructure
3 with the force structure.

4 CHAIRMAN DIXON: And if I may interrupt --

5 SECRETARY PERRY: Yes.

6 CHAIRMAN DIXON: -- obviously, we have not done
7 that.

8 SECRETARY PERRY: We've not done that. And that's
9 why, as General Shali indicated, and I will affirm, that I
10 think that it is likely we will be wanting to come back to
11 the Congress requesting another round in perhaps three or
12 four years.

13 CHAIRMAN DIXON: May I interrupt at that point --

14 SECRETARY PERRY: Certainly.

15 CHAIRMAN DIXON: -- to say, Mr. Secretary, that I
16 have indicated at the time of my confirmation, both before
17 the Committee and the United States Senate and in other
18 places, that we are prepared to make some recommendations
19 along those lines, and I would ask if you and Secretary
20 Deutch and the Chairman of the Joint Chiefs and others would
21 be nice enough to let us communicate with you about our
22 thoughts as we develop these plans.

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1 SECRETARY PERRY: Very good. The problem,
2 basically, has been a management problem. Anybody that
3 manages any enterprise, whether it's a government or
4 industrial or university, knows that the most difficult
5 management task is managing a downsizing.

6 CHAIRMAN DIXON: Yes.

7 SECRETARY PERRY: And we have had three downsizings
8 going on in parallel. The downsizing of the personnel in the
9 after-duty forces, where we're making a 33 percent reduction
10 over about six years, seven years; the downsizing of the
11 industrial base, the defense industry; and the downsizing of
12 the bases themselves, which is the subject of this BRAC.

13 This is causing an enormous amount of turbulence
14 and made it very difficult to maintain the effectiveness and
15 readiness of the forces in the face of this, not even
16 counting the problems of the communities that are caused by
17 this downsizing. I'm referring mostly to the management
18 problems in the Department of Defense.

19 Our best judgment -- my best judgment was that --
20 and the services' recommendations to me reflected this -- is
21 that we were pushing about as hard as we could push this
22 time. We have not fully digested the previous BRACs, not

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1 only BRAC '93, but we're still working -- have very
2 significant work to do on the reuse efforts in BRAC '91, but,
3 in particular, we have a long way to go on BRAC '93 yet.

4 This was about a big a lump as we could swallow at
5 this stage and manage it effectively and efficiently, in my
6 judgment. It will not take us all the way towards a balance,
7 as both General Shali and I have indicated, and, therefore, I
8 do think it will be appropriate to consider one more base
9 closing round. I do not think it will take more than one,
10 and I think we're talking about fine-tuning rather than
11 another major reduction.

12 Having said that, let me say this is not a small
13 BRAC. This is a very significant BRAC, almost, in terms of
14 number of closures, as large as the last one, and in terms of
15 economic impact, it is a larger BRAC than the last one.

16 CHAIRMAN DIXON: Well, I was pleased to see your
17 numbers about the savings involved in this process this time,
18 which I think is significant, and many of us that have been
19 around this process a long time understand that there's a lot
20 of up-front cost to this thing that you've obviously taken
21 into consideration in this round.

22 Let me ask you this, because I met with senators on

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1 the Senate side and congressmen on the House side and gave
2 them an opportunity to tell me their thoughts about this
3 whole thing before this hearing took place today, and many
4 have asked me to ask you what you've already answered in your
5 statement.

6 I understand your testimony to be that you did not
7 take off the list or add to the list any bases or
8 installations independent from those recommended to you by
9 the separate services. Is that your testimony under oath?

10 SECRETARY PERRY: That is my testimony. We had the
11 opportunity to do that. I had no compunction about doing it.
12 If I had felt that any of the bases did not pass these tests
13 which I laid out for you, I would have taken them off.

14 CHAIRMAN DIXON: But if there any suggestion, ever,
15 of any political considerations being involved in the process
16 before it got to this Commission, you are testifying under
17 oath that you did not in any way alter the lists given you by
18 the separate services.

19 SECRETARY PERRY: That is my testimony.

20 CHAIRMAN DIXON: And I had asked you further, Mr.
21 Secretary -- and I've been asked to ask this -- I hope you
22 understand it -- been asked to ask you this by the members of

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1 the Congress -- did you in any way direct the separate
2 services about what they ought to do or suggest to them in
3 advance that some base installation or other unit in the
4 country ought not to be on the list?

5 SECRETARY PERRY: We had a comprehensive, detailed,
6 day-to-day discussion with the services over a period of very
7 many months. That included not only broad policy guidance,
8 but discussing and debating with them the specifics, base by
9 base, whether this was a good idea or that was a bad idea.
10 So we had very intense guidance from the services all during
11 this process, and Deputy Secretary Deutch can describe that
12 to you in as much detail as you would like, because he was
13 the chairman of the BRAC review group.

14 But, in the last analysis, it was the
15 recommendations -- the services were free to make the
16 recommendations they felt it important to make, and, indeed,
17 the recommendations they made were not in some cases the ones
18 I would have made. I would have preferred to do it a
19 different way. But our job was not second-
20 guessing them; our job was being sure that they followed the
21 process and that it passed these tests.

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1 CHAIRMAN DIXON: I thank you for that. Now,
2 there's always some misunderstanding, I find, as I go around
3 the country, and I have found in the years I've been involved
4 in this process, about the criteria. Let's quickly set that
5 at rest.

6 The criteria used this time, the eight criteria,
7 were, in fact, the same criteria used on the past occasions,
8 were they not?

9 SECRETARY PERRY: That is correct. Those eight
10 criteria were given to the services, and they were told to
11 follow all eight of them.

12 CHAIRMAN DIXON: And, in fact, under the law, the
13 law is that the Department of Defense suggests the criteria
14 to the Congress, which has an opportunity to reflect on that
15 and suggest changes if the Congress cares to do so.

16 My understanding is that that has not been changed
17 in any way by the Congress, and that the criteria used this
18 time are, in fact, the same criteria as used on past
19 occasions.

20 SECRETARY PERRY: We have the same criteria.

21 CHAIRMAN DIXON: And you are stating to us, Mr.
22 Secretary, that no political considerations of any kind have

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1 taken place in connection with this list that you are
2 submitting to the Commission, the list that you have received
3 from the separate services.

4 SECRETARY PERRY: The list that I received from the
5 services I have evaluated based on the criteria which I gave
6 you -- which I testified to you about. Those criteria had to
7 do with a political consideration, in that the treaty
8 consideration you might consider a political consideration.

9 We had to consider, for example, what the
10 geopolitical effects would be on closing down that base
11 relative to our treaties.

12 CHAIRMAN DIXON: I respect that. But the criteria
13 used --

14 SECRETARY PERRY: The criteria used were the ones
15 that I testified to.

16 CHAIRMAN DIXON: I thank you, Mr. Secretary.

17 General Shalikashvili, in your view, when the 1995
18 base closure and realignment proposal is combined with the
19 closures and realignments of previous rounds, is there an
20 appropriate balance, in your opinion, between the general
21 draw down of forces and base infrastructure?

22 GENERAL SHALIKASHVILI: I believe that there is,

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1 but, as both I and the Secretary indicated, we are taking
2 down force structure faster and more than we are taking down
3 infrastructure. And, therefore, although we are retaining
4 the correct balance, we still have some over-capacity, which
5 then drew me to conclude that it might be worthwhile to
6 consider, once the dust settles from these closures, to
7 consider another one.

8 CHAIRMAN DIXON: I thank you.

9 Secretary Perry, you were quoted in the press last
10 month as saying that even after this year's closure process
11 is finished, the nation will have more bases than it needs to
12 support the scaled-down military of tomorrow. And, of
13 course, that's your testimony here today, and, as I
14 understand it, it's the testimony of the distinguished
15 Chairman of the Joint Chiefs.

16 If the Commission, the President, and the Congress
17 endorsed the list of closures and realignments that you are
18 presenting today, would there still be excess capacity in the
19 Defense Department's basing structure, based on what you're
20 previously said? I take it your answer is yes?

21 SECRETARY PERRY: Yes.

22 CHAIRMAN DIXON: And in what general areas is there

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1 still excess capacity? In what specific areas that you can
2 outline for us is there still excess capacity?

3 SECRETARY PERRY: I'll testify to that and also ask
4 General Shalikashvili and --

5 CHAIRMAN DIXON: Fine, and if you would all
6 participate --

7 SECRETARY PERRY: -- Deutch to testify. But one
8 area in particular, I want to point out an excess capacity,
9 which I think is a desirable excess capacity, is that we have
10 roughly 100,000 troops in Europe and roughly 100,000 in the
11 Pacific. But we also have at our bases in the United States
12 capacity for receiving some of those troops back.

13 CHAIRMAN DIXON: Yes.

14 SECRETARY PERRY: In other words, we have some
15 redundancy in our basing. To a certain extent, that
16 redundancy is desirable, not only because there may be
17 changes in the future in overseas basing, but I think, more
18 importantly, because we may have some requirement to
19 reconstitute or increase the size of our forces some time,
20 and we don't want -- and that sort of redundancy would be
21 desirable from that point of view.

22 So we have -- in particular, with respect to our

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1 ground army units, we have some redundancy in basing, in that
2 we are basing both in the United States and overseas for the
3 same unit.

4 Let me ask General Shali to comment further.

5 CHAIRMAN DIXON: May I interrupt at one point
6 before the general assumes the obligation. There has been a
7 suggestion that in the depot and lab and other areas, there
8 may be some redundancy of some things.

9 SECRETARY PERRY: I believe there is, and I'll ask
10 Secretary Deutch to testify on that.

11 CHAIRMAN DIXON: Then if the two of you, at your
12 leisure, please, you first, Mr. Chairman.

13 GENERAL SHALIKASHVILI: I would say, in addition to
14 what Secretary Perry said, I believe we can harvest excess
15 capacity through smart joint basing. I don't think we have
16 exhausted that possibility. And I would very much think
17 that, in light of how Secretary Perry stated it, that it is
18 fine-tuning, what we have done now. We need to take a harder
19 look at joint basing and joint operations that I think will
20 allow us to further shed our infrastructure.

21 CHAIRMAN DIXON: And I think there is very strong
22 popular support for that, and I would urge you to do all of

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1 that you can. Secretary Deutch, thank you.

2 MR. DEUTCH: Mr. Chairman, let me comment on this
3 from the point of view of cross-servicing, which is of
4 particular importance in a place where the Office of the
5 Secretary has especially tried to make an initiative in this
6 round of BRAC closures.

7 The areas were five depots, tested evaluation
8 facilities, medical facilities, laboratories, and pilot
9 training. I would suggest, Mr. Chairman, that in all of
10 those areas there is a significant possibility for future
11 economy, future reduction and consolidation.

12 In order to be effective and not to lose the
13 effectiveness of these critical support functions, it is
14 important that it take place a step at a time, in a workable
15 way for the services, and while important first steps were
16 made in this round of BRAC, I would say that there is a
17 significant opportunity in the future for future
18 consolidation in those areas.

19 CHAIRMAN DIXON: Thank you very much.

20 Secretary Perry, to your knowledge, were any of the
21 closure or realignment recommendations submitted to you by
22 the services changed by others in your office other than you?

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SECRETARY PERRY: No.

CHAIRMAN DIXON: I understand your testimony that you did not. You believe that there were no changes in your house, not just by you or Secretary Deutch, but by others under your command.

SECRETARY PERRY: I believe not.

CHAIRMAN DIXON: And I've asked you before, but I'll ask you in a more specific way now. Secretary Perry, did your office, either you, Secretary Deutch, or anyone acting in your capacity and under your instructions, instruct the services to exclude certain installations as they developed their recommendations?

SECRETARY PERRY: Let me ask Secretary Deutch to answer that. He was the chairman of the BRAC review group and had the interfaces with the services.

MR. DEUTCH: I don't believe, Mr. Chairman, that any service was directed to exclude any particular category of facilities or specific facilities. There were extensive discussions and numerous occasions between myself and the various secretaries of the services about possibilities, endlessly debating very difficult choices.

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1 As you mentioned, I think, in your own opening
2 statement, we are at the position where we are reducing and
3 eliminating high performing and valuable facilities. There
4 were hard decisions to be made, and many specific
5 possibilities were discussed at length and repeatedly from
6 very many points of view. But no service secretary was
7 directed to exclude any facility or any category of
8 facilities from their consideration, and that's my view on
9 the matter.

10 SECRETARY PERRY: Mr. Chairman, I would add to that
11 that I believe we have managed this process, I believe we've
12 managed it effectively with the services; we have not
13 manipulated the process.

14 CHAIRMAN DIXON: Yes. And, of course, I hope you
15 understand that this Chair appreciates the fact that in your
16 exchanges and communications with one another in the process,
17 obviously, you discuss an infinite number of different bases.

18 My point in this, frankly, is that when I met on
19 the Senate side, I was surprised to find about 25 senators
20 show up, and when I met on the House side, I was surprised to
21 find 65 or 70 show up, all of whom were concerned about these
22 questions, frankly, being asked. And the obvious point of

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1 these questions is to establish in a public forum, to the
2 satisfaction of the Congress and through the Congress, our
3 country, that the judgment call by virtue of which your
4 office ultimately brought this list to us was predicated on
5 the criteria involved in the process, and not some sort of
6 political considerations or a suggestion that one place had
7 been hit enough, another place not enough, or something of
8 that character, that might cause some suspicion in the
9 country.

10 SECRETARY PERRY: One way of getting a good feeling
11 for that is by our answers to the questions. Another way is
12 simply by examining the list itself. And I think any
13 contention that partisan politics have played a role in
14 putting this list together is simply refuted by an
15 examination of the list. It hurts Democrats and Republicans
16 equally, and it is not a partisan list.

17 CHAIRMAN DIXON: I thank you, Mr. Secretary. I
18 don't think I was really implying that so much as regional
19 considerations and other things. But, in any event, it would
20 be your answer that that is not involved, either, I take it.

21 SECRETARY PERRY: Regional considerations were
22 involved only to the extent that we instructed the services

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1 to take account of cumulative economic impact.

2 CHAIRMAN DIXON: Oh, yes.

3 SECRETARY PERRY: And, therefore, a region that had
4 been hit heavily in the last three BRACs would have some
5 claim to not being hit heavily this time.

6 CHAIRMAN DIXON: I understand. Now, some
7 communities,
8 Mr. Secretary -- and it might be Secretary Deutch would want
9 to answer, I don't know, but whoever feels appropriately
10 comfortable in answering -- some communities have apparently
11 expressed concern to our staff that not all communities are
12 receiving the same level of assistance from local base
13 officials as they prepare their rebuttals to closure or
14 realignment.

15 One community says that their base officials have
16 received orders to provide no assistance, and I take that as
17 something that --

18 Is there a DOD policy that restricts base officials
19 from providing assistance to communities as they prepare
20 positions or materials to present to the Commission?

21 MR. DEUTCH: Mr. Chairman, it's a very good
22 question. I appreciate the opportunity to comment on it

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1 publicly. Our policy is to provide all the data that was
2 used in this BRAC process to you and to the public so that
3 the case can be reexamined afresh by your independent
4 Commission, and we would be interested to learn of those
5 places which are not getting the assistance that they require
6 to make their case to this Commission.

7 So our view is that we should be treating all
8 communities equally, of course, and providing them assistance
9 in making their case to this Commission.

10 CHAIRMAN DIXON: I thank you, Mr. Secretary, and I
11 will suggest to my competent staff that's been here for many
12 years doing this in the past, long before I got stuck with
13 this job this time, that they communicate perhaps with Mr.
14 Bayer or Mr. Gotbaum or others, and perhaps even the names of
15 the communities that feel that they have not been adequately
16 provided information, so that that problem can be cleared up.
17 And I was sure that would be your answer.

18 Anything that we have is available to properly
19 inform people to present their defense of their -- or to help
20 them, aid them in the presentation of their case, and I have
21 no doubt that this audience has in it many representatives
22 that want to hear that said.

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1 MR. DEUTCH: Yes, sir.

2 CHAIRMAN DIXON: And that's laid at rest, and I'm
3 delighted to have your answer.

4 Mr. Secretary, or any one of the three of you that
5 desires to answer, how do you answer critics who say that by
6 leaving excess infrastructure in place -- and I think we've
7 agreed there is some excess infrastructure in place -- you've
8 jeopardized the future ability of the services to train, to
9 modernize their forces, particularly since there's not
10 another round of base closings authorized under the current
11 law?

12 I suppose part of the answer, in all candor, is,
13 both you and I think there ought to be a review of the
14 question of another round later, and I hasten to add, not two
15 years from now, because I don't think people are prepared for
16 it then.

17 SECRETARY PERRY: No, I think three or four years
18 from now. I'd also point out, though, that, in terms of
19 maintaining the readiness and modernization of our forces,
20 that base closing is not a free lunch, and, indeed, in the
21 fiscal '96 budget, which I submitted to Congress last month,
22 we have \$4 billion of costs associated with base closing.

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1 Those costs are all coming out, in one sense, of
2 modernization and readiness. So we have an up-front cost
3 associated with doing this.

4 That's part of what I'm talking about when I say we
5 have so much we can absorb at once. So the readiness and
6 modernization issue cuts both ways. What you're doing, if
7 you were to close twice as many bases right now, is, you're
8 taking a terrible hit on readiness and modernization over the
9 next three or four years for doing that.

10 In order to get savings on into the next century,
11 we have tried to make a balance between near-term and
12 far-term readiness. So it is not that closing more bases
13 buys you more readiness and modernization; it buys you less
14 readiness and modernization in the next few years, but gets
15 you more on into the next century. And that's the tradeoff
16 that we're making here.

17 Secretary Deutch?

18 MR. DEUTCH: Mr. Chairman, I'd like to make an
19 additional point here about the management of this process.
20 As Bill Perry stated, there is a very aggressive payback of
21 savings here after the initial costs. That requires
22 scrupulous management attention and an enormous

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1 implementation effort by the men and women in all the
2 services throughout the country. Adding an additional
3 increment of bases to close at this time would impair, in my
4 judgment, the capability of our system to actually implement
5 the schedule that we have here.

6 So not only do we have to have a credible system
7 for actually being able to realize the savings, we can't have
8 an appetite larger than our ability to digest the program
9 that is already on our plate.

10 SECRETARY PERRY: Thank you, Mr. Secretary.
11 Mr. Chairman?

12 GENERAL SHALIKASHVILI: Mr. Chairman, if I may add,
13 we have all been reading about the issue of near-term
14 readiness. Increasing that list beyond what we have now
15 would, as Secretary Perry said, adversely -- potentially
16 adversely impact on near-term readiness. And so it is a
17 balancing act, and I think the balance is about right.

18 CHAIRMAN DIXON: Could I ask you, as a follow-up to
19 that, to review for me the national military strategy in the
20 force structure that you used in developing this year's
21 recommendations?

22 GENERAL SHALIKASHVILI: We looked at the force

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1 structure that we're going to and, of course, the strategy.
2 The strategy is one that drives the force structure and
3 becomes the sizing requirement for our structure.

4 The strategy recognizes that the world has changed,
5 and that we are going to regional strategies to deal with
6 regional threats and instabilities, while at the same time
7 being prepared to deal with a resurgence of a threat from the
8 former Soviet Union.

9 We recognize that to best deal with such threats
10 and with such a world, we need to have a combination of
11 forward-deployed forces that not only provide the stability
12 in those regions vital to our interests, like Europe and
13 Northeast Asia, but also are an ocean closer to the potential
14 trouble spots, like the Middle East or the instabilities that
15 could very well occur in North Africa and elsewhere.

16 However, the preponderance of our force is a force
17 now that is stationed within the United States. The sizing
18 requirement for that force in a new world has to be our
19 ability to successfully engage in simultaneous regional
20 contingencies in two widely separated parts of the world, and
21 it useful, for the near term, at least, to consider those to
22 be Northeast Asia, with the threat posed to us by North

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1 Korea, and in the Middle East, the threat that today is Iraq,
2 but in the near future, could become Iran; that such a
3 requirement, in fact, calls for a force as postulated in a
4 bottom-up review.

5 And so when we looked at what force we need to be
6 able to bed down, to be able to train, to be able to support,
7 to be able to deploy to overseas theaters for conduct of
8 operations, that is the kind of a strategy and force size
9 that we considered and compared against the infrastructure
10 that we need to do what needs to be done, Mr. Chairman.

11 CHAIRMAN DIXON: I guess, along those lines, I'd
12 like to ask, are you satisfied that sufficient capacity has
13 been retained to support the potential need for a more robust
14 force structure in the future? Are you satisfied with that?

15 GENERAL SHALIKASHVILI: I am satisfied that the
16 structure we have now is robust enough to handle the force
17 that we have today and any changes that we now can possibly
18 foresee.

19 And, secondly, that, as I testified already, the
20 structure that we are retaining has sufficient additional
21 capacity, either to do what you postulate, but, more likely,
22 to be a candidate for further reductions.

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1 CHAIRMAN DIXON: And are you saying to me that you
2 and the Joint war-fighting commanders-in chief are satisfied
3 that the basing infrastructure that remains provides
4 sufficient mobilization and deployment capacities to support
5 a two major regional conflict scenario?

6 GENERAL SHALIKASHVILI: Absolutely, yes.

7 CHAIRMAN DIXON: Mr. Secretary, or, Secretary
8 Deutch, whichever would care to answer this, was any
9 consideration given to consolidating and realigning smaller
10 bases or functions to those larger bases which were
11 essentially exempt from closing because of their strategic
12 locations?

13 MR. DEUTCH: Mr. Chairman, I think the answer to
14 that question is yes, that particular piece of analysis is
15 one which was done by the individual services, and I believe
16 that detail on the question is best directed to the
17 individual services, sir.

