

**Substantial Cost Savings in Closing
Ellsworth and Transferring the B-1s to Dyess**

- The Air Force will **save \$1.8 billion in closing Ellsworth**. This is fifth largest savings for the Air Force and a significant portion (12%) of the Air Force's BRAC savings.
- Ellsworth has 3,308 military and 438 civilians positions. Only 1,918 military and 129 civilians positions will be moved to Dyess. The Air Force will **save 1,390 military and 309 civilians positions** by operating the same number of B-1s at Dyess versus Dyess and Ellsworth.

	Military	Civilians
Ellsworth	3,308	438
Transfers to Dyess	<u>1,918</u>	<u>129</u>
Savings	1,390	309

- Chairman Principi is quoted as saying: "that those military personnel are not coming off the end strength, but they're being moved. . . From our accounting perspective, it's really not a cost savings."
- From an accounting perspective, **it really is a cost savings**.
 - Paying the extra 1,390 military and 309 civilians needed at Ellsworth **clearly wastes money**.
 - Eliminating the 1,390 military and 309 civilians positions at Ellsworth **clearly saves money**.
 - The fact that the Air Force can use these savings to hire personnel for new mission requirements at other locations is a good thing and is what base closure is all about.
 - If Ellsworth is not closed, the Air Force will have to pay the extra personnel at Ellsworth **and then** either (1) not hire personnel for new missions or (2) get extra money to hire new personnel.
- Chairman Principi incorrectly misstates the GAO's position. The GAO does not disregard the cost savings in reducing personnel at a closed base. The GAO only points out that "claiming such personnel as BRAC savings without reducing end strength does not provide dollar savings that can be reapplied outside personnel accounts and could result in the Air Force having to find other sources of funding for up-front investment costs needed to implement its BRAC recommendation." GAO Report at 124. The fact that personnel savings may be kept in the personnel account still means that there are savings.
- The GAO notes the Air Force position that the saved slots will be used for formal training, stressed career fields and emerging missions. **This is what the BRAC is all about**.
- In reviewing the Ellsworth closure, the GAO raised no concerns regarding the cost savings. GAO Report at 130.
- Closing Ellsworth will also save operating costs. The gross sustainment costs for Ellsworth (operating only 29 B-1s) are \$14.4 million versus \$14.3 million for Dyess (operating 31 B-1s and 29 C-130s).

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munitions packages (munitions storage), and avionics intermediate repair and maintenance facilities. Air Force officials told us they had requested that the Industrial Joint Cross-Service Group consider the above candidate recommendations in its process, but the group declined and deferred to the Air Force because it was considering scenarios at a joint operational level rather than at the installation level. As a result, Air Force officials told us that they applied either a Mission Compatibility Index approach to these scenarios in deliberative session to assess installations for future missions or they recommended certain functions to follow the placement of aircraft in other Air Force recommendations.

Recommendations Approved by DOD

The Air Force recommended closing 10 installations (3 active, 3 Air Reserve, and 4 Air National Guard bases) and realigning 62 other installations.¹⁰ In total, the Air Force projected its BRAC recommendations to result in 20-year net present value savings of over \$14 billion—the largest projected savings of any service or Joint Cross-Service Group—and net annual recurring savings of \$1.2 billion. Table 17 shows the financial aspect of the Air Force recommendations.

Table 17: Financial Aspects of the Air Force's Recommendations

Fiscal year 2005 constant dollars in millions

Installation	DOD report page	One-time (costs)	Net implementation (costs) or savings ^a	Net annual recurring savings	Payback period	20-year net present value savings ^b
Realign Eielson Air Force Base, AK	AF-6	(\$141.4)	\$594.0	\$229.4	immediate	\$2,780.6
Close Cannon Air Force Base, NM	AF-32	(90.1)	815.6	200.5	immediate	2,706.8
Realign Pope Air Force Base, NC ^c	AF-35	(218.1)	652.5	197.0	immediate	2,515.4
Realign Grand Forks Air Force Base, ND	AF-37	(131.5)	322.5	173.3	1 year	1,982.0
Close Ellsworth Air Force Base, SD	AF-43	(299.1)	316.4	161.3	1 year	1,853.3
Realign Mountain Home Air Force Base, ID	AF-18, 47	(74.2)	21.2	37.8	immediate	389.0
Close Otis Air National Guard Base, MA	AF-25	(103.0)	12.2	33.6	3 years	336.1
Close Onizuka Air Force Station, CA	AF-12	(123.7)	(45.3)	25.9	5 years	211.0

¹⁰ According to the Air Force's BRAC report, it recommends 72 BRAC closures and realignments. However, the Air Force presented only 42 recommendation narratives because various realignment actions were combined.