18 CHAIRMAN DIXON: General Shalikashvili, will the
19 basing infrastructure that is being proposed today be
20 sufficient to support any probable restationing of
21 forward-deployed forces in terms of available land, usable
22 facilities, and necessary training facilities and ranges?

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1 GENERAL SHALIKASHVILI: The answer is yes, in some
2 -- probably in most cases. Certainly, it is sufficient to
3 base any kind of realignment from overseas to the United
4 States that we can possibly envision.

5 CHAIRMAN DIXON: Now, according to the '95 DOD base
6 closure report, General, you have validated the airfield
7 requirements for the two unified commands at MacDill and have
8 determined that the Air Force should take responsibility for
9 supporting those requirements.

10 During the '91 and '93 rounds, the Joint Staff was
11 unable to validate those requirements.

12 Can you explain what has changed to permit
13 validation now?

14 GENERAL SHALIKASHVILI: I cannot speak specifically
15 for the judgment -- what the judgments were based on before.
16 When I looked at the issue, it was my determination that the
17 two commands in
18 MacDill did require access to an airfield. Additionally,
19 there is a joint communications element located at MacDill
20 that requires the capacity to deploy on very short notice.

21 That those three issues drove me to conclude that
22 there is, in fact, a valid requirement for the use of an

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1 airfield to support the two headquarters in this particular
2 joint communications element. And I, in turn, then asked the
3 Air Force to take a look at how best that could be
4 accomplished.

5 The answer back to me from them was that it can be
6 best accomplished, and in the overall scheme most
7 economically accomplished, by, in fact, retaining that
8 airfield, MacDill, that earlier had been put up for
9 elimination.

10 CHAIRMAN DIXON: Mr. Secretary, you've proposed
11 inactivating the 321st Missile Group at Grand Forks unless
12 you determine prior to December '96 -- and I quote -- "that
13 the need to retain ballistic missile options effectively
14 precludes this action."

15 What has prevented an earlier decision on the need
16 to retain these options that would have enabled the
17 Commission to act on a more definitive type of
18 recommendation?

19 MR. DEUTCH: Frankly, Mr. Chairman, the question
20 about the treaty implication of closing that missile wing at
21 Grand Forks is something that we focused on here rather late
22 in the process, after we received February 3rd or 4th the

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1 recommendation from the Air Force.

2 In order to come to a proper judgment on it, it's
3 not just a Department of Defense matter. We have to get
4 interagency views from others about the treaty implications.
5 That's going to take some period of time.

6 I believe that the material transmitted to the
7 Commission includes a view from our General Counsel and our
8 Undersecretary for Policy that we think that it's clean from
9 the point of view of the treaty. But we do need to have
10 interagency confirmation of that, and we will report back to
11 you as soon as that's available and will try to do so on a
12 prompt basis.

13 CHAIRMAN DIXON: Thank you, Mr. Secretary. Mr.
14 Secretary, is it your opinion that that can be made available
15 to us prior to our responsibility to act in late June?

16 SECRETARY PERRY: We're certainly going to make
17 every effort to do so. I can't promise because this requires
18 the performance of an interagency process, but we're
19 certainly going to make every effort we can to clear this up
20 for you as quickly as possible.

21 CHAIRMAN DIXON: I appreciate that. Did the Air
22 Force or your staff exclude F.E. Warren Air Force Base from

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1 consideration because of peacekeeper missile-basing?

2 SECRETARY PERRY: Mr. Chairman, I cannot explain
3 why the Air Force did or did not put a certain base on their
4 list, but
5 F.E. Warren, of course, was not one of the bases that came on
6 their final recommendation to us.

7 I do have the impression that the Air Force
8 examined all possible alternatives for the basing of the
9 Minute Man system consistent with the bottom-up force
10 structure that is, I think, between 450 and 500 in our plan.
11 So all possible options, I'm sure, were looked at by the Air
12 Force on missile-basing. I can't explain why they came up
13 with this particular one. I'm sure they can.

14 CHAIRMAN DIXON: Can you, Mr. Chairman?

15 GENERAL SHALIKASHVILI: I can only tell you that
16 the documentation that I reviewed indicated clearly that they
17 considered all options. Certainly, they were driven by
18 availability of silos into which Minute Man III missiles
19 could be relocated, and where it made most economic and
20 war-fighting sense to reduce those silos, and that drove them
21 to the conclusion to go to Grand Forks.

22 But you will see when you examine the

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1 documentation, they really looked at all conceivable options.

2 CHAIRMAN DIXON: Thank you. Secretary Perry, what
3 impact did the work of the joint cross-service groups that
4 you set up last year have on the final recommendations that
5 you've given us here this morning? Either you or Secretary
6 Deutch, whoever feels comfortable.

7 SECRETARY PERRY: I'll start off by observing that
8 was an important step -- that was important to allow us to
9 make the step forward we did make in these recommendations,
10 but we have not gotten an early enough start on that to have
11 gone all the way -- to achieve all of the potential in this
12 area.

13 Therefore, we believe that there's still more value
14 to be achieved in more cross-servicing, and that's one of the
15 things we would hope to do if we had another round of BRAC.

16 In the absence of another round of BRAC, we would
17 still try to make more progress in cross-servicing. It would
18 easier, much easier, though, if we had another round of BRAC
19 to do that.

20 John?

21 MR. DEUTCH: Mr. Chairman, first of all, Bill Perry
22 expresses my view. It's a start, it's an important start.

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1 We haven't gone far enough. Let me give you some examples
2 that pop into my mind where there were some successes, at
3 least from the point of view of cross-servicing.

4 I believe that the Air Force is proposing to
5 transfer some of the functions of the Rome lab to Fort
6 Monmouth, an Army installation. The Air Force is also
7 planning to transfer some of the functions which were at the
8 Brooks Air Force Base currently in San Antonio, Texas, to the
9 Natick laboratories of the Army in Massachusetts.

10 We've always had a very good system for analysis to
11 allow medical facilities to be judged on a tri-service basis,
12 and some of the recommendations that are before your
13 Commission reflect the interservice planning for medical.

14 The Defense Logistics Agency was able to this time
15 take into use the logistics facilities' capacity available in
16 the Air Force, I believe, especially at McClellan, so that
17 they were able to do some downsizing in the Defense Logistics
18 Agency and make use of Air Force logistics capacity.

19 And pilot training is another area where we have
20 made, and continue to make, progress.

21 So there are some positive steps here, but not as
22 far as potentially what can go.

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1 CHAIRMAN DIXON: May I say, incidentally, General,
2 to you and Secretary Perry, that I'm watching the clock, and
3 in 10 minutes we'll have a break, and you gentlemen will be
4 excused.

5 Let me follow up on that, Mr. Secretary. In May of
6 1994 the Vice-Chairman of the Joint Chiefs of Staff, Admiral
7 Owens, recommended to the Deputy Secretary of Defense that
8 the services be required to incorporate the recommendations
9 of the joint cross-
10 service groups into their base closure recommendations, and
11 the Deputy Secretary elected not to require this of the
12 services.

13 Why wasn't the Joint Chiefs of Staff recommendation
14 accepted with respect to that?

15 SECRETARY PERRY: Since that was a recommendation
16 of the deputy, let me ask him that.

17 (Laughter)

18 CHAIRMAN DIXON: Now, you see? That's what happens
19 when you do these things.

20 MR. DEUTCH: Mr. Chairman, in each one of these
21 cases when you go for cross-servicing, there are very, very
22 complicated arguments of merit, of habit, which have to be

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1 addressed. You just cannot wave it all away and say do it
2 anyway, where you will have a system that operates broken,
3 not functioning.

4 And, therefore, on many occasions we proposed --
5 early on in the system, I wrote a letter to the Secretary of
6 the Navy and the Secretary of the Air Force, asking them to
7 come back to me with a plan for a joint aircraft depot. And
8 that also did not come to resolution.

9 The fact of the matter is, is that we pushed. In
10 each one of these cases that come up, there are substantive
11 issues that were raised by the services, helicopter training,
12 and go on and on. Concrete steps were made. Recommendations
13 are before you that will work, and not impair the proper
14 functioning of the military.

15 But there's more to be done here. And while I am
16 100 percent in sympathy with Admiral Owens' suggestion, it
17 does not seem to me that we were in a position to direct
18 these actions on the various services.

19 SECRETARY PERRY: Mr. Chairman, if I may add to
20 that. The underlying philosophy being expressed by the
21 deputy is one that we have tried to manage the Pentagon on,
22 which is, we manage not by edict, we manage by managing. And

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1 it's harder to do it that way, but we think the results are
2 better.

3 CHAIRMAN DIXON: General Shali?

4 GENERAL SHALIKASHVILI: Mr. Chairman, let me fully
5 align myself with what Secretary Deutch and Secretary Perry
6 said. I think what you are quoting from is something that I
7 believed in also in the beginning of the process, and so Bill
8 Owens, with my full knowledge, sent that memorandum to
9 Secretary Deutch.

10 As we discussed this among ourselves, as we saw the
11 alternatives, I feel very comfortable where we ended up on
12 this issue and see the pitfall had we pressed this too hard.

13 CHAIRMAN DIXON: Are you satisfied then that the
14 services have consolidated some of their common functions as
15 much as they need to, or as much as they can, at least at
16 this point in time?

17 GENERAL SHALIKASHVILI: I think, taking everything
18 into consideration, that's probably a true statement. I have
19 already indicated to you that I would like to see the process
20 taken further, but not by edict, as Secretary Perry said, we
21 just need to get together and reach a consensus. But I think
22 I am clear on the notion that there's more room for that in

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1 the future.

2 CHAIRMAN DIXON: Secretary Perry, in June of '93
3 the Secretary of Defense and the Chairman of the Joint Chiefs
4 of Staff asked the Commission not to address fixed wing
5 aviation depots separately from other interservicing issues.
6 They asked, instead, for the opportunity to come forward with
7 comprehensive interservicing recommendations in '95.

8 So I ask you, Mr. Secretary, are you satisfied that
9 your recommendations in the area of fixed wing aviation
10 depots represents a comprehensive approach to the problems of
11 interservicing and excess capacity in this area?

12 SECRETARY PERRY: My answer there would be the same
13 as before. We have made progress since that time. It's an
14 important progress reflected in these recommendations. We
15 still have a way to go.

16 MR. DEUTCH: Mr. Chairman, I just would add two
17 things. I believe we tried very hard in looking at all the
18 options on aircraft depots, one of the really thorny issues
19 in front of us in our downsizing efforts. We looked at all
20 options, including, as I mentioned earlier, my asking the
21 secretaries of the Air Force and Navy to try and find a joint
22 aircraft depot method that they could work with.

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1 I do want to stress that the Air Force has come up
2 with a different approach to excess capacity, one which has
3 higher payback. As Bill Perry described it in his
4 presentation to you, they elected to go a different way in
5 downsizing than closing depots by, as Bill Perry described to
6 you, reducing their capacity at each depot and consolidating
7 a depot. So they elected to go a different route.

8 CHAIRMAN DIXON: Secretary Perry, the Air Force has
9 had five major air logistics centers since the Vietnam era.
10 In the '93 round, the Air Force recommended the closure of
11 one of those five depots, but that depot was removed from the
12 list by the Secretary of Defense.

13 This year, with the same selection criteria, and a
14 smaller force structure plan, there's once again no Air Force
15 depot on the list. And I'll ask you, on what basis did you
16 determine that the Air Force continues to need five air
17 logistics centers?

18 SECRETARY PERRY: The basis was summarized in the
19 chart that I presented in my opening statement. The basis
20 was arithmetic. That is, they presented a powerful argument
21 to us that they could save the Defense Department, they could
22 save the taxpayers more money by reducing the size of all

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1 five of them rather than by closing one or two of them.

2 CHAIRMAN DIXON: You're satisfied with the
3 correctness of that position. I heard you eloquently address
4 that earlier.

5 SECRETARY PERRY: I found the arithmetic compelling
6 on that argument, that's right.

7 CHAIRMAN DIXON: Any comments either by Secretary
8 Deutch or General Shali?

9 (No response.)

10 Secretary Perry, are you satisfied that your
11 interservicing recommendations to the Commission removed most
12 or all of the excess capacity in each of the five
13 cross-service study areas that can be done now? And if there
14 are areas where this is not the case, can you explain why
15 not?

16 SECRETARY PERRY: The answer is, no, we have not
17 gone as far as we could go in that area. We could have gone
18 farther by simply, as I said, making an edict and then making
19 it happen. But I think the process we're taking here will
20 take longer, but it will be more effective in the long run.
21 It's a management judgment.

22 CHAIRMAN DIXON: I think I'm getting that message

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1 from all three of you that it's a combined view, Mr.
2 Secretary, of
3 Secretary Deutch, the Chairman of the Joint Chiefs, and
4 yourself, that the way to do it is the way that you've
5 determined to do it in order to have the support systems in
6 place out there in the services.

7 SECRETARY PERRY: Yes. If we can convince you of
8 one thing, and it is that we have not taken this problem
9 lightly. We've worked it very hard. And that while we're
10 not satisfied we have the final answer, we are satisfied that
11 this is the best step -- the best path to getting to that
12 final answer.

13 That is certainly my judgment. I believe that's
14 the judgment of --

15 CHAIRMAN DIXON: I think that comes through to the
16 Chairman very clearly, and I note that all my future
17 commissioners are present, listening very attentively, and
18 I'm gratified they would all take from their busy schedules
19 to be here this morning, notwithstanding the confirmation
20 process has not gone forward in apt time.

21 I want to thank you, Secretary Perry, and you,
22 General Shalikashvili, for accommodating us this morning. I

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1 understand that Secretary Deutch is willing to stay.

2 We will probably be sending you, Mr. Secretary, and
3 you, General, some additional written questions. We have a
4 considerable number at hand from members of the Congress and
5 other sources, communities and other places, questions we
6 think ought to be answered. I'm sure you have no problem
7 about accommodating us.

8 SECRETARY PERRY: We'd be happy to do that.

9 CHAIRMAN DIXON: And we thank you both, and you
10 both excused at this point in time. We're going to take a
11 10-minute recess.

12 (A brief recess was taken.)

13 CHAIRMAN DIXON: Secretary Deutch, I thank you for
14 staying. It is very accommodating of you to give us your
15 time this morning, in view of the fact that we want to hit
16 the ground running, as soon as I have seven commissioners to
17 run with me, here; and I presume that the Senate will attend
18 to that.

19 I do want to announce that the former chairman of
20 the Armed Services Committee was over here and indicated to
21 me, Senator Nunn indicated to me that he is spending a lot of
22 time on the floor with the leaders of both sides, trying to

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1 encourage them to find a window today for the confirmation of
2 the commissioners, and I presume that will be done.

3 Secretary Deutch, may I have your assurance, sir,
4 that the Commission staff will have every bit of the cross-
5 service data and options, as well as all other minutes from
6 the working group deliberations, so we can see everything
7 that was done on cross-servicing?

8 MR. DEUTCH: Yes, sir. We make that pledge to you
9 and, if there's any trouble whatsoever, I hope that you will
10 come to me, but there should be none. Full cooperation is
11 our intent.

12 CHAIRMAN DIXON: We're very sensitive about the
13 management problems. My friends that are potential
14 commissioners, three of them with military backgrounds, have
15 assured me that they understand that the problems inherent in
16 that are fairly significant, and we respect that and around
17 sensitive to it.

18 We also are sensitive to the fact that the country
19 and many in the Congress feel that more needs to be done in
20 that area when we're talking about substantial savings and,
21 obviously, we want to review that pretty deliberately and, if
22 you could be kind enough to cooperate with my staff -- and

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1 I'm sure that will be done -- we'd like to have all that
2 material.

3 MR. DEUTCH: Yes, Mr. Chairman.

4 CHAIRMAN DIXON: Thank you, Mr. Secretary.

5 Now, Secretary Perry has been quoted as saying that
6 you would try to avoid having any one state suffer in as a
7 result of the closure process. I'll ask you, was any
8 installation removed from or added to a service list
9 primarily because of economic impact, including cumulative
10 economic impact within a state or a community, as far as you
11 know?

12 MR. DEUTCH: Mr. Chairman, cumulative economic
13 impact was first considered by the services in terms of the
14 cumulative impact of prior BRAC actions and then, when the
15 services submitted their recommendations to Secretary Perry
16 to us, we reviewed cumulative economic impact out in terms of
17 multiple service actions in any single area.

18 When we accomplished our review of cumulative
19 economic impact at the secretarial level, no instance was
20 found where an action had to be reversed or taken because of
21 cumulative economic impact. It was one of the pieces of
22 analysis that we did, Bill Perry's staff did, before the

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1 judgment was reached to accept the service recommendations.

2 CHAIRMAN DIXON: Very good. Now, I do understand,
3 then, that the services did take that into consideration to
4 some extent.

5 MR. DEUTCH: That's absolutely correct, sir.

6 CHAIRMAN DIXON: I notice here -- and I quote from
7 the Department of the Navy Analysis and Recommendations,
8 Volume 4, March 1995, Page 2:

9 "Because of the large number of job losses
10 occurring in California and Guam, the DON decided against
11 recommending several closures that could otherwise have been
12 made. Other than Long Beach Naval Shipyard, no other closure
13 is recommended that would result in a negative direct
14 civilian job loss impact in any economic area in California."

15 MR. DEUTCH: Mr. Chairman, that was the judgment of
16 the Department of the Navy. It is certainly a subject that I
17 discussed with them. The Navy has had -- because it is, of
18 course, on the coast -- has had significant impact on
19 California, on different parts of California.

20 There were, of course, other BRAC actions by
21 different services in California this time but, as Bill Perry
22 pointed out to you on this map of direct civilian job losses,

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1 there's a sharp reduction in the impact on California
2 compared to prior BRACs although, if you sum up all BRAC
3 actions, the people of California have had an amazing
4 fraction of the total BRAC actions, since we began the
5 process.

6 CHAIRMAN DIXON: For the '93 closure round, Mr.
7 Secretary, your staff established cumulative economic impact
8 thresholds that resulted in the removal of at least one
9 installation from the service recommendations by your staff.

10 Were any similar cumulative economic thresholds set
11 for the '95 round? I understand you've testified that you
12 didn't remove any from the list or anything. But were there
13 cumulative economic thresholds set for the '95 round there
14 were, for instance, available to the service chiefs or
15 others?

16 MR. DEUTCH: There was a method of analysis for
17 that.

18 CHAIRMAN DIXON: I see.

19 MR. DEUTCH: I might say we also hosted a
20 conference, more than a year ago, to try and improve our
21 understanding of what appropriate measures would be. From
22 that consultation with experts, a criterion based on standard

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1 statistical metropolitan areas was developed and it was
2 available to everybody.

3 As you point out, Mr. Chairman, in sum, at the
4 secretarial level, in this round of BRAC, no installation was
5 removed because of cumulative economic impact.

6 CHAIRMAN DIXON: The old story is you can get
7 numbers to do about anything here in the Congress. I know
8 that from my political career. It's clear, certainly, that
9 California has suffered a great number of job losses and, of
10 course, obviously, it's also clear it's the largest state in
11 the Union.

12 I don't know whether you did some kind of a
13 percentage analysis or some kind of analysis of total GNP
14 against job loss or something like that to arrive at these
15 decisions, because I don't guess numbers really tell you
16 much. You could look at a little, one state and see that not
17 many had been lost, but not many people are there, you know.

18 MR. DEUTCH: That's correct. There are many
19 different ways of doing the analysis.

20 CHAIRMAN DIXON: Yes.

21 MR. DEUTCH: And I would suggest that, later on,
22 you go into this with Mr. Gotbaum and Mr. Bayer. But let me

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1 say that our principal mode of analysis was not on a state
2 level, but on impacted areas.

3 For example, if you look at the proposal on the Red
4 River Army Depot, it is at the corner of four states --

5 CHAIRMAN DIXON: I know.

6 MR. DEUTCH: -- Oklahoma, Louisiana, of course,
7 Arkansas --

8 CHAIRMAN DIXON: You managed to get four states mad
9 there.

10 MR. DEUTCH: That's correct. That's exactly right,
11 Mr. Chairman. So, in that particular case, you don't do a
12 state analysis, you do an analysis -- in all cases, you do an
13 analysis which does the affected communities and the affected
14 people.

15 CHAIRMAN DIXON: Incidentally, none of this is
16 funny. Forgive me for cracking wise. Because, obviously, to
17 any state impacted -- you know, there's the old story about
18 the fact that it's a depression if it's your job that was
19 lost. I certainly respect the fact that anybody who loses a
20 base is very unhappy about it.

21 I wanted to observe further, in looking at these
22 maps you've made available, I've seen some publicity about

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1 Texas being hardest hit this last time, or one of them, but I
2 notice that, in all of the cumulative rounds before, only 100
3 jobs have been affected in Texas?

4 MR. DEUTCH: That's correct, sir.

5 CHAIRMAN DIXON: That's very interesting. Let me
6 ask you this. In calculating cumulative economic impact, how
7 did you differentiate between economic impacts caused by
8 previously announced force structure changes and those that
9 were due to closure or realignment decisions?

10 MR. DEUTCH: I will not be able to give you a
11 thorough answer to that, Mr. Chairman, and I would hope that
12 you would ask that later this afternoon, of Bob Bayer or Josh
13 Gotbaum.

14 CHAIRMAN DIXON: Was DOD reluctant to close major
15 industrial laboratory test and evaluation installations
16 because of economic impact?

17 MR. DEUTCH: No.

18 CHAIRMAN DIXON: Was any decision taken to
19 downsize, rather than close, an installation as a result of
20 economic impact considerations, as far as you know?

21 MR. DEUTCH: Not an economic impact. I would point
22 to the very important strategic choice made by the Air Force

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1 of downsizing the depots for cost savings as opposed to
2 closing particular facilities. As that famous chart which
3 Bill Perry pointed out, that election to downsize and
4 consolidate at every depot as opposed to closing one or two
5 was principally done on the basis of the cost savings to the
6 Department. That was the central point.

7 It, of course, changes the distribution of economic
8 impact on communities to everybody hurting a little from a
9 couple, one or two, hurting a lot. So that is a change in
10 economic impact. But the reason for that was the cost
11 savings to the Air Force and to the Department of Defense.

12 CHAIRMAN DIXON: Is that analysis available for us
13 to carefully evaluate? I say, with due respect to you -- and
14 I do respect you and Secretary Perry -- it seems like
15 something of a reach to say you can downsize all of them and
16 get a better savings than closing one of them.

17 I'm not trying to be argumentative. It just is
18 sort of a novel suggestion to me, that I think may have
19 value, but it, at first blush, seems a little hard to accept.

20 MR. DEUTCH: Mr. Chairman, of course that analysis
21 is going to be available to you, and I would ask for you to
22 give it your most critical review. Let me say that, for me,

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1 it is not at all a surprising result.

2 The real savings here occur most rapidly and most
3 significantly from loss of jobs -- what is most painful for
4 the community -- loss of jobs, and the real costs come from
5 the closure actions that have to be taken or the new
6 construction that has to be taken elsewhere, that is avoided
7 if you don't close the facility. Those are the up front
8 costs. So, to me, the result, instead of being counter-
9 intuitive, is, to me, quite reasonable.

10 The Air Force really would have had a problem
11 paying for the up front costs of, I believe, over \$1 billion
12 in addition to that, if you include the environmental costs
13 of closing two depots. This way they get the economic
14 benefits without these up front costs.

15 CHAIRMAN DIXON: We're going to get into the old
16 story of "Do you close a dirty base," now, if you don't mind.

17 According to your policy guidelines, and I quote:
18 "Environmental restoration costs of closing bases are not to
19 be considered in cost of closure calculations." I would
20 agree with that policy.

21 Your policy further states that: "Unique
22 contamination problems requiring environmental restoration

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1 will be considered as a potential limitation on near-term
2 community reuse."

3 So I would ask you, were any installations or bases
4 not recommended for closure or realignment due to unique
5 contamination problems?

6 MR. DEUTCH: Mr. Chairman, certainly that action
7 was not taken at the secretarial level. Whether that
8 happened in each one of the services' processes as they came
9 forward with their recommendations, I cannot answer to you,
10 but it is a question that should be presented to each
11 service, so that they can tell you whether they took such
12 action in their own recommendations.

13 CHAIRMAN DIXON: A good point and, of course, as
14 you know, we'll have the service chiefs and the service
15 secretaries in next Monday and Tuesday, and staff will remind
16 me to revisit that.

17 Maybe this will go along the same line and you
18 might again want to pass it along to them. But, were any
19 installations eliminated from closure consideration because
20 of the high cost of environmental cleanup, at least to your
21 knowledge?

22 MR. DEUTCH: No.

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1 CHAIRMAN DIXON: How many installations, Mr.
2 Secretary, recommended for closure in this or prior rounds,
3 are expected to have substantial portions of land placed into
4 caretaker status due to unique contamination problems, in
5 your judgment?

6 MR. DEUTCH: I cannot give you an accurate answer
7 to that, but I will provide one for the record, sir.

8 CHAIRMAN DIXON: Is there a fairly large number, in
9 your view? Because, let me say this to you, in all candor.

10 MR. DEUTCH: Yes.

11 CHAIRMAN DIXON: In the time that I served as
12 chairman of readiness -- and my friend at the table with you
13 and my friend that is the director here now both know -- we
14 were jurisdictional on some of this stuff and, obviously,
15 there was never enough money authorized or appropriated for
16 all the environmental cleanup in the country at these bases,
17 and I presume that's still the case, so I presume we're going
18 to have some problems out there.

19 MR. DEUTCH: We are certainly paying attention to
20 the issue of environmental remediation at all of our sites,
21 whether they are scheduled for closure or whether they remain
22 in our active facility list, and it is a major concern to

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1 Bill Perry and to myself about not only covering these
2 environmental costs but also making sure that the programs,
3 the environmental cleanup programs, are implemented properly.

4 We will get an answer to the record here about the
5 specific question you raised, sir.

6 CHAIRMAN DIXON: I'd appreciate that. Along those
7 same lines, I would ask, did the overall cost of
8 environmental restoration at closure bases -- which is a
9 budget factor in closing bases, even though it's not a
10 decision factor -- limit the size of the list presented to
11 the Commission, in your opinion?

12 MR. DEUTCH: The answer to that question is no. As
13 you know, Mr. Chairman, currently we have estimated the cost
14 for the prior rounds to be about \$3.8 billion and the cost
15 for the environmental cleanup of this particular round has
16 not been estimated, which will be very significant, indeed.

17 CHAIRMAN DIXON: Thank you. Given that wartime
18 medical requirements far exceed, obviously, those of
19 peacetime, is there enough medical infrastructure remaining
20 to support our two major regional conflict strategy, in your
21 opinion?

22 MR. DEUTCH: Yes, sir. That's both an issue of

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1 medical personnel and an issue of facilities. We have just
2 had a very -- in response to a request by Congress -- a very
3 significant and detailed study of the medical requirements,
4 both in wartime and peacetime, and that study could be made
5 available to the Commission, as well.

6 CHAIRMAN DIXON: Let me follow up along that line
7 on medical issues. Military medical facilities, of course,
8 play an important role in terms of both readiness for war and
9 supporting the force during peacetime.

10 For families of military members, retirees, and
11 their families and survivors, the local military hospital is
12 often of particular importance, as you know. Military
13 medical assets are also important from a Department budget
14 point of view, quite obviously, in their ability to reduce
15 the civilian health and medical program for the uniformed
16 service costs.

17 However, the fate of military hospitals is often
18 tied to larger closure and realignment decisions about the
19 installations on which they are located. What guidance did
20 the Department provide to the respective services and to the
21 joint cross-service groups to ensure that decisions that
22 impact military hospitals and military beneficiaries are made

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1 in consideration of those impacts I've described?

2 MR. DEUTCH: Mr. Chairman, a very good question.
3 The quality of life of the military personnel, of their
4 families, of retired military personnel, is very heavily
5 influenced by our ability to provide adequate medical care.
6 In this area, above all else, over time, in my judgment, a
7 cross-servicing approach has been the rule rather than the
8 exception.

9 So the Cross-Servicing Group on Medical Care that
10 we established was very conscious of the ability to use the
11 facilities and the capabilities of various services to
12 provide needs for the total military community in an area,
13 and also very knowledgeable about the strategy and the path
14 we're following to try and provide affordable medical care to
15 all aspects of our community. They were also very heavily
16 sensitive to what the results would be of closures of
17 particular facilities on associated hospitals or clinics in
18 an area.

19 I would think that this is of the strongest aspects
20 of this BRAC, and you should have -- you or your staff here
21 -- an entire analysis of the Medical Cross-Servicing Group,
22 which really was the engine running the medical closure and

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1 realignment suggestions that are being presented to you.

2 CHAIRMAN DIXON: I thank you for that answer, and I
3 take it from that that you're comfortable that the medical
4 needs and the health attention required by our service people
5 everywhere has been adequately considered in what you've
6 done?

7 MR. DEUTCH: This is a top priority for Bill Perry,
8 maintaining the quality of life for our military personnel,
9 our retirees and their families. This is very important, and
10 I would say yes, especially, I think this is one of the
11 strongest cross-servicing units that we had.

12 CHAIRMAN DIXON: I want to get, now, to the subject
13 that you hear little about in the country because of the
14 power of our national television to simplify things in the
15 minds of people in this country. As you know, Mr. Secretary,
16 60 Minutes and a number of other stories resulting from that
17 have sort of dispersed around the country, from the BENS
18 report, a view that some of this work has not been adequately
19 done in the past.

20 I would want to comment, first, that when you're
21 talking about a situation where bases weren't closed in
22 decades, and now you're closed hundreds of them and saved

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1 billions of dollars, one would think there ought to be a
2 compliment or two involved, but I suppose it is the
3 continuing burden that one bears in public service that all
4 we get is the criticism.

5 I say that as I go into this subject matter, but I
6 think it's necessary to address this subject matter, because
7 those of us on the Commission will have to deal with it this
8 time.

9 As you know, in October of 1994, Business
10 Executives for National Security -- commonly known as BENS --
11 issued a report, uncovering the shell game, which criticized
12 the Department's record in actually closing military
13 facilities.

14 60 Minutes featured the report later in you year,
15 and the essence of the report and the 60 Minutes
16 characterization that, of the 67 bases the President,
17 Congress, and the Pentagon have agreed to shut down thus far,
18 over one-third never closed or have quietly reopened under a
19 new name or function.

20 As you know, Mr. Secretary, we plan on offering
21 recommendations to the President concerning reuse and future
22 closure actions. Reports such as and BENS report detract

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1 from general support for the closure process. I'd like to
2 have your comments about it.

3 MR. DEUTCH: Mr. Chairman, let me begin by saying
4 that the prompt reuse of facilities is a very important
5 priority of this Administration. In July of 1993, President
6 Clinton announced a streamlined interagency approach to try
7 and do better at the pace at which closed facilities were
8 converted to productive reuse for the communities in which
9 they are located.

10 There is no question about the fact that our record
11 here at providing that process of reuse is improved. It is
12 satisfactory? I would say that it is not satisfactory until
13 we have found a way to have closed facilities producing jobs
14 for communities which have historically been of such strong
15 support. My main point is we have a high priority on this.
16 We are doing better. We have further to go.

17 With respect to the specific report that you
18 mentioned, the Business Executives for National Security,
19 this is a very valuable and strong organization whose
20 commentary on national security affairs is of importance to
21 us. In this particular case, we think they were a little bit
22 fast off the mark.

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1 We have prepared, at the time, a very careful
2 analysis of their report and our response to it, and some
3 errors which we think were in their report, and have provided
4 it to them and we would be happy to make that available to
5 you.

6 In sum, community reuse of closed facilities is
7 exceedingly important. We are working that problem hard.
8 Our services are working it hard, and we think we're making
9 progress on it, and we will make progress greater in the
10 future.

11 CHAIRMAN DIXON: I thank you for that very
12 excellent response. I share your view that BENS is an
13 important and distinguished group of business executives that
14 does an important service to our country and has generally
15 been very supportive of our national security interests. I
16 did not mean to imply that there was any question about the
17 integrity of that group.

18 I do think, when you say you only shut down a
19 third, you didn't say we've already shut down, actually -- or
20 you still have a third open. It doesn't say we actually shut
21 down two thirds, which I think, in some ways, is rather
22 remarkable. I've gone through this process and I know how

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1 tough it is to shut down a base.

2 I would also say that I was pleased with the
3 progress of this Administration in being more concerned about
4 that transition period. I see Mr. Bayer here and others that
5 have been hands on on that, and the fact that you have
6 transition chiefs in these communities, now, that are working
7 with the Department and with the government and so forth is
8 very helpful.

9 As you know, I have suggested, in my confirmation
10 hearing and throughout the course of my service as chair
11 here, that one of the things I think we need to continue to
12 work on is a post-closure process. I really see that as a
13 significant problem around the country, to make sure that --
14 you know, nobody wants this to happen to them but, if it
15 happens to a community, we ought to be in place.

16 I'm not talking about throwing money at them. I'm
17 talking about working with them in the appropriate ways to
18 help these communities get back on their feet, and I think
19 it's just so important to us to do that well. I thank you
20 for your suggestions along those lines.

21 Following up on that, the Defense Finance and
22 Accounting Service is currently slated to consolidate its

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1 200-plus offices at the five centers it currently operates --
2 Denver, Columbus, Kansas City, Indianapolis, Cleveland. It
3 also has plans to add 21 new sites, many of which will be on
4 installations slated to close as a result of previous base
5 closure rounds.

6 Our staff's analysis of the Business Executives for
7 National Security Report indicates that, of the 26 bases
8 noted in the report as being reopened -- reopened -- 14 were
9 operating reasonably close to the recommendations of the
10 Commission. The other 12 were recipients of DFAS centers.

11 Please explain why DOD plans to place 12 of the 21
12 new DFAS offices on bases which are slated to close, rather
13 than on bases remaining open which have existing excess
14 capacity.

15 MR. DEUTCH: The criteria -- which was a published
16 criteria -- for selection of the DFAS centers included making
17 use of existing federal facilities or closed bases. This was
18 one of the criteria of, I believe, as I recall, eight
19 different criteria that were used.

20 It was felt that, if you were going to open a new
21 center at a new location, you should take cost into account
22 -- how cheaply could it be done; you should take into account

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1 whether there was an adequate supply of personnel to carry
2 out the function; you should take into account whether there
3 was a facility which was available, which was owned by the
4 Department of Defense, had been slated for closure but could
5 be used to help the community which had been so severely
6 impacted.

7 Since I was one who was involved in the selection
8 of these DFAS centers, I recollect how the selection process
9 was made. The consequence was that several of the new DFAS
10 centers will go to bases that were slated for closure.

11 Bill Perry, earlier today, mentioned Loring Air
12 Force Base, which is a closed base, but where a DFAS site is
13 being centered. Last week, I was down in Charleston, South
14 Carolina, where there we opened the first DFAS center in the
15 United States at Charleston Navy Yard, which was a closed
16 facility.

17 In my judgment, that's exactly right, as long as
18 the dollars and cents are right. To go and put the DFAS
19 centers in places which have been previously impacted by job
20 loss is certainly consistent with our Department's concern
21 with community impact. It was one of several criteria that
22 were made.

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1 At no time did it overwhelm the general, single
2 most important view of the DFAS consolidation, which was to
3 save money for the taxpayer but, when that first primary
4 purpose was served, if there was a way of locating a DFAS
5 center at a closed facility in a community which had been
6 impacted by a base closure, there was a possibility in this
7 weighting system to allocate points for that purpose.

8 CHAIRMAN DIXON: I thank you for that. It occurred
9 to me -- and this is sort of a simplistic thing, and none of
10 this stuff is simple -- that a lot of the BENS criticism
11 probably arose because of the DFAS centers at these bases
12 that were supposed to be closed.

13 MR. DEUTCH: I'm not aware that that has anything
14 to do with the BENS criticism. I will say this. In those
15 places where a DFAS center -- Fort Ord is another example --
16 is going, because it's in a location and a community which
17 has previously been adversely impacted by the closure of a
18 facility and loss of jobs, I think that's terrific news for
19 the people and I'm all for it.

20 CHAIRMAN DIXON: About one-third of the 21 new
21 Defense Finance and Accounting Service sites have yet to
22 open. There's a military construction requirement for nearly

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1 \$200 million to make improvements to many of these sites. In
2 light of the ongoing consolidation efforts taking part in
3 other parts of DOD, would it be worthwhile, in your opinion,
4 to consider further reductions in the number of DFAS sites?

5 MR. DEUTCH: No, sir. The DFAS consolidation is a
6 consolidation where we are underway.

7 We are moving from whatever it was, several hundred
8 sites, to two dozen or so sites, and I think that what is
9 important here is, by consolidating in smaller increments --
10 that is, to two dozen rather than seven or eight or none --
11 what you have is an easier transition from the existing
12 structure to the new structure. Paybacks will be earlier, so
13 that you don't have to wait until you have the full, all up
14 megasites.

15 I think that here is a situation where we are
16 headed towards downsizing -- economic downsizing, high payoff
17 downsizing -- and the DFAS system is an example of how it
18 should be done right, not one which needs to be reviewed.

19 CHAIRMAN DIXON: Secretary Deutch, on the question
20 of future base closures and realignments, you and I and the
21 others have talked today about the fact that this is the
22 final round under the 1990 Act.

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1 Once this round is completed, as you and I know,
2 the Department of Defense will go back to operating under the
3 section of Title 10, U.S. Code, that required DOD to conduct
4 extensive budgetary, strategic, economic, and environmental
5 studies of a potential closure affecting more than 300
6 civilians or a realignment affecting more than 50 percent of
7 an installation's civilian work force before proposing such a
8 closure or realignment.

9 I think you and I can both agree that it's almost
10 impossible to close or realign a military base under this
11 authority. My experience, when I was here in the Senate, was
12 that we just didn't close any until we had the Carlucci
13 round.

14 This Commission plans to make recommendations on a
15 process for closing or realigning military bases in the
16 future after this 1995 round is completed. I think that's
17 important, because there was all this closure talk about the
18 "mother of all base closings" and everything else; "This is
19 the last one; it's the end of it all forever and for all
20 time," and I've never thought that was the appropriate and
21 responsible and businesslike way to look at this.

22 You appealed to me, and my sense of things, when

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1 you said earlier, you and others, that you'd made some
2 management decisions here. After all, that's what this job
3 of yours is all about, making smart management decisions.

4 I would ask you, will you make whatever
5 recommendations you consider important in your house to us
6 about what should be done in the future and work with us, as
7 we prepare our suggestions for the Congress, subsequent to
8 this round, about what ought to be done in the future?

9 MR. DEUTCH: Yes, Mr. Chairman. Bill Perry has
10 already, I think, given you the outlines of his thinking on
11 it. We'll be glad to work with you to be more detailed in
12 what our views are for another BRAC round after this one.

13 CHAIRMAN DIXON: Given that the list is smaller
14 than initially planned here, how much will DOD have to plus
15 up the budget to accommodate reduced savings in the late
16 '90s, in your opinion?

17 MR. DEUTCH: Well, Mr. Chairman, this list is not
18 smaller compared to any expectation that I think Bill and I
19 have had for quite some period of time. It is smaller
20 compared to what would be a calculated number for a
21 proportional reduction in force space relative to budget
22 decline in force level --

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1 CHAIRMAN DIXON: If I may interrupt -- I apologize
2 -- I had said "smaller than initially planned," because I
3 felt that the suggestion earlier was that it might be a
4 larger list.

5 MR. DEUTCH: Certainly there was a great effort by
6 everybody to get as much reduction as possible, but I don't
7 think that Bill and I have had the view that it was going to
8 be larger than '93 when the services finally came in with
9 their recommendations for a considerable period of time.

10 Be that as it may, the net savings which are
11 proposed in this round are very, very significant indeed.
12 The payback is much more rapid than in prior rounds. So, in
13 point of fact, this is welcome news to our programming of
14 resources out over the next six years, both because the
15 paybacks are larger and because the costs, up front costs
16 connected to the paybacks, are smaller.

17 There is an important management challenge here,
18 Mr. Chairman, that I want to be very explicit about. We have
19 to accomplish these projected savings. Savings are not
20 savings when they're projected. Savings are only savings
21 when they're finished.

22 So there is an enormous management challenge to

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1 actually execute this program. That's why I think it's so
2 cautious to imagine making major changes, major additions for
3 closure on this list, because what the challenge is for us
4 from this day forward -- or, actually, more precisely, from
5 July 2nd forward -- is to actually achieve the very
6 aggressive savings that have been identified in the proposal
7 that is in front of you.

8 CHAIRMAN DIXON: Thank you. Secretary Deutch, the
9 proposed fiscal year '96 budget you presented to Congress
10 last month represents a reduction of almost \$6 billion, or
11 5.3 percent in real terms, from the fiscal '95 level. It
12 includes \$785 million to begin implementing the '95 closures
13 in fiscal '96.

14 Was the size of the '95 closure and realignment
15 list that you are presenting today limited by your ability to
16 budget adequate up front closing costs to carry out these
17 closures?

18 MR. DEUTCH: No. Generally, the answer to that is
19 no. On the other hand, I will report to you, again going
20 back to this important case of the Air Force logistics
21 centers, that the up front costs estimated there to close two
22 centers were sufficiently large that it led the Air Force to

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1 examine another alternative, and that is the alternative
2 which is, indeed, in the proposal before you, to downsize and
3 consolidate rather than to close facilities.

4 So, in the particular case of the Air Force, I
5 think they were quite concerned about the need for the up
6 front monies to close their logistics centers and looked for
7 a more economical alternative.

8 At a certain stage, as General Shalikashvili
9 mentioned, if we allocate too much money to these up front
10 costs, it will impact short term readiness and our ability to
11 maintain the forces as we should.

12 CHAIRMAN DIXON: Now, there are reports that the
13 cost to close bases and the time required to recover those
14 costs from previous rounds are significantly greater than
15 anticipated.

16 First of all, is this accurate and, second, if it's
17 accurate, what steps have you directed to ensure that cost
18 and savings estimates are realistic for the '95 round?

19 MR. DEUTCH: There is an incentive in each service
20 to make their costs and savings as realistic as possible
21 because, if they are wrong, it is their service budget that
22 is going to have to eat that difference. I want to stress

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1 that there is a very large incentive on the services to
2 estimate this as best they can.

3 Conversely, if they realize savings, those savings
4 can be used to support their programs that they need to
5 defend the country. I think the Navy is most pronounced on
6 this view, that these savings are key, they must be had, in
7 order to pay for the projected Navy programs.

8 So there's a natural incentive in the services to
9 be as accurate as possible.

10 I do not want to give you -- I'm not in a position
11 here to give you -- an accurate and complete, thorough
12 assessment of how well we have done at estimating costs of
13 closure for particular bases in past BRACs.

14 I think it's a very important point for you to
15 examine and I would guess, from such an examination, that the
16 resulting judgment would be not great. We're doing better,
17 but it's always hard to estimate closing costs and especially
18 hard if you include the environmental closing costs
19 associated with it.

20 But my answer would be, probably not great, but I
21 don't have a thorough analysis to present to you.

22 CHAIRMAN DIXON: Thank you very much. Will you

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1 excuse me a moment, Mr. Secretary, while I talk to my staff?

2 (A discussion was held off the record.)

3 CHAIRMAN DIXON: Mr. Secretary, I have questions
4 from certain Members of the Congress here and, frankly, my
5 staff believes that some would be better directed to the
6 service, chiefs of the service secretaries, but I want to ask
7 you this one because the distinguished Congressman is in the
8 room, I'm told, and we think you perhaps can answer this
9 question and, if you find that it's one better handled by
10 someone else, we'll pursue it more later.

11 I have represented to Members of the Congress that
12 this would be their instrument for asking the tough questions
13 and, frankly, the reason I've done that, Mr. Secretary, is
14 because I've been pretty vocal in saying that I'm going to
15 avoid a huge cosmetic add-on that will cause great expense
16 and concern in the country, and so we want to be pretty tough
17 about how we evaluate everything, frankly, that you've done.

18 This question is from Congressman Browder:
19 Secretary Deutch, the 1993 Base Closure and Realignment
20 Commission removed from the list proposed by the Department
21 of Defense and directed the -- let's get this right. Yes.

22 Secretary Deutch, the 1993 -- there's been a little

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1 scratching on this. I've got to be a little careful how I do
2 this, to get it correct.

3 Secretary Deutch, the 1993 Base Closure and
4 Realignment Commission removed Fort McClellan in Alabama from
5 the list proposed by the Department of Defense and directed
6 the Secretary of Defense to pursue all the required permits
7 and certification for the construction of facilities at a new
8 location prior to the 1995 base closure process before the
9 DOD could again place that installation on the 1995 BRAC
10 list.

11 Fort McClellan is recommended for closure again
12 this year. Have any of the necessary permits been obtained
13 by the Army at the receiving installation?

14 MR. DEUTCH: No, they have not. Let me make a
15 philosophical remark and then return to this particular case.
16 Bill Perry mentioned that, when the list from the different
17 services came forward, that we carefully evaluated each and
18 every list and there were six or seven extremely difficult
19 cases that received our personal attention.

20 He mentioned the Missile Wing at Grand Forks
21 because of its treaty implications, and here is another
22 instance which was discussed extensively as being one of the

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1 five or six really tough questions before us. That is both
2 whether we would be able to maintain our chemical defense
3 preparedness and, secondly, whether in combination
4 McClellan's proximity to the Anniston, Alabama chemical
5 decommissioning work -- it would be possible it would be
6 impaired by this recommendation.

7 So this was a very close call and one that we did
8 spend a great deal of time on.

9 I believe that the proposal before the Commission
10 says, the proposals to move the Chemical Warfare School
11 element up to Fort Leonard Wood, Missouri -- it would not go
12 to Fort Leonard Wood, the proposal says, unless the proper
13 permits are received from the State of Missouri. So that is
14 a process that the Army has got to go through before we would
15 be happy to close or would be willing to close Fort
16 McClellan.

17 CHAIRMAN DIXON: Would you excuse me a moment while
18 I talk to staff about that?

19 (A discussion was held off the record.)

20 CHAIRMAN DIXON: Mr. Secretary, as I understand
21 that, in discussing this with staff -- and, in saying this,
22 may I say to the Congressmen in question and everybody in

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1 this room, we do not yet determine the correctness of your
2 decision, of course. That's part of our process, which will
3 be an ongoing process for many months.

4 But, as I understand this now, in the event, in the
5 end, that we would support your decision, it's clear that we
6 would have to have before us clear evidence that all permits
7 were in place.

8 MR. DEUTCH: That's our recommendation to you, Mr.
9 Chairman.

10 CHAIRMAN DIXON: And it is our statement to you
11 that we would not act unless they were in place, I take it.

12 MR. DEUTCH: That's our recommendation to you, as
13 well.

14 CHAIRMAN DIXON: Thank you, sir. Thank you, sir.

15 (A discussion was held off the record.)

16 CHAIRMAN DIXON: Well, we're going to pick on you a
17 little more because they say, since you came from Energy, you
18 may be more conversant with this than many others, anyway.

19 The New Mexico congressional delegation, Senators
20 Pete Domenici and Jeff Bingaman and Representatives Joe
21 Skeen, Bill Richardson, and Steve Schiff, asked the Chair to
22 ask this:

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1 One, nuclear deterrence remains the backbone of the
2 U.S. strategic policy of deterrence. Are any facilities
3 under consideration involved with or connected to the U.S.
4 nuclear deterrent capability? Was an analysis done on the
5 impact on this capability and was the Department of Energy
6 consulted with regard to this impact?

7 Is that too convoluted?

8 MR. DEUTCH: No, no, it's not. We're going down,
9 Mr. Chairman, in this set of questions, precisely those cases
10 which we, Bill Perry and I, personally looked at most
11 closely.

12 Bill mentioned Grand Forks. We've just discussed
13 McClellan. Next on my list here is Kirtland Air Force Base
14 in New Mexico where the concern was that the Air Force, in
15 taking an action based on Air Force-perceived requirements
16 and needs, would unintentionally and adversely impact the
17 very critical functions that are performed by the Sandia
18 National Laboratory, which is co-located on the Kirtland Air
19 Force Base.

20 I had an opportunity to -- and I must say, Mr.
21 Chairman, that prior consultation in the process months ago
22 between the Air Force and the Department of Energy on this

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1 point, I think, was not as extensive as I would have liked it
2 to be.

3 So when this proposal came forward I personally
4 went out of my way, especially because of my concern for the
5 proper functioning of the Department of Energy installations,
6 to assure that the recommendation made by the Air Force to us
7 and to the Commission would include allowance for an adequate
8 support of the infrastructure at the Kirtland Air Force Base
9 land area.

10 That is, providing for adequate support for
11 perimeter security as well as security for some of the
12 remaining DOD facilities that were there, fire support, and
13 other kinds of accident prevention support.

14 The Air Force confirmed to me that we were not
15 going to take out any activities there that would impair the
16 proper functioning of Department of Energy activities. I
17 believe the Secretary of the Air Force, Sheila Widnall, has
18 written the Department of Energy Under Secretary, Charlie
19 Curtis, a letter to that effect and, therefore, it was Bill's
20 and my judgment that the action which is proposed to you will
21 not impair adversely the integrity of the whole facility or
22 the operation of the Sandia National Laboratory.

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1 I would welcome, Bill Perry would welcome, your
2 scrutiny of that to see that our judgment was correct. It
3 was a very close call and you are hitting the issues which,
4 in our mind, were the most difficult to resolve.

5 CHAIRMAN DIXON: May I pursue it further, because
6 their question is in three parts.

7 Two, one of the principal BRAC objectives is to
8 consolidate DOD activities. Was consideration given to the
9 interrelationship of the bases on the list and the tenants
10 located on facility? Were these tenants contacted and asked
11 to provide information about the economic effects base
12 realignment will have on them and the effects on their
13 overall mission? And can you provide tenant responses to
14 these questions, along with a list of tenants, for each base
15 on this list, including the functions shared between the base
16 and the tenant?

17 Again, a very long question.

18 MR. DEUTCH: Mr. Chairman, there were a variety of
19 tenants at that base, some of which are interrelated and
20 some, quite frankly, which are not interrelated. The Air
21 Force assures me that they have gone through, step by step,
22 assessing the impact on every tenant at the base, and I would

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1 urge you to talk to the Air Force about that specific point.
2 but not all of the tenants of the base are as critically
3 interrelated to the nuclear deterrent function.

4 I want to emphasize, Mr. Chairman, this was a very
5 difficult judgment on the part of Bill Perry and myself and
6 it deserves to be reviewed so that not only the congressional
7 delegation but the community are sure that this was
8 thoroughly and properly analyzed.

9 CHAIRMAN DIXON: The last thing on their list, the
10 third question:

11 Which bases on the proposed list for realignment or
12 closure have an inter-governmental relationship with agencies
13 or entities outside the base? Were these entities notified
14 or asked to provide information about economic effects or
15 missions? And will you provide these responses?

16 MR. DEUTCH: Certainly, we will provide the
17 responses. There are certainly several bases where that
18 interrelationship exists with other agencies. I can't give
19 you a thorough, and accurate list now, but we will provide
20 one for the record.

21 I can think of two or three places where that same
22 interrelationship -- for example, McDill, which we discussed

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1 earlier. There, we are reversing back from a proposal, I
2 believe, of the '93 Commission, to have the Department of
3 Commerce run that runway, if I'm not mistaken, back to the
4 Department of Defense. So there were different situations
5 where this came up.

6 I am not sure, nor do I want to give the impression
7 that in each case there was full and thorough consultation
8 with the affected other government agency. Perhaps there
9 should have been. I must say that other government agencies
10 always like to have the Department of Defense bear their
11 infrastructure costs, so this is a painful process for
12 people.

13 CHAIRMAN DIXON: I've noticed that in the past,
14 too, Mr. Secretary.

15 I tell you what I'm going to do. With respect to
16 the question by the distinguished Congressman and with
17 respect to the question by the New Mexico delegation, I think
18 I will also, if you don't mind, direct to you and Secretary
19 Perry in writing those questions in an adequate form for your
20 written responses and maybe to the service secretaries and
21 others, as well, so that we can lay the necessary foundation
22 for those distinguished members of the Congress to be

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1 adequately informed of the decision making process.

2 Now, there's only one other here, and I suspect
3 that my staff thinks it's not appropriate to ask you, but I'm
4 going to do it anyway, simply because I wouldn't want one of
5 my colleagues, past colleagues, to think that his was the
6 only question not asked.

7 Senator David Pryor, distinguished Senator from
8 Arkansas, has asked me to submit this on behalf of the Red
9 River Army Depot Community to the Secretary of Defense:

10 The Department of the Army was requested to
11 consider the cost of moving the DLA activity at the Red River
12 Army Depot in its analysis of total closure costs. The
13 community has estimated the cost to be in excess of \$300
14 million dollars for such a move. Is this estimate consistent
15 with the costs calculated by the Department of Defense?
16 That's the first question.

17 MR. DEUTCH: I do not have the answer to that and I
18 suggest that both Admiral Straw, the head of Defense
19 Logistics Agency, and the Army, be asked to answer that
20 question, sir.

21 CHAIRMAN DIXON: The next question: It's my
22 understanding -- Senator Pryor says -- that the Red River

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1 Army Depot was recently awarded the 1995 President's
2 Prototype Award in support of the Administrations National
3 Performance Review Initiatives. Were such awards for quality
4 and efficiency considered by the Department of Defense in
5 this base closure process?

6 MR. DEUTCH: Mr. Chairman, that's an important
7 point and takes us right back to the beginning of this
8 hearing. On this recommended list in front of you, there are
9 excellent facilities. They are facilities that are high
10 performers, that have done enormously valuable work for us,
11 and we wish they weren't there.

12 I mean, it is not only the Red River Depot that had
13 awards given to it, but several of the others that are in
14 front of us also were distinguished performers. We took into
15 account excess capacity, but we also took into account, in
16 the analysis of the various services, the ability of
17 individuals and units to perform their jobs.

18 The general answer is that all of the facilities
19 that are being impacted today are made up of high-performing
20 individuals and very supportive communities. But explicitly,
21 awards were not taken into account because it's not one of
22 the criteria that are specified by law.

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1 CHAIRMAN DIXON: I'm persuaded that that is a
2 sensible answer, and I've said so many times that, by the
3 time you get to this fourth round, presumably anything that
4 we should have gotten rid of is pretty well gone already; and
5 I appreciate the fact that we all have to be sensitive to the
6 fact that this is all pretty good stuff we're looking at.

7 The closing question by Senator Pryor: Could you
8 detail the reasoning behind the Department of the Army's
9 recommendation to completely close one of its primary depots
10 and realign another when the other military services appear
11 to have chosen realignment initiatives through downsizing in
12 place at their maintenance facilities?

13 I think that is a fairly valid question in view of
14 all the testimony today.

15 MR. DEUTCH: There are two parts to that. First of
16 all, directly, I think that that's a question you should ask
17 the Army.

18 CHAIRMAN DIXON: Okay.

19 MR. DEUTCH: But the issue about what strategy is
20 best, to close or to reduce in place, depends upon the costs
21 which are estimated for the closure and how much excess
22 capacity you have, so you don't necessarily get the same

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1 answer for the Navy, the Army, and the Air Force, in this
2 depot area, and that is one of the points that we did look at
3 in our cross-servicing analysis.

4 CHAIRMAN DIXON: I assure you, we will ask those
5 services in each of these cases, as well. And I'm going to
6 ask you the last question in a moment here, and announce to
7 the audience that, first of all, we appreciate very much your
8 accommodation. Bob Bayer and Josh Gotbaum, I believe, will
9 be in after lunch and we will be questioning them at 1:30.

10 I want to tell everyone here it will be promptly
11 1:30, and I think that probably, in a matter of not an
12 excessive two hours, we'll conclude this afternoon, and we
13 remain appreciative of the imposition on the time of every
14 one of you and your forthright answers to our questions.

15 Senator Jeff Bingaman of New Mexico requests that I
16 ask Dr. Deutch the following question before he leaves:

17 In December of 1990, Senators Jeff Bingaman and
18 Pete Domenici were told -- now, you understand this is
19 Senator Bingaman's question; I don't know this to be factual
20 but he's an honorable man, obviously; it is factual if he
21 says so -- were told by the chief of staff of the Air Force,
22 General McPeak, that the Air Force planned to close Los

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1 Angeles Air Base in the mid-'90s and move the Air Force's
2 Space Systems Division and the Aerospace Corporation to
3 Kirtland Air Force Base in Albuquerque.

4 The Air Force, in 1990, even did a draft
5 environmental impact statement in preparation for that move.
6 The Air Force analysis in this round of Air Force lab and
7 product centers puts L.A. Air Base in Tier 2, along with
8 Kirtland Air Force Base. In six of the eight categories
9 Kirtland ranks ahead of L.A., in another is tied.

10 Now, I don't know these things to be factual. I'm
11 reading this question.

12 Why is Kirtland closed in your proposal and not
13 L.A. Air Force Base? Now, that is the question.

14 MR. DEUTCH: Mr. Chairman, as I recall, the first
15 part of that said 1990. Is that correct?

16 CHAIRMAN DIXON: Senator Bingaman alleges that, in
17 1990 -- or states -- in 1990 he and his colleague, Senator
18 Domenici, had a conversation with the then chief of staff,
19 General McPeak.

20 MR. DEUTCH: The only point I want to make is that,
21 in 1990, I was happily elsewhere, not in Washington, D.C.

22 (Laughter)

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1 CHAIRMAN DIXON: Are you stating that you're not
2 pleased to be here with me this morning?

3 (Laughter)

4 MR. DEUTCH: No, no. I didn't mean to imply that
5 at all, Mr. Chairman. I'm just trying to say that my
6 occupation and activity was very different at that time.

7 CHAIRMAN DIXON: All right.

8 MR. DEUTCH: But I do believe that there was a
9 proposal at that time for consolidation, as is said by
10 Senator Bingaman, to Kirtland. I happen to know that, but it
11 would take me greater detail to give you a complete analysis
12 there. But I think he's correct about the proposal to move
13 Aerospace Corporation in the Los Angeles Air Force Station
14 and the Space Command to Kirtland.

15 (A discussion was held off the record.)

16 CHAIRMAN DIXON: In other words -- I've asked staff
17 here, because I wanted to clarify that -- I don't believe
18 that my friend and former colleague is suggesting -- and I
19 believe this is correct, is it not -- I don't believe he's
20 suggesting that, on the eight criteria that you use, that
21 Kirtland is ahead on six of the eight and tied on one. I
22 think he's talking about some other kind of a category

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1 analysis that the Air Force used.

2 Is your understanding, and is that your
3 understanding? Because I think that would be important.

4 MR. DEUTCH: Mr. Chairman, let me say there has
5 been no proposal here for Los Angeles or Kirtland in either
6 '93 or '91, as well as this year. I'm sure you're referring
7 to other proposals, other criteria.

8 CHAIRMAN DIXON: Yes.

9 MR. DEUTCH: But I also suspect that this is also a
10 comparison with the Phillips Lab at Kirtland Air Force Base,
11 it is related to the presence of Phillips Lab, which we are
12 not realigning or proposing to be reduced in this BRAC round,
13 but it's a very complicated, separate subject.

14 CHAIRMAN DIXON: Yes. Of course, one of the
15 reasons I asked this, aside from the fact that I'll ask any
16 question that a Member of Congress asks me to ask, because I
17 think it's appropriate that they do this in the discharge of
18 their duties as a representative of our people and our
19 country, but the point being, if we're not going to add on a
20 huge number and make this thing, you know, kind of a circus
21 again -- scratch the "again," but not adding on a great many
22 -- I think it's important to understand that, for major

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1 closures, we'll want to lay down next to those closures other
2 similarly situated types of bases and things and then analyze
3 whether, in our view, the services and the Secretary of
4 Defense made the right decision.

5 Do you follow what I'm saying or is that a little
6 convoluted again? You're pondering.

7 MR. DEUTCH: My problem is that I don't think that
8 Los Angeles Air Base is a close substitute for Kirtland.
9 That's what's giving me a little bit of trouble, here. It is
10 a substitute for a facility at Kirtland, not for Kirtland Air
11 Force Base.

12 CHAIRMAN DIXON: Okay.

13 MR. DEUTCH: Kirtland Air Force Base is really --
14 and that is one of the questions about it -- is really a
15 hotel for lots of different functions, and that's a little
16 bit different in Los Angeles. That's the problem I'm having.
17 But this is something we have time to assess and weigh.

18 CHAIRMAN DIXON: Incidentally, if there's any
19 possibility of a misunderstanding, I want to again clarify, I
20 think that my predecessor, as chairman, did an outstanding
21 and splendid job and that every prior BRAC Commission did,
22 and the only thing this chairman is saying is, after

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1 reviewing this thing three times in the past, and having in
2 mind all the consultants' fees and fancy attorney fees and
3 other things involved in the closing process, that's a great
4 deal of pain to communities and areas around the country.

5 I certainly don't want to add to that pain
6 unnecessarily. That does not mean we won't add on. We will.
7 But we're not going to add on, I don't think, in the
8 substantial numbers that has been done in the past, unless my
9 colleagues, who obviously have equal voice with me, disagree
10 with what I'm saying.

11 The only point I wanted to make there was that, if
12 people are making an allegation that, in their view, taking
13 into account now not some other categories, but the eight
14 criteria, that someplace was really a stronger candidate than
15 the place closed, then I think that's a valid thing for us to
16 be carefully evaluating.

17 MR. DEUTCH: Absolutely.

18 CHAIRMAN DIXON: Yes.

19 MR. DEUTCH: That's your job.

20 CHAIRMAN DIXON: Yes.

21 MR. DEUTCH: And we think it's important for you to
22 go through that assessment, because it gives everybody

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1 confidence that the right recommendation and actions will be
2 taken.

3 CHAIRMAN DIXON: Mr. Secretary, I'm indebted to
4 you, as are the potential commissioners, hopefully to be
5 commissioners shortly. We thank you for the morning you've
6 given us and we'll look forward to seeing Deputy Secretaries
7 Gotbaum and Bayer this afternoon to pursue this matter
8 further.

9 MR. DEUTCH: Thank you, Mr. Chairman. Thank you.

10 CHAIRMAN DIXON: Thank you very much for your time.
11 We are adjourned until promptly 1:30.

12 (Whereupon, at 11:45 a.m., a luncheon recess was
13 taken.)
14

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A F T E R N O O N S E S S I O N

(1:30 p.m.)

1
2
3 CHAIRMAN DIXON: Good afternoon, ladies and
4 gentlemen, and welcome. At this afternoon's hearing we're
5 pleased to have with us the Honorable Joshua Gotbaum,
6 Assistant Secretary of Defense for Economic Security.
7 Secretary Gotbaum services as Chairman of the Defense
8 Department's BRAC '95 Steering Group, and in that capacity
9 he's had responsibility for reviewing the Department's base
10 closure process.

11 He's accompanied by Mr. Robert E. Bayer, Deputy
12 Assistant Secretary of Defense for Installations.

13 They will explain for us the methodology the
14 Department used in developing its closure and realignment
15 recommendations. And I hope they will also address two
16 important areas that were under Mr. Gotbaum's purview,
17 namely, establishing guidelines to measure both the economic
18 impact and the cumulative economic impact of base closures on
19 local communities and the work of the joint cross-service
20 groups that were established in the Pentagon for the '95 BRAC
21 round to examine areas with significant potential for
22 cross-service cooperation.

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1 Before you begin, let me say that in 1993, as part
2 of the National Defense Authorization Act for fiscal '94, the
3 Base Closure Act was amended to require that all testimony
4 before the Commission at a public hearing be presented under
5 oath. As a result, all of the witnesses who appear before
6 the Commission this year must be sworn in before testifying.

7 Now, Mr. Gotbaum, we picked on Mr. Bayer this
8 morning. He is now properly sworn. So would you please rise
9 and raise your right hand, Secretary Gotbaum, and do you
10 solemnly swear or affirm that the testimony you are about to
11 give to the Defense Base Closure and Realignment Commission
12 shall be the truth, the whole truth, and nothing but the
13 truth?

14 MR. GOTBAUM: I do.

15 CHAIRMAN DIXON: I thank you. And you understand,
16 Mr. Bayer, that you are still under oath.

17 MR. BAYER: I do, Mr. Chairman.

18 CHAIRMAN DIXON: And, ladies and gentlemen, again,
19 I am alone up here because we have not been successful in
20 finding a window to confirm my colleagues, the other seven
21 commissioners, but because of their devotion to our national
22 security interests and their responsibilities as good

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1 citizens, they have been kind enough to stay here all day,
2 and I want to reintroduce them this afternoon.

3 Mr. Al Cornella is a businessman in Rapid City,
4 South Dakota, a Navy veteran with service in Vietnam. Mr.
5 Cornella.

6 Ms. Rebecca Cox is a vice president of Continental
7 Airlines, and she served with great distinction as a base
8 closure commissioner in the '93 round. Ms. Cox.

9 General J.B. Davis retired from the Air Force in
10 1993 as a four-star general after a distinguished 35-year
11 career. General Davis.

12 Mr. S. Lee Kling is chairman of the board at Kling
13 Rector & Company, an emergent banking company in St. Louis.
14 Mr. Kling.

15 Admiral Benjamin F. Montoya of New Mexico retired
16 from the Navy with a rank of rear admiral. Currently
17 president and chief executive officer of Public Service
18 Company of New Mexico. Admiral Montoya.

19 General Joe Robles retired from the Army with a
20 rank of major general after 28 years of service. Is
21 currently chief financial officer and corporate controller of
22 USAA Financial Services. General Robles.

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1 And Ms. Wendi L. Steele worked in the United States
2 Senate for a period of years and in the Bush administration,
3 and is a former distinguished staff of the previous Base
4 Closure Commission. Ms. Steele.

5 And, of course, everyone in the government and
6 everyone concerned about this process thanks all of you for
7 your kindness in bearing with us as the Senate tries to find
8 the appropriate moment to confirm all of you, and we all
9 understand and know that you're highly qualified,
10 well-experienced people, and that the Senate will shortly do
11 its work, because we'll have hearings again next Monday,
12 March 6th, and Tuesday, March 7th, and I rely upon the fact
13 that all of my colleagues will be well prepared to ask the
14 appropriate questions then.

15 Secretary Gotbaum, the administration's fiscal year
16 '96 budget -- oh, excuse me, I apologize. Mr. Secretary,
17 excuse me. Please make your statement.

18 (Laughter)

19 CHAIRMAN DIXON: That's a rotten thing to do, not
20 give a chance to a man to defend himself before he's brutally
21 attacked.

22 (Laughter)

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1 MR. GOTBAUM: Mr. Chairman, I will tell you that
2 Secretary Deutch told me that you were active in your
3 questioning, but I didn't realize this active.

4 (Laughter)

5 CHAIRMAN DIXON: Well, all I know is, the Secretary
6 made a statement this morning about happier times, and I
7 said, "You mean to tell me you're not happy being with us
8 here?"

9 MR. GOTBAUM: I'm sure that we in the Department
10 are all enormously gratified that the responsibility is now
11 shared with this Commission.

12 Mr. Chairman, members of the public who may some
13 day be commissioners, thank you very much. You've asked this
14 afternoon that we review for you what are the processes and
15 the procedures that the Department of Defense has followed in
16 making its recommendation. And so, with the Commission's
17 permission, I will submit a statement for the record, but I'd
18 like to go through the steps in some detail.

19 CHAIRMAN DIXON: Please do. Your statement will be
20 reproduced in full in the record, of course.

21 MR. GOTBAUM: Thank you, sir. Before I get to the
22 details -- actually, let me make one other point, if I may,

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1 which is, I'm accompanied, as you know, by the Honorable Bob
2 Bayer, who is my Deputy for Installations. He, in addition
3 to a number of other talented individuals in this room, is
4 also a former employee of the Chairman of this Commission,
5 thereby proving we know where talent lies.

6 And if I may, Mr. Chairman, I'm going to defer and
7 let him talk about our work in economic impact.

8 CHAIRMAN DIXON: Good.

9 MR. GOTBAUM: Before I talk about the details of
10 our process and procedure, I'd really like to make four
11 points about the process itself. One, that it is fair. The
12 Congress, in designing the BRAC process, when it recognized
13 that the existing procedures for base closure were not
14 working and proposed BRAC as a solution, nonetheless demanded
15 that the result had unquestionably to be fair, and we in the
16 Department of Defense go to extraordinary lengths to make
17 sure that it is.

18 As the law requires, we consider all installations
19 equally. We direct the use of a common force structure and a
20 common set of criteria. The services develop their tests for
21 implementing these criteria and their weighting factors in
22 those tests in advance of actually getting the data. So that

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1 the guidelines, if you will, are set up in advance of any
2 information about any particular base.

3 And this whole process is audited by the service
4 Inspectors General, the Inspector General of the Department
5 of Defense, and the General Accounting Office.

6 I mention this because all of these requirements
7 together form a discipline. From that discipline we can then
8 make what are obviously critical and difficult judgments, and
9 then those judgments are themselves reviewed. They're
10 reviewed by the Secretary of Defense, they're reviewed by the
11 General Accounting Office, by the public, and, obviously,
12 most importantly, by you and your Commission.

13 First, it's fair. Second, it is undeniably
14 painful. As the Secretary noted this morning, we did not
15 arrive at our recommendations easily. We are forced in this
16 process to choose among installations which are themselves
17 excellent. There are facilities on this list, not because
18 they aren't excellent, but because they are either more than
19 we need or more than we can afford.

20 In every one of these cases there will be an
21 installation commander who is justifiably proud of his base
22 or her base, and in every case there will be a community that

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1 has supported the nation's armed services in some cases for
2 hundreds of years. We know it is painful.

3 The third point, which you, Mr. Chairman, know,
4 having been through the process before, and which your future
5 co-
6 commissioners will know in gory detail, is, it is an
7 extraordinarily complicated process we follow. Because the
8 Congress, in directing us to do the BRAC process, said that
9 you have to make a judgment about different kinds of
10 facilities that is at the same time effective, accurate,
11 consistent, public, and fair, and in order to fulfill that
12 mandate we have developed many different methods for
13 analysis, many different ways to implement the selection
14 criteria.

15 And as a result of this complexity, quite frankly,
16 there are going to be people who come before this Commission
17 and say, "Look, the result was so close. Isn't the
18 Department being arbitrary?"

19 And the point I want to make first is that, as
20 you'll come to see when we and the services talk about the
21 processes, this process is not arbitrary at all.

22 There will be people who will come forward and

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1 argue that some additional factor ought to be taken into
2 account to help their facility survive, and it is, of course,
3 this Commission's job, entirely properly, to make judgments
4 about those arguments. But we hope that you'll do so being
5 conscious of the fact that every ad hoc addition to this
6 process makes the results less consistent and the process
7 even more complicated.

8 And my last point before going into the details of
9 the process, Mr. Chairman, is that as we go through all these
10 details, it is absolutely essential not to lose sight of the
11 reason we do BRAC in the first place and why we have to close
12 bases. And the reason, very frankly and very bluntly, is
13 because we need those funds. Even after the first three
14 rounds of BRAC, we have too many bases. Reductions in our
15 forces, reductions in our budget have simply not kept pace
16 with our basing structure.

17 And we believe the process, as I believe the
18 Secretary testified this morning, will ultimately provide on
19 the order of
20 \$50 billion for the armed services and the taxpayers of this
21 country.

22 So those the points I'd like to summarize. If I

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1 can then talk, sir, about the process. The first point that
2 needs to be made about this process is that it is essentially
3 a bottoms-up process under secretarial guidance. Most of the
4 analysis and most of the review work is carried out by the
5 military departments and the defense agencies under policy
6 guidance from the Secretary of Defense and the Deputy
7 Secretary of Defense.

8 The Deputy Secretary, over a year ago, established
9 the policy and the procedures that we all follow. By
10 memorandum which has been furnished to this committee, and is
11 included in our published report, he said to the services
12 they have to make recommendations exclusively based on the
13 selection criteria and the force structure; that they needed
14 to consider and must consider all installations within the
15 United States equally; that they can categorize bases and
16 should categorize bases; and that in making their judgments,
17 they have to use objective criteria wherever possible, but
18 recognize that this is not a process that strictly comes out
19 of a computer; this is a process that requires military
20 judgment.

21 The Deputy Secretary also at that time established
22 an organizational process within the Department of Defense to

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1 oversee it, the BRAC Review Group, which has already been
2 referred to. That group, chaired by Deputy Secretary Deutch,
3 operated and was composed of the service secretaries and the
4 chiefs and other senior department officials. That's the
5 policy and oversight group for the Department. There was
6 beneath them and reporting to them a BRAC steering group,
7 which, upon confirmation, I chaired beforehand. Mr. Bayer,
8 in an unusual combination of both doing the work and getting
9 the group, chaired the group.

10 And that is really the group, Mr. Chairman, that
11 day to day resolved the questions of consistency, the
12 questions of policy, the questions of information that we
13 had.

14 The selection criteria on which we have operated,
15 and which have been, I know, provided for the Commission
16 before, were unchanged in this process. We've relied on the
17 selection criteria that were used in previous rounds of BRAC.
18 Those place a priority, in our view entirely properly, on
19 military value.

20 Considerations of cost savings are secondary,
21 although obviously important, and considerations of community
22 impact, which we do take into account, are also considered,

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1 but not with the same priority.

2 And while the criteria have not changed, I think
3 it's important to note that the way the Department is
4 implementing them has improved. Mr. Bayer will talk to you
5 in detail about how we now look at the issues of economic
6 impact, but I think it's worth noting for the record, and for
7 the Commission to understand the level of depth in which we
8 work, that the way we have looked at the other criteria also
9 has been improved over time.

10 Just to give you some for instances. The Army, in
11 assessing its training bases, never looked at air training
12 space; they looked at ground training space. As a result,
13 facilities like Fort Rucker did not get the credit that they
14 properly deserved. The Army now does so. The Army also
15 gives credit now for ranges that are computerized versus
16 those that are not.

17 The Air Force has made a number of significant
18 changes. In BRAC 1991, on each base they looked at about 80
19 different sources of data. In this round of BRAC, about 250.

20 So the criteria stay the same. We believe the way
21 the criteria are implemented is more articulated than it has
22 been in the past.

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1 The process, if I may, begins when the service
2 categorizes its bases, and I wonder, Mr. Chairman, if I
3 might, as a useful tool for the prospective commissioners and
4 for you, if I might just leave a small diagram with you and
5 ask Colonel Jacobs to pass it around.

6 CHAIRMAN DIXON: Please. We'd be delighted to have
7 your charts.

8 MR. GOTBAUM: Okay. Colonel, could you provide
9 that?

10 Each service starts, first of all, by categorizing
11 its bases. For the Air Force, small aircraft, large aircraft
12 and missile, depots, labs, et cetera.

13 And then they have to define, in advance, what are
14 the factors that should be taken into account to apply the
15 decision-
16 making criteria to those kinds of facilities. Obviously,
17 those factors differ. What is militarily important to a
18 depot is obviously different from what's military important
19 to an airfield.

20 CHAIRMAN DIXON: Yes.

21 MR. GOTBAUM: Also, in advance, they define what
22 are the data requirements. For each kind of facility, if I

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1 want to look at those kinds of factors, what kind of data do
2 I have. So they define the data that would measure those
3 factors.

4 And, as I mentioned, the services were directed to
5 try as much as possible to work with measures that are
6 quantified, quantifiable, and objective.

7 The other thing that is done in advance is to
8 assign a weighting of the factors that enter into judgment.
9 And if I may refer you, Mr. Chairman, to the second page of
10 this handout, what you see here is the weighting developed by
11 the Army -- we chose it as an example -- before they had
12 information on any of their depots as to how they should
13 weight the particular factors that they looked into in
14 deciding which depots were better and which depots poorer.
15 So that the factors they took into account and the weightings
16 they gave were all defined in advance.

17 And if I may, Mr. Chairman, that's really one of
18 the most important points about this process, is that, as
19 much as possible, the rules were laid down before any names
20 were attached and any data was provided in order to be as
21 objective and as fair as possible.

22 The other point which I should make is that this

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1 is, by its nature, a bottom-up process; that in order to
2 assess the information, to form judgments about it, you need
3 a lot of information, and that's really why the services are
4 the front line.

5 Once the services have made their judgments about
6 what factors matter, once they've made their judgments about
7 what kind of weightings are appropriate, then, and only then,
8 do they actually ask for data. And the data, as you know,
9 Mr. Chairman, comes from the field, is certified from each
10 installation as being to the best of their knowledge,
11 accurate and complete.

12 That information is sent back to headquarters and
13 then analyzed. And if you look at the next page, Mr.
14 Chairman, it is analyzed in accordance with the ground rules
15 the services have already set up. And so what you see in the
16 second page is a set of depots and the rankings they were
17 given by the Army as part of its analysis process.

18 And my point here is that the latter -- the
19 analysis and the rankings were developed only after the Army
20 had decided which factors matter most. That's an important
21 part of this process.

22 From that point on, the services have what is

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1 admittedly a difficult job. They need to assess what is the
2 capacity that they have and how much capacity do they need.
3 They need to evaluate the military value of particular
4 alternatives, and they need to evaluate the other criteria
5 that matter. What are the real costs involved? What are the
6 economic impacts on the community? What are the
7 environmental impacts?

8 And also, as the Secretary noted this morning,
9 closing bases costs money up front. The services have become
10 more sophisticated and more thoughtful and have learned how
11 to reduce the up front costs, but there are still very
12 substantial up front costs in this round, and those need to
13 be taken into account because we do operate under a budget.

14 At the end of all this deliberation within the
15 service, the service secretary makes a recommendation. And
16 my last point on the service secretary process, which is
17 shown, really, by the first chart in your packet, Mr.
18 Chairman, is that ultimately each service makes a judgment
19 about rankings of facilities, an independent judgment about
20 the capacities it needs, and only thing brings them together.

21 And, in the final judgment, the recommendation of
22 each service secretary is a recommendation as well of the

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1 chief of service. Each service treats this as something
2 which requires the intense cooperation of senior military as
3 well as senior civilians. It reflects their best both
4 military and civilian judgment, and you can be assured they
5 are not taken lightly. I have no doubt that the Secretary of
6 the Army, the Navy, and the Air Force will tell you about
7 many nights and many hours spent in these deliberations.
8 They're quite serious.

9 In addition to this process -- and you asked about
10 it, Mr. Chairman -- for the first time, the Secretary of
11 Defense and Deputy Secretary of Defense directed a process to
12 consider where there are possibilities for cross-servicing.
13 This was a first ever effort. And what was done is, at the
14 beginning of last year, the Deputy Secretary established five
15 joint cross-service groups. These are groups consisting of
16 personnel, senior personnel, from the Office of the Secretary
17 of Defense and also from each of the military departments.

18 There was a group on depot maintenance, there was a
19 group on medical treatment, there was a group on labs, there
20 was a group on testing and evaluation, and there was a group
21 on undergraduate pilot training. And in each case it was
22 their job, first of all, to develop as best they could some

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1 form of consistent data. The same issue that we have within
2 a service, we had a cross-service, which is, if you're going
3 to measure something and you're going to make judgments, you,
4 first of all, need to get comparable data. And the fact is
5 that, historically, services keep their records in different
6 ways.

7 So the first thing that each of these groups did
8 is, they tried to develop as best they could some form of
9 objective, relatively consistent measures across the kinds of
10 facilities by function.

11 Then they went and developed estimates for the
12 Department as a whole of how much capacity we have across the
13 Department as a whole and an estimate of how much capacity we
14 need, based on the future years' defense plan and a measure
15 of safety.

16 And then the joint cross-service groups essentially
17 developed measures of functional value, measures of which
18 facility is likely to be more capable than another, and
19 combined those to develop a set of alternatives, which they
20 recommended to the services.

21 And my first point here is that the joint
22 cross-service groups were an adjunct to the more detailed,

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1 more formalized, more objectified service process.

2 And so what they did -- and if I use the example,
3 say, of depots -- is that the depots joint cross-service
4 group, led by my colleague Jim Klugh, the Deputy
5 Undersecretary for Logistics, developed an estimate of excess
6 capacity, developed some measures of functional value, and
7 then, using, in part, a linear optimization model and, in
8 part, judgment, suggested to the services several different
9 configurations of facilities that they ought to look first
10 for closure and consolidation, one, and, in addition,
11 work-sharing arrangements.

12 And so General Klugh's group, which included
13 representatives of the services, recommended to the services
14 that they consider this configuration and this possible
15 workload.

16 Then the services analyzed these recommendations as
17 part of their BRAC process. In some cases, the services came
18 forward and concluded that the recommendation made sense and
19 adopted it and passed it on to the Secretary of Defense. In
20 other cases, the services came back and said, "With some
21 modifications, this makes sense."

22 In still other cases, the services came back and

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1 said, "Absolutely no way. You're talking about reducing a
2 facility which is of such military importance that we would
3 never consider closing it, notwithstanding your judgment
4 about its functional value."

5 And in still other cases, they made judgments for a
6 variety of reasons to take other paths, and one of them,
7 obviously, is the decision by the Air Force, which the Deputy
8 Secretary, I know, briefed you on this morning, to
9 consolidate and reduce capacity in their depots in a
10 configuration that was different from the one that was
11 suggested by the joint cross-service group.

12 So that, Mr. Chairman, is how the joint
13 cross-service group process went. It fed into the services
14 and was fed back to the services. It was, I will tell you,
15 an iterative process. As recently as last week, when there
16 was a question before the Secretary of Defense of whether or
17 not there was sufficient consolidation in one area, one of
18 the joint cross-service groups met for a -- I'm sure for
19 them, an extremely difficult 24-hour period to satisfy
20 themselves that the service actions in response to their
21 recommendations were sound and could be endorsed.

22 At the end of this process, the service

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1 recommendations come to the Office of the Secretary of
2 Defense, and there is an additional process of review. Those
3 recommendations were made to the Secretary at the beginning
4 of February, and there were a range of reviews.

5 For example, the Joint Staff, representatives of
6 the unified commands, came in to review them to satisfy
7 themselves that the war-fighting requirements of the CINCs
8 would be supported, notwithstanding these recommendations.

9 At the end of the day, as I'm sure General
10 Shalikashvili testified this morning, he is comfortable, and
11 the Joint Staff is comfortable, that these recommendations do
12 not limit the nation's war-fighting requirements. But that
13 is a review which absolutely had to be done before the
14 Secretary of Defense could recommend this list.

15 Secondly, within the Office of the Secretary of
16 Defense, we did a series of reviews. One, to satisfy
17 ourselves that there were not interests beyond the services
18 that had been ignored, for example, treaty obligations,
19 obligations under chem demil (chemical demilitarization) or
20 obligations under START or ABM, which I know Deputy Secretary
21 Deutch has discussed with you. That's one set of reviews.

22 Secondly, there were reviews to consider whether or

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1 not one service had in its recommendation neglected an
2 interest of another service or another agency that was
3 already providing assistance to us in the national security
4 mission.

5 And then, within my office, we performed two
6 reviews. One, as best we can, to determine that the service
7 has, in fact, followed the rules, that they used the force
8 structure, they followed the criteria.

9 And, secondly -- and, again, I'm going to defer to
10 my colleague on this -- to satisfy ourselves that no service,
11 acting independently, had created an economic impact which
12 had not been taken into account by another service, we had
13 asked all of the services to take into account the economic
14 impacts of previous BRAC, and to take into account the
15 economic impacts of their base closure decisions in this
16 round. But they obviously were not privy to the base closure
17 decisions of other services, and so that was a judgment that
18 had to be done in our office, and that I will defer to Bob to
19 describe for you.

20 That, Mr. Chairman, is the process that we
21 followed. I guess I would summarize by saying that it was
22 obviously painful, extremely detailed, but, we believe, fair,

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1 and we believe, if implemented and supported by this
2 Commission, it will ultimately save the armed forces and the
3 taxpayers billions of dollars, and, obviously, that will
4 depend on whether this Commission supports it.

5 And so we welcome the review that the law has
6 provided and this Commission has provided, and we look
7 forward to answering your questions, notwithstanding what may
8 have been said earlier this morning, sir.

9 CHAIRMAN DIXON: Thank you very much, Mr.
10 Secretary.

11 Mr. Bayer, do you have anything that you can
12 briefly add to this before we go into the questions?

13 MR. BAYER: Yes. Mr. Chairman, I want to focus
14 specifically on the issue of economic impact, how that
15 particular criterion was dealt with this year, because it was
16 dealt with in a way that was different what the Department
17 has done in the past.

18 Three major points I'd like to start with. One, is
19 that we understand the difficulty that communities face when
20 we close a military installation, and so economic impact
21 isn't something that we try to sweep under the rug. On the
22 contrary, we developed this time a much more sophisticated

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1 way of looking at that impact so that decision makers could
2 take that into account when they are comparing alternatives
3 for closure realignment.

4 I want to highlight what those differences are and
5 what those improvements are. And the last point I want to
6 make is that our economic impact was focused on local
7 economic areas; that is, the standard metropolitan
8 statistical areas; or, if there are rural areas in a county
9 or multi-counties. In other words, we looked at where people
10 actually lived and spent their money, rather than any larger
11 aggregation, state or regional.

12 As you know, the whole foundation of this process
13 is force structure and criteria, and while the first four
14 criteria support and emphasize military value and are, by
15 definition, the most important, the sixth criteria does speak
16 to economic impact.

17 Beginning in 1993, after we had had two closure
18 rounds already, there was a great deal of interest in looking
19 at not only impact on one closure round, but also looking at
20 cumulative impact as well. That was begun in 1993, and I
21 believe we've improved upon that metric quite significantly
22 in this round.

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1 We looked really at two measures when we determined
2 what the impact was. One, was the potential job change
3 within an economic area, military and civilian. And,
4 secondly, taking that raw number, we applied it as a
5 percentage of the total military and civilian jobs within an
6 area. So we wanted a raw number of how many jobs are going
7 to be affected, and then, well, how large an impact is that
8 on an area?

9 We also used multipliers for both our military and
10 civilian employees so that we could see what the spillover
11 would be in the community itself. That varied substantially.
12 The low end were military trainees, where there was only a
13 multiplier of .1, because they're staying on the base,
14 they're not spending a whole lot of money, they're not
15 invested in the community.

16 On the other hand, some civilians, in particularly
17 technical disciplines, had a very high multiplier, almost
18 2.5. So it really varied by the type of individual, the type
19 of activity, and also the size of the economic area itself.
20 We found that, statistically, all three of those dimensions
21 made a difference. All those were taken into account in
22 coming up with this ultimate impact.

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1 As far as the economic areas are concerned, again,
2 we said if it's an urban area, we're going to use the
3 standard metropolitan statistical area. But we also
4 recognized that when OMB develops those areas, and they
5 changed them between the last two BRAC rounds, I believe,
6 there were some anomalies that wouldn't be very useful to us
7 in telling the decision maker what the impact would be.

8 A very good example is in the Washington area.
9 After the census, when the OMB looked at that date, they made
10 Washington and Baltimore one standard metropolitan
11 statistical area. Well, while there are people who commute
12 from Baltimore, the vast majority of them live and work in
13 this area.

14 So what we did was, we looked at every one of the
15 areas where all of our bases were located -- that was a total
16 of 351 areas -- and we examined specifically where people
17 lived and worked, and made adjustments to almost 20 percent
18 of those areas, in almost every case making them smaller, and
19 as you make them smaller, the effect is to pronounce the
20 impact of our reductions.

21 If you have a larger area, you dilute it further.
22 So we made it more smaller to try to make it more fair and

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1 more accurate.

2 Then there was the question of cumulative impact.
3 We looked at that two ways, and it's almost bi-directional.
4 We looked at it retrospectively, what BRAC actions have
5 already occurred in an area in previous rounds. Every one of
6 the services had in their database all of the actions of all
7 of the services of all of the areas. So that data was
8 already in there.

9 They also knew what actions had already been agreed
10 to, but had yet to happen. In other words, we call this the
11 second shoe falling. There are many actions approved in BRAC
12 '93 that have not yet occurred, so that when you look at the
13 economic statistics for an area -- and we went back 10 years
14 to see what the vitality of a community's economy was -- some
15 of those adverse actions have yet to occur. The database
16 already included all of those.

17 So then when the service came to look at a
18 particular closure or realignment alternative, and they
19 determined the direct impacts and the indirect impacts, they
20 had a perspective that said what happened retrospectively,
21 what would happen prospectively if their action took place.

22 When the services all brought their actions to us,

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1 then we looked at cumulative impact across the board, and we
2 asked, where were the services independently recommending
3 actions within the same economic area. Because they didn't
4 have that information when they made their own judgments.

5 It turned out there were 46 areas that were
6 multiply hit. Fortunately, most of them were hit by actions
7 that were small, so that cumulatively it didn't really make
8 any difference. The ones that were the most significant is
9 where you had a service logistics activity, and then you
10 would have a Defense Logistics Agency activity that was a
11 follower that would move as well.

12 The long and short of that analysis was that we did
13 not recommend that any of the actions be changed, although we
14 gave all of that data back to each of the services to
15 reconsider their actions in light of this expanded economic
16 knowledge that they now had available to them.

17 Now, the question was asked early on by Mr. Deutch,
18 because this issue was so important, did we actually develop
19 a process that would stand the light of day? After all,
20 we're not trained economists. This is not the Department of
21 Defense's business. We went to a panel of six economic
22 experts from government, academic, and the private sector,

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1 who looked at our model, and we asked them the question, "Is
2 this an adequate depiction of what we want," realizing the
3 time constraints we were under, the volume of work we were
4 under.

5 The conclusion they drew was that it was, in fact,
6 a very adequate model to use. They had a few suggestions,
7 most of which we included. The one point that they made that
8 I would stress to you was that they felt that we were bending
9 over backwards to look at a worst case. We were painting the
10 absolute worst economic impact from our actions that one
11 could paint. In other words, we were assuming all the
12 actions would occur at one time; that there would be no
13 spreading out of the impact over time; and they were also
14 assuming that there would be no other economic regeneration
15 in the area to mitigate those actions.

16 So they felt that we needed to stress to you, in
17 particular, when we appear before the Commission that these
18 estimates are worst case. As professional economists, they
19 would not have made those kinds of projections.

20 In closing, I'd like to point out the limitations
21 of the process. We were limited by the amount of data that
22 we could gather in a reasonable period of time and the fact

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1 that the services were running literally hundreds and
2 hundreds of iterations. So we don't try to advertise this
3 model as something that you could do an economic dissertation
4 on. It's a user document that I believe provided the
5 decision maker with reasonable estimates of prospective
6 impacts, rather than budget quality information. It's simply
7 not that.

8 But it is reasonable, and, just as importantly,
9 it's consistent across the board. So the exact same analysis
10 was used by all of the services across the board, so that
11 when we looked at solutions that had multiple service bases
12 as possibilities, when we looked at the economic impact, each
13 of the service's analysis were identically arrived at, so
14 that you could compare apples and apples along the way.

15 In conclusion, I believe the Department did conduct
16 a fair, consistent, and auditable assessment of economic
17 impacts, and while the tools we developed did not assess
18 every conceivable economic impact -- particularly social
19 economic impact -- we believe it captured a sufficiently
20 broad and timely set of data for our decision makers, who
21 could then make the appropriate decisions.

22 That concludes my remarks. I'd be happy to answer

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1 your questions.

2 CHAIRMAN DIXON: Thank you.

3 MR. BAYER: And my larger statement, of course, is
4 for the record.

5 CHAIRMAN DIXON: And it will, of course, be
6 reproduced in the record.

7 I'm going to talk with you mostly in the macro
8 sense, and not about these weight factors. But I think it
9 would be interesting as a matter of record early on, because,
10 quite frankly, as we go into this process, particularly if
11 our add-ons are not voluminous, as we've indicated we hope to
12 avoid, then I think it will be a comparative analysis of the
13 respective bases, and so we'd see, you know, why did you
14 arrive at your decision?

15 And it was interesting, I thought, to hear what you
16 had to say about that, Mr. Secretary, in which you suggest,
17 as I understand what you said -- and I regret sort of that we
18 didn't have the opportunity, as we had this morning, to see
19 some larger diagrams over there that the audience could see.
20 But I believe you have suggested to me in your testimony that
21 this chart here represents the factors that you employed in
22 your analyzation of different bases, even before you received

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1 those bases to compare this analysis against the data on each
2 separate base.

3 MR. GOTBAUM: That the Army did receive, sir, yes,
4 that's right.

5 CHAIRMAN DIXON: So these weight factors, which
6 appear to come to a score of 1,000, were the kind of weight
7 factors you applied against the respective bases when you
8 looked at the separate bases.

9 MR. GOTBAUM: Let me make sure that I'm clear on
10 this. For every kind of base, and in many cases for every
11 type of function within a base, the Army, the Navy, and the
12 Air Force tried absolutely in advance to essentially develop
13 their methods for implementing the criteria and scores. And
14 this, sir, is an example of one such measure for one depot
15 function, okay?

16 CHAIRMAN DIXON: Okay. And then you used these
17 three depots on the next page to suggest how you employed
18 those weight factors in coming to your conclusions about
19 those separate depots.

20 MR. GOTBAUM: The relative ranking thereof, sir,
21 yes.

22 CHAIRMAN DIXON: So my question at this point in

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1 time would be, Mr. Secretary, as we go through this laborious
2 process -- you know, what we do as commissioners, what my
3 friends will ultimately confirm, in having these hearings and
4 going out to the field and going onto the bases and
5 ultimately having hearings in every part of the country, all
6 of this is sort of the tip of the iceberg.

7 I mean, we have here behind me staff people that
8 have been here for several other rounds, most of whom -- in
9 fact, all of whom, at the team chief level and their people,
10 are people that are experienced through this process several
11 times to do this sort of fundamental work you're talking
12 about.

13 But if I understand you correctly, for the benefit
14 of myself and the other commissioners in the room, on every
15 result that has been achieved in the recommended closures
16 that we receive as your list, there's a comparative analysis
17 of the individual base selected and other similarly situated,
18 like bases or installations.

19 MR. GOTBAUM: I should be careful not to assert
20 that for every single type of base, there is that list, but I
21 can tell you, Mr. Chairman, that for all of the varieties
22 that I personally have seen, there is just such an analysis,

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1 yes.

2 CHAIRMAN DIXON: You understand why I pursue this
3 so vigorously.

4 MR. GOTBAUM: Yes.

5 CHAIRMAN DIXON: Because, as a person who, in his
6 own professional career as a United States Senator,
7 experienced some of this and thought, you know, I don't think
8 this was fair to me, and I don't think this was fair to my
9 state, we have to all understand, as human beings, we all go
10 through that process.

11 And every United States Senator and every U.S.
12 Congressman, and, for that matter, every mayor and every
13 individual business person, labor union, leader and other
14 person in any part of the country adversely affected by this,
15 says, "Hey, there was another one you should have picked, not
16 mine," you know. That, of course, we all accept as part of
17 this unpleasant process.

18 But you are saying to me, under oath, I think, with
19 few exceptions, if any, that as we pursue this assiduously
20 and finitely, we can come to a reason why at least you folks,
21 in your expertise and in your shop or in the separate service
22 shops, came to your decisions by some kind of a hard process

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1 that makes some kind of sense, not just a judgment call --
2 we'll get to the judgment calls in a minute -- but more than
3 a judgment call.

4 MR. GOTBAUM: Yes, Mr. Chairman.

5 CHAIRMAN DIXON: A judgment call, finally, on the
6 numbers, but not just a judgment call, when you say, "Well,
7 this one obviously looks more likely to be the base we ought
8 to close than that one." There's a reason in this analysis
9 that comes to that conclusion.

10 MR. GOTBAUM: Yes, Mr. Chairman. As I said -- and
11 I think it's an extremely important point -- we know how
12 difficult a process this is, we know how important a process
13 this is, and, therefore, every service and the Department as
14 a whole, has been at great pains, as much as is possible, to
15 develop objective measures and to rank their bases as much as
16 they can on objective measures.

17 There is no one who could assert, or should assert,
18 that military judgment shouldn't be part of that process.
19 But, yes, the whole reason I mentioned the criteria and the
20 waitings is because we try, as much as possible, to in fact
21 make the rules before we know the names.

22 CHAIRMAN DIXON: Well, obviously, judgment is part

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1 of the process because you look at what the services did and,
2 quite frankly, we're going to look at what you did, and we
3 get the last judgment call, I suspect, because, after that,
4 the President is pretty well stuck with what we do, or take
5 it or leave it pretty much.

6 He could sent it back and say "I think you ought to
7 look at it again" but, essentially, we are the last time a
8 judgment call of any significant amount is made in this. The
9 Congress, finally, as I well know as a former Senator,
10 ultimately has a choice of voting it up or down, quite
11 clearly.

12 But you are saying that, in your judgment as the
13 man in charge of this process, the man that had to put the
14 numbers together and do the nitty gritty and the hard core
15 analysis, that there is a numerical basis of some merit for
16 the judgment you arrived at that will support that judgment
17 call.

18 MR. GOTBAUM: Mr. Chairman, that there is a
19 numerical basis for the ranking of facilities. What the
20 numbers are not going to tell you is how many bases do we
21 need.

22 CHAIRMAN DIXON: I realize that.

1 MR. GOTBAUM: I want to be clear, because I don't
2 want to mislead you or the rest of the Commission. But, what
3 we have tried to do assiduously, sir, is, in fact, tried to
4 make the measures of merit as objective as possible, yes.

5 So when a service comes before you and says, "We
6 decided to close Base X," they should also be able to tell
7 you, "We evaluated Base X by comparison with Base Y and Z."

8 CHAIRMAN DIXON: Good. Now, let me ask staff
9 before I formulate the thought for this next question.

10 (A discussion was held off the record.)

11 CHAIRMAN DIXON: Let's go to something that's
12 already been done, then. I want to take something that's
13 already been done, because when you deal in the hypotheticals
14 here, everybody is so sensitive that they see something in
15 almost anything you say. But there was an exercise that I
16 was familiar with as a United States Senator from Illinois
17 that went on concerning Naval training bases. We all
18 understand that exercise and what the ultimate result was.

19 Take that hypothetical type situation. Are you
20 saying to me that if one said, about that exercise, "I don't
21 think you picked the right ones to close and I don't think
22 you left the right one open and enlarged it," that you could

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1 say, "We can show you, in all of these different criteria or
2 these breakdowns in categories" -- I won't call it criteria,
3 because then there are eight criteria you apply to all these
4 categories -- "why we did that," and we could justify that on
5 the numbers, why we made the ultimate judgment call; would
6 that be true of almost everything you've done?

7 MR. GOTBAUM: Mr. Chairman, every decision in this
8 process is subject to audit, every decision in this process
9 is public and, therefore, yes, sir, every decision in this
10 process must be capable of being justified. I hope, quite
11 frankly, that on every one of the marginal calls, that this
12 Commission will search very carefully --

13 CHAIRMAN DIXON: This Commission will, and our
14 staff people will be over there going all over you like, you
15 know, white on rice. And so we'll be around.

16 I wanted to make sure that I understand that you
17 felt that you had that kind of a defense apparatus in place
18 over there to show us the hard core numbers.

19 MR. GOTBAUM: We don't consider it defense
20 apparatus, sir. We consider it --

21 CHAIRMAN DIXON: My apology for a bad choice of
22 language there.

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1 MR. GOTBAUM: But, yes, and we are, of course,
2 prepared to answer the Commission's questions on any of these
3 decisions in any detail you want.

4 CHAIRMAN DIXON: Thank you, Mr. Secretary. I was
5 interested, Mr. Bayer -- forgive the formality, because
6 you're Bob and I'm Al when we're other places, as an old
7 associate of mine on the Readiness Subcommittee -- but one
8 thing that was interesting to me is when you said that you --
9 the economic impact, I thought you said, was on a regional
10 basis. You tried to make it on a regional basis. You went
11 into the discussions about Washington, D.C. and Baltimore and
12 that.

13 But I thought this morning -- do we have it? I
14 thought this morning, and here it is, the Navy, in their
15 report, the Department of the Navy Analysis and
16 Recommendations, Volume 4, March, 1995 said, on Page 2:
17 "Because of the large number of job losses occurring in
18 California and Guam, the DON decided against recommending
19 several closures that could otherwise have been made. Other
20 than Long Beach Naval Shipyard, no other closure is
21 recommended that would result in a negative direct civilian
22 job loss impact in any economic area in California."

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1 I don't mean to be particularly argumentative. I
2 don't even know that I argue much with the knowledge or the
3 sense of that, in view of what happened in California last
4 time, which I'm sure was difficult for those people to
5 accept. But wouldn't that go against what you had indicated?
6 I mean, that seems to be a statewide, in the biggest state of
7 our union, perception of what ought to be done, to some
8 extent.

9 MR. BAYER: I think you bring up a good point.
10 Clearly, that statement speaks to a statewide impact, rather
11 than a local impact. I was describing how our model was
12 developed and how it was applied, and it was applied on a
13 local level.

14 In making that judgment, the Department of the Navy
15 made a policy judgment that was above and beyond what we had
16 established as a modality for that particular criterion.

17 CHAIRMAN DIXON: I see. Mr. Secretary, the
18 Administration's fiscal year '96 budget reflects net savings
19 of \$6.6 billion over five years for the first three rounds of
20 the base closures. This budget also includes requests for
21 \$785 million and \$824 million fiscal years '96 and '97
22 dollars, respectively, to cover costs for the 1995 Commission

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1 closures.

2 Will you tell us how actual costs and savings
3 compare with what had been anticipated in the previous
4 budgets? Can you do that? In other words, we've heard that
5 they ran higher.

6 MR. GOTBAUM: That costs ran higher? I think, Mr.
7 Chairman, there are two things that have happened. One is
8 that Murphy's Law applies to the process of estimating moving
9 and construction costs.

10 CHAIRMAN DIXON: Murphy's Law applies to all things
11 governmental, as we can see, as my commissioners sit here
12 unconfirmed.

13 (Laughter)

14 MR. GOTBAUM: Yes. Yes, unfortunately. I think,
15 Mr. Chairman, it's important to separate out two things. One
16 is, what are the estimates that are made when the Department
17 makes a base closure recommendation, which is an estimate, as
18 Mr. Bayer would say, not budget quality. It is a rough
19 estimate which is made essentially for every possible
20 configuration.

21 We have a model, the COBRA model. We have a set of
22 estimates for the base closures we recommend, as well as all

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1 of the ones that we don't. And those are of necessity
2 because there are so many alternatives, rough. No way around
3 it, no apologies for it. They are rough estimates. That's
4 the basis on which we make recommendations.

5 Then once recommendations are made to you and once
6 the Commission decides what its slate is, the Department goes
7 through a formal budget process, a budget scrub, and develops
8 estimates for the bases in which case they know will be
9 closed, on a much more detailed basis.

10 It is frankly not surprising, Mr. Chairman, that
11 between the rough estimate that is done for real estate
12 decision making process and the budget process that there
13 are, in some cases, substantial differences. I will tell
14 you, however, that those differences go both ways.

15 It turns out, over time, that in some cases -- and
16 this is the part that we all know about and we all hear about
17 -- things cost more. It also turns out over time that, since
18 we do not include environmental costs in the real estate
19 decision making process that is BRAC, that environmental
20 costs need to be added to the accounts that we submit.

21 It also turns out, Mr. Chairman, that the services
22 over time develop ways to achieve the results at less cost.

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1 And so we see, between the cup and the lip, all of those
2 processes, sir. What I think would be useful and, with the
3 Commission's permission, I would like to submit it for the
4 record, is an actual comparison of the estimates when made,
5 the budget estimates we have now for the prior rounds of
6 BRAC, and what the changes have been over time.

7 What you will see, I believe, is that the
8 divergences are declining over time.

9 CHAIRMAN DIXON: Good.

10 MR. GOTBAUM: We believe that the estimates now are
11 better.

12 CHAIRMAN DIXON: I'd like to see the hard numbers.
13 Very good explanation, but I'd sure like to see the hard
14 numbers.

15 MR. GOTBAUM: We will provide them.

16 CHAIRMAN DIXON: But simplistically, let me ask you
17 once again, in fact, have the costs run a little higher than
18 you've anticipated in past rounds?

19 MR. GOTBAUM: The costs have run slightly higher.

20 CHAIRMAN DIXON: Only slightly?

21 MR. GOTBAUM: Why don't I submit the formal numbers
22 for the record, sir?

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1 CHAIRMAN DIXON: Good. But it's run a little
2 higher, would you say?

3 MR. GOTBAUM: Yes. If I may, Mr. Chairman, the
4 other point which I should note is that, notwithstanding
5 increase in costs, if the question is whether or not, on net,
6 the base closure process still saves the taxpayers money, I
7 must be very clear and very direct that it absolutely does.

8 CHAIRMAN DIXON: Can you have those for us within
9 ten days, do you think, Mr. Secretary?

10 MR. GOTBAUM: Absolutely. Absolutely.

11 CHAIRMAN DIXON: I'd greatly appreciate it. It's
12 useful to us.

13 Now, what are the annual costs and savings expected
14 from your recommendations on the '95 round of closures? I
15 appreciate the fact that Murphy's Rules apply. What do you
16 think it's going to cost?

17 MR. GOTBAUM: The estimates that have been
18 developed by the services as part of their recommendation
19 process total, in fiscal '96 dollars -- and I'm going to
20 switch, sir, to real dollars, just because that's how we do
21 our accounts for comparing this BRAC to previous rounds --
22 total a little less than \$4 billion -- \$3.8 billion as

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1 closure costs for the entire round over a six-year period.

2 CHAIRMAN DIXON: For the '95 round?

3 MR. GOTBAUM: Yes.

4 CHAIRMAN DIXON: How do you keep track of savings
5 and costs from that process? How do you track that?

6 MR. GOTBAUM: Good question and important one.
7 When we go through our next year's budget process, as I say,
8 the COBRA runs, the service estimates, et cetera, will then
9 be broken, by the service controllers and by the Department
10 of Defense controller, into separate accounts.

11 The costs of closure will go into the BRAC account,
12 with which I know you are well acquainted, and the savings
13 estimates will be allocated to whichever account makes sense
14 -- usually O&M accounts in the Department of Defense.

15 So, for example, in our budget now, there have been
16 debits to the O&M account to reflect the expected savings
17 from previous rounds of BRAC and this round, once approved
18 and completed, we will follow the same process.

19 CHAIRMAN DIXON: At what point is it more cost-
20 effective to keep excess infrastructure, rather than pay the
21 up front closure costs? Because there's been a lot of
22 discussion this time about the up front closure costs.

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1 MR. GOTBAUM: We haven't hit that point, Mr.
2 Chairman.

3 CHAIRMAN DIXON: Is there some kind of a formula
4 you'll use?

5 MR. GOTBAUM: Yes.

6 CHAIRMAN DIXON: Have thresholds been established?

7 MR. GOTBAUM: Not quite. What we have done is, in
8 applying the criteria -- as you know, Criterion No. 4 is cost
9 and manpower implications and Criterion No. 5 is return on
10 investment. So up front costs are included in that judgment,
11 the judgment about when do you get savings and how much you
12 get savings.

13 CHAIRMAN DIXON: Yes.

14 MR. GOTBAUM: As a result, for each facility, in
15 making the judgment about which ones to include, the service
16 involved and then the Secretary of Defense have taken account
17 of up front costs and measured them against cost savings and,
18 in the report that we've submitted to the Commission for your
19 consideration, for every single base, you will see a number,
20 which is an estimate of the closure costs.

21 You will see another number, which is an estimate
22 of the ongoing savings, and I'm sure we're willing to provide

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1 the year-by-year breakout, if you would like. But, in every
2 case, it has to result in net savings to the taxpayers.
3 Otherwise, we wouldn't do it.

4 CHAIRMAN DIXON: Is it finally just a financial
5 judgment decision, would you say, or is it a real decision
6 predicated upon some kind of thresholds and formula?

7 For instance, one of the discussions this morning,
8 which I respect very much, that came to us from the
9 principals this morning -- Secretary Perry, Deputy Secretary
10 Deutch and the Chairman of the Joint Chiefs, General
11 Shalikashvili -- was that, in all candor, some of the closing
12 costs were such that it impacted, to some extent, the
13 ambitious nature of this program this year.

14 MR. GOTBAUM: May I separate out two things, Mr.
15 Chairman? One is whether or not our budget constrains the
16 total size of the package that we recommend to you. The
17 answer on that one, as the Secretary of Defense himself has
18 said -- not only today, I expect, but certainly in the past
19 -- is that, because there are up front costs and because we
20 must pay them up front, the size of the closures are affected
21 by our budget.

22 CHAIRMAN DIXON: Yes.

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1 MR. GOTBAUM: The various services have said to us
2 -- and, in fact, have said to us for months -- that the
3 budget limits the total scope of what they can do, but that
4 is different from saying that, in any particular case, they
5 would undertake a closure that didn't itself ultimately
6 provide savings.

7 Each of the actions in this packet is taken because
8 it saves money for the taxpayers and the Department of
9 Defense.

10 CHAIRMAN DIXON: Right.

11 MR. GOTBAUM: Now, total size, however, is
12 constrained by the amount of money we have.

13 CHAIRMAN DIXON: Well, of course it is. But now,
14 in fact, you and I would both agree, and the distinguished
15 gentlemen that appeared this morning have stated under oath,
16 the fact that we all know that there's excess infrastructure
17 still out there after we do our duty this time. All of us
18 have talked about a recommendation about how we'll look again
19 another time.

20 Are you in a position to say how much the annual
21 cost is to the taxpayers of this country for the excess
22 infrastructure remaining after we do this '95 round? Do you

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1 have a judgment call on that? Do you know?

2 MR. GOTBAUM: Mr. Chairman, no. The reason for
3 that, let me tell you, is another reason why this is a
4 service-led process.

5 We use, within the Department of Defense as a
6 whole, a set of very rough measures to measure our
7 infrastructure. We use terms like "plant replacement value"
8 and "base ops cost," et cetera. But the fact is, when you
9 look at the plant replacement value of what we've got in Rock
10 Island, and the value to the Department of Defense in Rock
11 Island, those are quite different things.

12 So the reason we have relied on the services for
13 this judgment is because we don't see an overall measure that
14 we can use as a management tool. We keep track, but we don't
15 see that.

16 CHAIRMAN DIXON: I respect your answer, if I may
17 interrupt, Mr. Secretary.

18 MR. GOTBAUM: Yes.

19 CHAIRMAN DIXON: The point I wanted to make,
20 though, was this. If we are to come back at the conclusion
21 of our work -- and I think this is supported by the Chairman
22 of the Joint Chiefs and the secretary and deputy secretary

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1 who appeared this morning and I sense it's probably supported
2 by you and Mr. Bayer --

3 MR. GOTBAUM: Absolutely.

4 CHAIRMAN DIXON: -- if we are to come back and say
5 we should look at this another time -- and again, I say, not
6 with a '97 round; I say to my friends in this room and the
7 country I'm not going to come back and suggest that, but
8 sometime in the future look again -- I think we need to make
9 a case for why it ought to be done.

10 And part of that case is the annual cost to the
11 taxpayers of this nation to sustain the excess infrastructure
12 still remaining after this round by virtue of force level
13 reductions and reductions in authorizations and
14 appropriations, and all the things that are taking place over
15 this last few years since we reached our peak in the Reagan
16 years.

17 MR. GOTBAUM: With the Commission's permission,
18 perhaps we can do some work and see what kind of rough
19 measures we might be able to provide for you and for the
20 record.

21 CHAIRMAN DIXON: Okay. But you would agree, would
22 you not -- and that's the point of all this, I think -- that

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1 the excess infrastructure cost out there is a drain on
2 modernization, operations, and maintenance funds?

3 MR. GOTBAUM: Absolutely.

4 CHAIRMAN DIXON: That's why we engaged in this
5 exercise. We didn't come here to do pain to the country.

6 MR. GOTBAUM: Yes.

7 CHAIRMAN DIXON: We came here out of need. As I go
8 around to my service chiefs and the service secretaries and
9 to you fine gentlemen, and others who care about this
10 country's defense capabilities and are concerned about our
11 national security needs, you say to me in private, "Mr.
12 Chairman, we need these dollars for other things, for
13 fighting, for the weapons and the procurement necessities and
14 the people and the force levels and other things out there."
15 And that's why we're doing this.

16 MR. GOTBAUM: Absolutely, sir.

17 CHAIRMAN DIXON: So I think it's important that, to
18 some extent, you indicate to us for the record, as we come
19 back to the Congress later with recommendations, what that
20 cost is.

21 MR. GOTBAUM: All right. Let us see what we can do
22 for you.

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1 CHAIRMAN DIXON: Now, again, this is a little bit
2 sophisticated, I suppose, but can you define for the record
3 here for us your view of what the cumulative economic impact
4 is, either you or Mr. Bayer? In other words, how are losses
5 from previous closure rounds captured? Can impacts from
6 previous closures be differentiated from other negative
7 impacts on the economic area, such as civilian downsizing, or
8 you lump everything together, or how do you do that?

9 MR. BAYER: Let me answer that, Mr. Chairman. The
10 cumulative impact is based on past BRAC actions. We know the
11 number of employees -- direct and, with multipliers, indirect
12 -- that we have taken out of an economic area based upon past
13 base closure and realignment actions. We don't know what
14 other activities have occurred in that economy over time.

15 CHAIRMAN DIXON: Or how well they responded.

16 MR. BAYER: Exactly.

17 CHAIRMAN DIXON: Because different places respond
18 better.

19 MR. BAYER: Exactly.

20 CHAIRMAN DIXON: I look around the country and see,
21 in my own state and other places, how certain communities
22 seem to bounce back better and get the business systems

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1 flowing better and seem to almost, in effect, do as well
2 after the closure. I don't believe that's the case, but I
3 think there are many cases around the country where you'd be
4 surprised at the result, and you can't measure that,
5 obviously.

6 MR. BAYER: No, we can't. So what we did was, as
7 we were developing this model, I said, "Well, a decision
8 maker needs not only to know the number of jobs that were
9 taken out previously or would be taken out by a prospective
10 action, but he or she needs to know sort of what the vitality
11 index of the economy is, how vibrant has it been?"

12 And so, before any action was put before one of the
13 military secretaries, they had an array of economic data that
14 looked back 10 years for that economy, looking at job growth,
15 unemployment statistics, things of that nature, so that you
16 could see, yes, we might have known that we did these certain
17 things to an area. We don't know what other things occurred,
18 but we do know what the net results are through 1993, based
19 upon national economic data. So that's how we dealt with it.

20 CHAIRMAN DIXON: In the '93 closure round, your
21 staff established cumulative economic impact thresholds that
22 resulted in the removal of at least one installation from the

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1 service recommendations by your staff. Were there any
2 similar cumulative economic thresholds set for the '95 round?

3 MR. GOTBAUM: There were no thresholds set and
4 there were no actions that were removed because of economic
5 impact.

6 CHAIRMAN DIXON: That is my understanding, and I
7 will ask you both directly, as I asked the two secretaries
8 and the distinguished chairman of the Joint Chiefs this
9 morning, can you state under oath that there were no changes
10 made at your level after the services gave you their lists
11 and so forth?

12 MR. GOTBAUM: There were no changes made to the --
13 no installation was either added to or subtracted from the
14 list in the process of the review by the Secretary of
15 Defense.

16 CHAIRMAN DIXON: And I will ask you, as hands-on
17 people that were involved at the scrubbing level, were there
18 any directions given? That is to say, I know that there was
19 communication and discussions that went on on a continuous
20 basis, but were there any kinds of discussions where you
21 said, "Now this is off limits; don't do this; don't touch
22 this," or anything of that kind?

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1 MR. GOTBAUM: I think it is fair to say, Mr.
2 Chairman, that there are very few politicians from any level
3 of government who did not say to some official of the
4 Department of Defense at some stage in you process, "Don't do
5 it."

6 CHAIRMAN DIXON: Oh, how surprised I am to hear
7 that.

8 (Laughter)

9 MR. GOTBAUM: But I can assure you that,
10 notwithstanding all of that, our process was straight.

11 CHAIRMAN DIXON: Thank you. Well, you understand
12 the reason for this questioning.

13 It's important to us to have a record that is
14 replete with the responses of those of you who did this job
15 before it came to us, that, in your view, this result that
16 you have handed to us now is predicated upon a strict
17 compliance with your directives in the law and the eight
18 criteria and the things that are at least as objective as one
19 can get in an inexact science, because it is an inexact
20 science.

21 MR. GOTBAUM: I think, Mr. Chairman, you've
22 characterized it very well. The answer is yes, we believe

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1 that all of our recommendations are entirely consistent -- as
2 I said, both in the spirit and in the letter -- with the
3 force structure and the structure.

4 MR. BAYER: I would agree with that testimony, Mr.
5 Chairman.

6 CHAIRMAN DIXON: Was DOD reluctant to close major
7 industrial laboratories or test and evaluations installations
8 because of economic impact?

9 MR. GOTBAUM: I would say that the Department of
10 Defense has to be mindful and does recognize that the
11 economic impacts of laboratories, depots, other industrial
12 facilities, are substantial. But I think the record shows
13 quite clearly that, notwithstanding that fact, the Department
14 of Defense is prepared, in fact, to close large industrial
15 facilities when it needs to, which it does.

16 CHAIRMAN DIXON: I will ask you both, was any
17 decision taken to downsize, rather than close an
18 installation, as a result of economic impact considerations?

19 MR. GOTBAUM: I do not believe so.

20 MR. BAYER: I'm not aware of any, sir.

21 CHAIRMAN DIXON: Going back to the Navy question
22 that I had referred to before, that's in the Department of

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1 the Navy Analysis and Recommendations, Volume 4, March 1995,
2 on Page 2, this morning the secretary indicated that no base
3 was removed from the list for economic impact reasons but,
4 clearly, the Navy -- I say "clearly, the Navy" because they
5 say so in print here -- refrained from putting some
6 installations on the list for economic impact reasons.

7 Did they establish their own economic threshold, as
8 far as you know?

9 MR. GOTBAUM: As we're already discussed, Mr.
10 Chairman, each service has its own process.

11 CHAIRMAN DIXON: Yes.

12 MR. GOTBAUM: Each service implements the criteria
13 in its own way, and the Navy, I understand, as a matter of
14 policy and process, in fact applied an extra economic screen
15 in making their judgments.

16 What I hope the Secretary of Defense said and
17 believe and Secretary of Defense said is that we, at the
18 level of the Secretary of Defense, did not either add to or
19 subtract from the list on the basis of economic impact,
20 notwithstanding the fact that we spent many hours and much
21 effort to assess those effects as part of our decision-making
22 process.

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1 CHAIRMAN DIXON: Well, now, you've read this
2 language, as we have. Did you agree with the Navy's not
3 submitting some installations for economic reasons?

4 MR. GOTBAUM: We did not direct the Navy to add to
5 their list.

6 CHAIRMAN DIXON: Are you aware of which
7 installations are referenced by the words "several closures"?

8 MR. GOTBAUM: No.

9 CHAIRMAN DIXON: Can you find out and make that
10 available to us?

11 MR. GOTBAUM: I would be happy to do so. I would
12 also suggest that this is probably a fit subject for
13 discussion with the Navy directly.

14 CHAIRMAN DIXON: I think a fair question is which,
15 if any, installations were substituted for those California
16 and Guam facilities removed from consideration.

17 MR. GOTBAUM: My understanding, Mr. Chairman -- but
18 I would like to get this and provide it for the record -- is
19 that the issue in California did not result in substitutions.
20 It was a judgment about capacity. But I think we should --

21 CHAIRMAN DIXON: Well, of course, but one of two
22 different things obtained. Either other installations or

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1 bases were substituted or the list was made smaller. One of
2 those two results had to obtain and the question is, which
3 did? And staff will pursue that.

4 Are you aware if the Navy determined a numerical
5 measure of threshold to conclude that the cumulative economic
6 impact should cause them to decide against further
7 consideration of installations they would otherwise close?
8 Is that a possibility?

9 MR. BAYER: I'm not aware of that, sir.

10 CHAIRMAN DIXON: The only reason I ask these
11 questions is, again, the obvious one. We're not the only
12 ones who read these books, and there are obviously going to
13 be people asking these questions, and I would like to have
14 the answers.

15 Mr. Secretary, several years ago, the Went Study at
16 DOD Maintenance Depots, done for the chairman of the Joint
17 Chiefs, concluded that there was 25 to 50 percent excess
18 capacity in the depots. The General Accounting Office
19 reviewed the study and concurred that there was significant
20 excess capacity. An April 1994 study by the Defense Science
21 Board concluded that 24 depots remaining after the BRAC '93
22 closures round will have 20 to 30 percent excess capacity.

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1 One of the goals of the Joint Cross-Service Depot
2 Maintenance Group was to eliminate unnecessary duplication
3 and excess capacity. Do the closure recommendations that
4 you've submitted result in significant elimination of excess
5 depot maintenance capacity?

6 MR. GOTBAUM: Yes, sir, they do. Jim Klugh, the
7 deputy under secretary for logistics, spoke at the last BRAC
8 review group meeting and reported that his group, in their
9 estimates, worked in terms of depot equivalents.

10 They said that they believed that the excess
11 capacity that they could measure in the department was
12 somewhere in the range of four to six to eight depot
13 equivalents excess, that the list of recommendations that the
14 Department has, I believe, is in the equivalent, when you run
15 through all the numbers of about 5-and-a-half to 56 depots
16 equivalent.

17 So his view, our view, is that, in fact, there is
18 substantial capacity reduction in depots as a result of these
19 recommendations.

20 CHAIRMAN DIXON: In candor, there are some
21 suggestions to us that more could have been done in the depot
22 area. Is it your feeling that it is the limit of what you

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1 could have done in this round? I know that's a tough
2 judgment call. I'd just like to ask your professional
3 opinion.

4 MR. BAYER: No, go right ahead.

5 (Laughter)

6 MR. BAYER: I think, in a number of areas, as the
7 secretary said, we know we still have excess capacity, but
8 the truth is that the areas that we're looking at -- and I
9 think logistics perhaps, along with medical, are the most
10 sensitive to our war-fighting capability -- that we needed to
11 take into account not only where we wanted to be in the long
12 term but what we could do in the short term, not just from a
13 budgetary point of view, but also from a functional
14 operational point of view.

15 There's a tremendous amount of turbulence in
16 executing the activities that we've already agreed to and
17 what we're proposing now, and so, if you want my judgment on
18 where we are, I think that, if the measurement of overall
19 excess capacity was eight and we got close to six at this
20 point, given the fact that all of that turbulence will
21 directly impact the readiness of our forces, unless it's done
22 very, very carefully, that that is a good military reason to

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1 acknowledge that you might want to go further, but you don't
2 do it in a way that's going to jeopardize the near term.

3 CHAIRMAN DIXON: I thank you for that. I presume
4 that the person that was doing the charts earlier is not
5 here, but I would like to look at the Air Force depot chart.
6 Director, we ought to have someone below your level who could
7 do that.

8 (Laughter)

9 CHAIRMAN DIXON: Well, we got a colonel. That's
10 pretty high authority. Thank you, Colonel. I appreciate it.
11 Now, let's see. Is that the one I want, though? Air Force
12 Depot -- yes.

13 Secretary Deutch suggested a thorough scrubbing by
14 the Commission staff of costs and savings reflected on a
15 chart that he presented this morning titled "Air Force
16 Depots" would tell us this story, and we have that chart. I
17 understand that the Air Force analysis suggests it is more
18 cost-effective to downsize all five Air Force depots than to
19 close two.

20 I'll ask you, Mr. Secretary, first, do you agree
21 with this analysis?

22 MR. GOTBAUM: Me, my staff, my colleague, Mr. Bayer

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1 and his extremely talented staff -- many of whom are sitting
2 behind me, so I think they ought to get the appropriate
3 recognition -- have gone through the Air Force analysis and
4 are, in fact, satisfied, Mr. Chairman, that, if and when
5 implemented, that the Air Force is correct that it can, in
6 fact, save more money at lower up front cost by the proposal
7 that they have made, than by proposing to close the two
8 depots that they had under consideration.

9 CHAIRMAN DIXON: So you will defend the position
10 that downsizing five saves more than closing two? That is
11 the position of your staff?

12 MR. GOTBAUM: That is the position.

13 CHAIRMAN DIXON: Did your Cross-Service Depot Group
14 agree with this analysis?

15 MR. GOTBAUM: The Cross-Service Depot Group acceded
16 to the fact that the Air Force --

17 CHAIRMAN DIXON: No, not if they acceded. Did they
18 agree?

19 MR. GOTBAUM: If I may --

20 CHAIRMAN DIXON: I acceded to a lot of things in my
21 life I didn't agree to.

22 (Laughter)

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1 MR. GOTBAUM: What I can say is what Jim Klugh
2 said, which is that he was satisfied with the result.

3 CHAIRMAN DIXON: Okay. I'm not sure that you're
4 not copping a little bit on that, Mr. Secretary, but I don't
5 want to be argumentative.

6 This chart reflects a savings that's represented to
7 us of \$1.8 billion. Is that right?

8 MR. GOTBAUM: Actually, \$2.8 billion, sir.

9 CHAIRMAN DIXON: Oh. Excuse me. \$1 billion due to
10 non-BRAC actions, yes. Why are non-BRAC costs and savings
11 included in there?

12 MR. GOTBAUM: The point that the Air Force wished
13 to make is that, just because we don't count them in our BRAC
14 decision-making process doesn't mean the taxpayers don't pay
15 for it when they have excess over that.

16 CHAIRMAN DIXON: I think that's a valid point.
17 Okay. Was an analysis conducted of closing just one Air
18 Force fixed wing depot?

19 MR. GOTBAUM: I'm sure that the answer to that is
20 yes, but I cannot assert that I know it for the record, so
21 let me provide it for the record.

22 CHAIRMAN DIXON: I wonder if you could look at that

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1 and also indicate, if you're not able to -- and I understand
2 that one can't anticipate all these questions -- we'd like to
3 know how would that analysis change these figures? In other
4 words, why is the up front cost to close one of these depots
5 so high?

6 If I hear you say two, you know, I mean -- but we'd
7 like to have a better analysis of that, because, quite
8 candidly, there have been questions raised, even by the
9 press, during the intermission for lunch, about the analysis
10 of that, which I think, simplistically, doesn't appeal too
11 much, the suggestion that you can downsize and save more than
12 closing. I think people question that a little.

13 I'd like to have a better, more thorough evaluation
14 of that from you, if you don't mind.

15 MR. GOTBAUM: Absolutely, Mr. Chairman.

16 CHAIRMAN DIXON: Mr. Secretary, the staff
17 understands that the Joint Cross-Service Maintenance Depot
18 Group recommended that eight depots should be closed by DOD's
19 list. Is this accurate? Your list, of course, is fewer than
20 that.

21 MR. GOTBAUM: The Depot Maintenance Group
22 recommended for consideration to the services two separate

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1 configurations, sir, and I will admit, since I don't have
2 them immediately at hand, I cannot recall exactly how many
3 depots were on each.

4 CHAIRMAN DIXON: Let me say to you that staff says
5 that the Joint Cross-Service Maintenance Group, in fact --
6 Depot Group -- in fact recommended eight depots that should
7 be closed and, quite candidly, you do not have eight on the
8 list.

9 Now, I'm not saying you dropped some on the way to
10 the final analysis or accusing anybody of anything. But
11 would you explain how we got information somehow that there
12 should have been eight depots on the list and it ends up
13 being how many? Two? That's a pretty big amount to drop,
14 two complete ones.

15 I think we ought to have an analysis of that.

16 MR. GOTBAUM: Let me make two points, Mr. Chairman,
17 if I may.

18 CHAIRMAN DIXON: Please do. Please do. And this
19 is not meant to accuse of anything, but we want to get to the
20 facts.

21 MR. GOTBAUM: I understand. But it's important to
22 get an understanding of what the joint cross-service process

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1 can do and cannot do.

2 The purpose of the joint cross-service process --
3 and it was a first time ever effort. My understanding,
4 although I was not in the Department of Defense at the time,
5 is that it was considered, in 1993, in the 1993 round of the
6 Department of Defense, and essentially turned down as being
7 too difficult.

8 CHAIRMAN DIXON: Yes.

9 MR. GOTBAUM: This was a first time ever effort.
10 It was an attempt to develop consistent data, consistent
11 alternatives, and then get some consideration of cross-
12 service opportunities.

13 I will tell you, sir, that it is my opinion -- and
14 this is a personal opinion -- that, for a first time ever
15 effort on a cross-service basis, it was, I must say, a
16 success, because we have had some of the recommendations
17 taken as is; we have had other recommendations taken as
18 modified, and we have also, frankly, established some
19 benchmarks for further work.

20 It is certainly the case that the BRAC process, by
21 itself, is neither the right forum nor the easiest forum to
22 encourage all of the management issues that are involved in

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1 cross-servicing.

2 CHAIRMAN DIXON: I think I'd conceded that.

3 MR. GOTBAUM: So going through it, where we found
4 we were most effective, in fact, is those areas where there
5 were already some discussions among the services. One of
6 those I will tell you, sir, was, in fact depots, which is why
7 the head of the Depot Joint Cross-Service Group pronounced
8 himself satisfied with that kind of progress.

9 I would not assert, and none of us would assert,
10 that every recommendation of the Joint Cross-Service, of any
11 Joint Cross-Service Group was taken by any service. That's
12 not true. But, frankly, that wasn't the purpose. The
13 purpose was to get them to consider that and that, sir, they
14 have.

15 CHAIRMAN DIXON: Yes. Let me be very candid with
16 you again, because this isn't intended to try to trap
17 anybody. It's intended to make everybody understand what
18 we're looking at.

19 I heard everything that was said this morning by
20 your distinguished at this morning's hearing, where Mr. Bayer
21 was kind enough to join us, and I hear what you're saying
22 now, and I hear all the stuff about the management concerns

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1 and the cross-service problems and, frankly, the potential
2 commissioners here, that are distinguished former leaders of
3 our respective services in this country, confirm the truth of
4 that, so I understand the problem involved.

5 But there seems to be an awful lot of feeling, in
6 all candor, that with the directions we had from the last
7 time, we might not have done as fully as possible what could
8 have been done in that area.

9 Would you be kind enough to review thoroughly with
10 our staff that question? For instance, assume, for the
11 purpose of our discussion, that, in fact, a group at one
12 point in time did say that there were eight maintenance
13 depots to be considered and it ends up being only two.

14 You know, the question obviously is how much excess
15 capacity would be eliminated if the recommendations were
16 accepted as originally made at some level and how much
17 additional excess capacity would be eliminated if all eight
18 maintenance depots were closed?

19 Now, you're talking about big numbers when you get
20 into that kind of stuff, and so I think it's relatively
21 important to have that analyzed.

22 MR. GOTBAUM: Absolutely, and we shall.

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1 MR. BAYER: Mr. Chairman --

2 CHAIRMAN DIXON: Now, I'm not going to keep you
3 real long, but -- yes.

4 MR. BAYER: I was just going to make an observation
5 about what the joint cross-service groups provided in the way
6 of alternatives and how that relates to what came out of the
7 military services.

8 As Secretary Gotbaum said, their job was to try to
9 do what has never been done before -- compare functions and
10 capacity and requirements across the service lines. They did
11 that and, through this optimization model, sort of pushed the
12 envelope to as far as one could go and, in fact, in the depot
13 area, the judgment was that, if you pushed it as far as you
14 could go, you could probably squeeze eight depot equivalents
15 out of the system. The proposals we had before us actually
16 recommend the closure of five-and-a-half to six, depending on
17 how you count.

18 I think where the difference is, is the kind of
19 factors that Secretary Deutch and Perry mentioned -- dollars
20 and management -- and I think that's the reasons for the
21 difference between where you might be able to push and what
22 you can do in the near term.

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1 CHAIRMAN DIXON: I hear that and I respect that,
2 and I think we would like to take another look at that. I
3 see there, quite candidly, nobody argues with the fact that
4 there's got to be management decisions about what keeps
5 things running correctly and smoothly and so forth, and I
6 respect that.

7 You know, we're not going to be nitpickers. But,
8 if there's some fairly big numbers here, then I think that
9 we're concerned about looking at that.

10 (A discussion was held off the record.)

11 CHAIRMAN DIXON: Mr. Secretary, in April of 1994,
12 the Defense Science Board Report states, "The defense
13 laboratory system is an obsolescent artifact of the Cold War
14 which has not kept pace with the shrinking military force
15 structure and changing patterns of technology advancement
16 generation."

17 The DSB recommended a 20 percent cut in the
18 laboratories' civil service personnel in addition to the 4
19 percent per annum cut directed by defense policy guidance,
20 1995 through 1999. According to a senior DOD official, these
21 cuts will result in a 35 percent reduction in these personnel
22 by the end of the century.

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1 How much of a reduction in DOD laboratory
2 infrastructure is contained in your recommendations?

3 MR. GOTBAUM: Mr. Chairman, I must tell you I'm not
4 sure that I know the answer to that and, with your
5 permission, I'd like to find out and come back for the
6 record.

7 CHAIRMAN DIXON: I thank you for doing that. Do
8 you believe it to be somewhere approaching the kinds of
9 substantial numbers I have identified here or do you think
10 that you've fallen short?

11 MR. GOTBAUM: Mr. Chairman, since I really,
12 genuinely do not know, I think the best approach is for us to
13 come back to you.

14 CHAIRMAN DIXON: All right. And, if you would, the
15 follow up question: how and when is DOD going to eliminate
16 the excess infrastructure, particularly in view of the
17 findings of the DSB that it's an "obsolescent artifact of the
18 Cold War"?

19 (No response.)

20 CHAIRMAN DIXON: As you know, test and evaluation
21 was one of the joint cross-service areas selected for special
22 emphasis during the '95 BRAC process. Several studies and

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1 key officials have pointed out that the greatest
2 opportunities for reduction in test and evaluation
3 infrastructure exist in testing of high-performance aircraft,
4 electronic warfare systems, weapons and munitions testing,
5 test support aircraft, and selected test and training
6 functions.

7 Why did DOD's BRAC '95 not recommend significant
8 consolidations in those areas?

9 MR. GOTBAUM: The Department considered the number
10 of consolidation alternatives, and some of them were taken.
11 There is, in fact, some shrinking of T&E infrastructure
12 generally within service.

13 What we found is that each service considered its
14 T&E facility to be sufficiently core, sufficiently central to
15 their role that they were not comfortable that they could
16 execute their Title 10 authorities by giving them up.

17 And so, as a result, there is, in these
18 recommendations, a reduction in capacity. There is, in these
19 recommendations, enclosures. But you are not seeing joint
20 operation of real estate. Do you want to add to that?

21 MR. BAYER: Yes, I do. I think that the last two
22 questions actually are quite related, as I experience the

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1 process. The general strategy in all of our technical bases
2 would be that the land and air and sea space of our test
3 facilities are the irreplaceable assets, that you can build
4 vertical facilities virtually anywhere, you can replace them,
5 but you can't replace those air and land and water ranges.

6 So, in an ideal world, you would want to migrate
7 laboratory functions to large test installations that you
8 were going to need for other purposes. Since we weren't able
9 to make a great deal of progress in the test and evaluation
10 side for the reasons that Secretary Gotbaum mentioned, it
11 became a lot more difficult to consolidate laboratory
12 functions.

13 What we were able to do, on a service-by-service
14 line, is to close out quite a number of small test and
15 evaluation activities and migrate them to larger test and
16 evaluation or research and development activities, but
17 amalgamating the two just was more than this process could
18 handle.

19 CHAIRMAN DIXON: Thank you, Mr. Bayer.

20 In the cross-service areas of depots, tests and
21 evaluations and laboratories, I understand the need to retain
22 a core capability within the Department of Defense, but not

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1 within each service. With fewer dollars available for new
2 weapons systems, how can the Department justify retaining
3 these duplicate core capabilities?

4 I mean, did the cross-service groups calculate the
5 cost of these duplications? Is that a matter of record?

6 MR. GOTBAUM: I believe so.

7 CHAIRMAN DIXON: I wonder if we could have a look
8 at that. And again, we respect the problems in connection
9 with cross-service capabilities.

10 Mr. Secretary, some of the same inter-servicing
11 areas have been studied and costed for the last 20 years. In
12 most cases, recommendations were rejected by the services,
13 and the Department chose not to direct. Do you feel that
14 this Commission is the only way to get rid of the excess
15 infrastructure costs?

16 MR. GOTBAUM: I believe the BRAC process is the
17 only way to get rid of the excess infrastructure costs, sir,
18 absolutely. The point I make, which is really quite an
19 important one, is that there is, within the Department now,
20 increasing jointness.

21 This is not a speedy process and it's not an easy
22 process, because it requires changing things that have been

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1 done the way they are, in some cases, for generations, but it
2 is happening, sir.

3 It is a fact that, before BRAC '95, the Navy and
4 the Air Force were having discussions about doing a common
5 curriculum for pilot training and, as a result, we were able,
6 in the BRAC process, to give a real estate result to those
7 sets of discussions.

8 It is also the case that, in the depot maintenance
9 area, there is now substantial cross-servicing and that that
10 amount is increasing.

11 It is also the case, in the lab area that, in this
12 round, for example, the Air Force has proposed moving some
13 facilities out of Rome, New York -- painful to me, as a New
14 Yorker, I would say -- to Monmouth, to Fort Monmouth, to co-
15 locate with the Army's facilities.

16 So it is certainly the case that the BRAC process
17 is essential, but I think it's important to note that the
18 other processes are going on within the Department, even as
19 we speak, and I expect that they will continue.

20 CHAIRMAN DIXON: Your report states that an
21 independent review of the DOD cumulative economic impact
22 analysis was performed by six experts from government,

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1 academia, and the private sector. They concluded that the
2 Department "estimates tend to overstate economic impact" and
3 that the Department should stress this in its presentations
4 to the Commission, the Congress, and the public. Is that
5 accurate?

6 MR. GOTBAUM: Yes.

7 MR. BAYER: Yes, sir, that is, and that was part of
8 my statement.

9 CHAIRMAN DIXON: And I think you've suggested that
10 here today. Do you believe that our analysis of economic
11 impact may be unduly exciting areas of the country that are
12 affected by this?

13 MR. BAYER: Well, that's a real judgment call about
14 whether it's unduly exciting. They are clearly worst-case,
15 and so I think that needs to be stressed. Perhaps, on the
16 one hand, because they're consistently applied, they did
17 provide us with the ability to choose one alternative versus
18 another.

19 When, though, communities look at the impact, one
20 would hope that they would see that as the worst possible
21 case and perhaps be motivated to the kind of very aggressive
22 community leadership that's needed to diversify an economy

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1 and change what they've been doing.

2 CHAIRMAN DIXON: Mr. Secretary, the country is
3 going through a major realignment in the delivery of health
4 care. Hospitals across the country are merging within cities
5 and regions, as you know.

6 What do your recommendations do to merge medical
7 facilities across service lines within areas and regions, and
8 what are the specific recommendations by area and region, and
9 was each analyzed?

10 MR. GOTBAUM: Let me go backwards in time. Were
11 they analyzed? The answer is yes, sir. The Medical Joint
12 Cross-Service Group took into account, by cachement area, if
13 you will, what the demand was and what the capacity was.

14 Were there consolidations? Yes, sir, I will tell
15 you there were. Can I give you a list of them line by line?
16 Not now, but I would be happy to provide that for the record.

17 CHAIRMAN DIXON: Okay. But you can provide that
18 for us?

19 MR. BAYER: I can give you a few examples, Mr.
20 Chairman. We have two hospitals in the Colorado Springs area
21 -- Fort Carson at the Air Force Academy; we also had a major
22 medical center only, what, 70, 80 miles away at Denver --

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1 Fitzsimmons. This package recommends the closure of
2 Fitzsimmons. So that was a rationalization of regional
3 medical care.

4 Another one was here in the Washington area where
5 we have major medical facilities of all three of the services
6 -- the Air Force at Andrews Air Force Base, the Navy at
7 Bethesda, and the Army at Walter Reed.

8 Not only were they downgrading some of those
9 facilities, they were rationalizing the graduate medical
10 education, the residencies, so that only one of these major
11 medical centers in the area would provide residency training
12 for one discipline. That was a tremendous cost savings
13 initiative.

14 We also --

15 CHAIRMAN DIXON: That's excellent. If you could
16 give us all of those that you've done, Mr. Bayer, that's very
17 helpful.

18 MR. BAYER: All right.

19 CHAIRMAN DIXON: Mr. Secretary, in your view, what
20 are the pros and cons of DOD integrating fully Air Force and
21 Navy undergraduate pilot training programs?

22 MR. GOTBAUM: I'm not sure, Mr. Chairman, that I

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1 should claim that I'm even qualified to have an opinion but,
2 since it is my understanding that they Air Force and the Navy
3 have now agreed on a common curriculum that will be taught at
4 all of their facilities, I guess, since both the Air Force
5 and the Navy are in favor of it, I should be, too.

6 CHAIRMAN DIXON: Did the Undergraduate Pilot
7 Training Joint Cross-Service Group recommend that any Air
8 Force or Navy UPT bases be closed?

9 MR. GOTBAUM: They recommended that the services
10 consider a number of closure alternatives, some of which
11 were, in fact, closed as a result of the service
12 recommendations, or would be if confirmed by this Commission.

13 CHAIRMAN DIXON: Does DOD have a policy regarding
14 the cross-servicing of UPT?

15 MR. GOTBAUM: I'm not sure that I understand the
16 question, sir.

17 CHAIRMAN DIXON: Do you have a policy in your shop
18 about cross-servicing of undergraduate pilot training? In
19 other words, are you working towards that goal?

20 MR. GOTBAUM: Oh, absolutely. I mean, as I say,
21 that's part of the reason that -- that's part of the reason
22 that the Joint Cross-Service Group on Undergraduate Pilot

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1 Training was able to make the progress it was as part of the
2 BRAC process, because there already was considerable progress
3 in developing a common curriculum on which to build.

4 CHAIRMAN DIXON: Mr. Secretary and Mr. Bayer, this
5 morning I read questions from several members of the
6 Congress, that had sent them to us. You were here, Mr. Bayer
7 at the time. I feel that I should do that again this
8 afternoon. We have these two; is that correct?

9 This morning, Congressman Sonny Montgomery spent a
10 considerable amount of time here -- I don't see him now -- he
11 spent, I believe, the entire morning, and he is a man who has
12 long been involved, as you know, in concerns about our
13 military in this country, serves with great distinction on
14 the House Armed Services Committee.

15 He asked these questions. There are three of them,
16 Mr. Secretary, and that always gets a little confusing. But
17 let me read them:

18 "How did DOD handle the obvious benefits of
19 regional complexes?"

20 Second: "I understand that, in the process, NAS
21 Meridian received two looks -- one at the service level and
22 the second look at the joint level. If the joint ranking was

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1 higher, why didn't DOD take action based on the joint
2 ranking, rather than leave the service-unique lists in place?
3 After all, aren't we trying to save by consolidation and
4 joint functions?"

5 And finally, his last question: "If you did look
6 at regional synergisms, why didn't DOD create a ranking based
7 on these synergisms and regional complexes, and then direct
8 closure actions based on these new rankings?"

9 Can you answer that? Is that too complicated, the
10 form of the question?

11 MR. GOTBAUM: Mr. Chairman, I can respond to part
12 of it, because it is absolutely the case that, as part of our
13 review at the Office of the Secretary, we did look at
14 precisely this issue.

15 CHAIRMAN DIXON: Okay.

16 MR. GOTBAUM: This is all in the record, and we
17 will be happy to provide all the information that the
18 Commission would like on it.

19 The joint cross-service groups essentially made
20 judgments about how much excess capacity there was, and made
21 closure recommendations as part of it.

22 The Navy, when they came forward with their

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1 recommendations, suggested we believe that, based on our
2 workload and our capacity, that we are going to and we should
3 close the Meridian, Mississippi facility, and Corpus -- I
4 mean, that was not their only closure in this area -- but
5 that we think it would be, in fact, a good candidate for a
6 larger joint facility with the Air Force's Columbus facility,
7 about 60 miles away.

8 This seemed like a sensible suggestion. The Navy
9 obviously had not gotten the Air Force to agree. So we
10 asked, the deputy secretary asked the deputy under secretary
11 for readiness, who chaired the Joint Cross-Service Group on
12 Undergraduate Pilot Training, essentially to look at the
13 question again, which he did.

14 And, frankly, I convened a meeting with him in my
15 office with Mr. Bayer and representatives of the Navy and the
16 Air Force, and said, "Let us look and consider this proposal
17 for a combined facility."

18 The group worked, I will tell you, extremely
19 intensively, and came back a couple of days later and said,
20 "It is our considered judgment that, if it makes sense for
21 there to be unified base, that the place to do so is probably
22 not Meridian, Columbus," for reasons that we can get into for

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1 the record, et cetera, that essentially involve likely costs
2 of expansion of those facilities if they were so designated.

3 So the Joint Cross-Service Group, after considering
4 the issue, essentially said, "On the merits, we don't -- not
5 that it doesn't make sense to have this kind of joint
6 facility but that it does not make sense to have this kind of
7 joint facility here and that, if it makes sense to have that
8 kind of joint facility, it will be in one of the bases that
9 we are already keeping open."

10 CHAIRMAN DIXON: Thank you. Will you excuse me a
11 moment, please?

12 (A discussion was held off the record.)

13 CHAIRMAN DIXON: Mr. Secretary and Mr. Bayer, the
14 last question I have from any Member of the Congress is from
15 Congressman Sherwood Boehlert. He is from the 23rd District
16 in New York, as you know.

17 He says, in this morning's testimony, Secretary
18 Perry described Lowry Air Force Base's reuse plan as a
19 successful consequence of the BRAC process. In the BRAC '95
20 process, did you consider the community's reuse plans as a
21 result of previous BRAC closure or realignment decisions?

22 That's the first question.

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1 Should already completed, well-developed reuse
2 planning efforts be a part of subsequent BRAC decisions?
3 That's another question.

4 And then, secondly, at Rome, New York, for
5 instance, as a result of the realignment of Griffiss Air
6 Force Base, a reuse plan was completed with the assistance of
7 the Office of Economic Adjustment in the Air Force. Was the
8 impact to the community's reuse plan taken into consideration
9 in the decision to close Rome Lab?

10 MR. GOTBAUM: As I'm sure the Secretary said, the
11 Department of Defense is especially mindful of our obligation
12 in has been directed, I will say, by the President of the
13 United States, that we have to help base closure communities
14 adjust, bring in new job training, new development, et
15 cetera, and we are doing so.

16 We think it's especially important that those
17 efforts not be compromised in any way by the BRAC process,
18 because we have had communities come to us and say, "Does the
19 fact that we're planning for reuse mean that we are likelier
20 to be closed?" And the answer -- I want to be very clear and
21 direct -- is no, it does not.

22 So, what we did in the BRAC process is, we said we

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1 have to develop economic indicators that can be applied
2 consistently across the country, and that's why we developed
3 the measures that Mr. Bayer described to you before. Those
4 relate to the current economic situation, the likely change
5 in employment, and so forth.

6 We are extremely mindful and very careful about
7 keeping separate the other part of, frankly, my organization
8 within the Department of Defense that does reuse. Those
9 people have nothing to do with the BRAC decision-making
10 process.

11 CHAIRMAN DIXON: Sure. Thank you. Did you have
12 anything to add, Mr. Bayer, to that?

13 MR. BAYER: No, I do not.

14 CHAIRMAN DIXON: I thank you both, and I thank all
15 of you in the Department of Defense for the many months that
16 you've spent on this process.

17 You accept, I am sure, the fact that, while this is
18 not an entirely adversarial relationship now, it is our
19 obligation to ask you the very hard questions because, in the
20 first place, we expect to work, to a great extent, from your
21 document, and the appropriate thing to do in view of that is
22 to question that document, and we will continue to do that.

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1 I know, in the sense of your high standards about
2 public service, you will fully cooperate with us and we thank
3 you for that, and our staff people will be bothering you a
4 good deal in the future.

5 Yes, Mr. Secretary?

6 MR. GOTBAUM: Mr. Chairman, if I may say two
7 things.

8 CHAIRMAN DIXON: Please do.

9 MR. GOTBAUM: One is, I understand an issue came up
10 this morning about a study that suggested that incomplete
11 closures were not sufficiently attractive to the taxpayers,
12 and I would like, if I may, to submit for the record my
13 response to the group that made that study, for your
14 consideration.

15 CHAIRMAN DIXON: I thank you. Yes, we had a
16 considerable discussion on that this morning. I appreciate
17 your submitting it. Do you have it with you, for the record?

18 MR. GOTBAUM: I do not, but I will get it to you
19 today.

20 CHAIRMAN DIXON: You are welcome to do that. You
21 and I have discussed that on a past occasion. I would very
22 much like to have it in the record.

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1 those answers, and we will ask all the questions.

2 I thank you both very much for being here today.

3 Pardon me a minute.

4 (A discussion was held off the record.)

5 CHAIRMAN DIXON: Let me have the hearing dates for
6 next week and where they are, if you don't mind. We have a
7 hearing next Monday, March 6th. May I have that, Wade?

8 For the benefit of people here, Monday, March 6th,
9 Caucus Room 345, Cannon House Office Building. The service
10 secretaries present recommendations on methodology for
11 service selection process.

12 9:00 a.m., Secretary of the Navy John Dalton; 1:30
13 p.m., Secretary of the Air Force Sheila Widnall.

14 On Tuesday, March 7th, 106 Dirksen Senate Office
15 Building, defense and service secretaries present
16 recommendations, methodology for defense agency and service
17 selection process.

18 9:00 a.m., Secretary of the Army Togo West, Jr.;
19 1:30 p.m., defense agencies, including the Defense Logistics
20 Agencies.

21 Then, Mr. Secretary and Mr. Bayer -- and I know
22 this is of interest to you -- March 16th -- let's see, that's

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1 Thursday, March 16th, 216 Hart Senate Office Building.

2 9:00 a.m., private sector individuals and groups
3 present testimony on issues relating to reuse of closing
4 military installations; and at 1:30 p.m., government
5 officials present testimony on reuse issues.

6 I say again, we invite, Mr. Secretary and Mr.
7 Bayer, you back again. We invite our friends in the
8 Congress, both the Senate and House, and people in the
9 municipalities and regions and states around the country that
10 have questions, to send them to us.

11 The questions will be answered. The matter will be
12 thoroughly investigated to the finite, ultimate point that it
13 can be investigated and we will send out views to the
14 President of the United States before July 1 of this year.

15 Thank you very, very much for being with us today
16 and this meeting is adjourned.

17 (Whereupon, at 3:15 p.m, the meeting was
18 adjourned.)

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