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Fiscal year 2005 constant dollars in millions

Installation	DOD report page	One-time (costs)	Net implementation (costs) or savings^a	Net annual recurring savings	Payback period	20-year net present value savings^b
Close Niagara Falls Air Reserve Station, NY	AF-33	(65.2)	5.3	20.1	2 years	199.4
Realign Robins Air Force Base, GA	AF-16	(6.7)	31.9	15.0	immediate	175.1
Close W.K. Kellogg Air Guard Station, MI	AF-27	(8.3)	46.7	12.7	immediate	166.8
Close Kulis Air Guard Station, AK	AF-7	(81.4)	(20.6)	17.3	4 years	146.7
Realign New Castle Air Guard Station, DE	AF-15	(15.5)	29.1	9.6	1 year	120.1
Realign Nashville Air Guard Station, TN	AF-44	(25.4)	(16.7)	13.7	2 years	120.0
Realign Portland Air Guard Station, OR	AF-41	(85.5)	(36.2)	14.0	7 years	100.2
Realign Martin State Air Guard Station, MD	AF-24	(9.4)	13.7	8.7	1 year	97.1
Close Mansfield -Lahm Air Guard Station, OH	AF-39	(33.4)	3.1	8.7	3 years	86.2
Realign Hill Air Force Base, UT	AF-47	(28.2)	8.2	8.1	4 years	85.9
Realign Andrews Air Force Base, MD	AF-23	(21.7)	12.2	7.5	2 years	83.1
Realign Naval Air Station New Orleans Air Reserve Station, LA	AF-22	(50.2)	(32.5)	11.3	5 years	80.7
Establish Air Force logistics support centers	AF-53	(9.3)	19.2	6.1	1 year	77.0
Close General Mitchell Air Reserve Station, WI	AF-52	(38.4)	(14.3)	6.5	5 years	50.2
Realign Lackland Air Force Base, TX	AF-46	(8.1)	4.7	2.9	2 years	32.4
Realign Bradley Air Guard Station, CT	AF-14	(3.2)	6.1	2.0	2 years	25.2
Realign Reno-Tahoe Air Guard Station, NV	AF-31	(22.9)	(12.2)	3.6	9 years	22.7
Realign Great Falls Air Guard Station, MT	AF-30	(9.3)	0.7	1.8	4 years	18.1
Realign March Air Reserve Base, CA	AF-11	(10.8)	(1.9)	1.8	5 years	15.5
Realign Richmond Air Guard Station, VA	AF-50	(24.2)	(11.6)	2.5	10 years	13.2
Realign Hector Air Guard Station, ND	AF-38	(1.8)	3.3	1.0	2 years	12.9
Realign Fairchild Air Force Base, WA	AF-51	(6.4)	(1.6)	1.0	7 years	8.3
Establish centralized intermediate repair facility – F-15 Avionics (Langley Air Force Base, VA)	AF-49	(1.8)	1.5	0.7	3 years	8.3
Realign Duluth Air Guard Station, MN	AF-28	(2.1)	0.2	0.8	5 years	7.8
Establish F100 engine centralized intermediate repair facilities	AF-55	(9.2)	(3.8)	1.1	9 years	7.1
Realign Beale Air Force Base, CA	AF-10	(45.4)	(34.6)	3.9	14 years	6.4

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Installation	DOD report page	One-time (costs)	Net implementation (costs) or savings ^a	Net annual recurring savings	Payback period	20-year net present value savings ^b
Realign Capital Air Guard Station, IL	AF-20	(19.9)	(13.3)	2.0	13 years	6.3
Realign Ellington Air Guard Station, TX	AF-45	(1.6)	0.1	0.4	5 years	3.6
Realign Key Field Air Guard Station, MS	AF-28	(10.7)	(6.9)	0.9	13 years	2.5
Realign Schenectady Air Guard Station, NY	AF-34	(3.5)	(3.3)	0.6	8 years	2.4
Realign Fort Smith Air Guard Station, AR	AF-8	(17.6)	(12.4)	1.4	16 years	2.0
Realign Boise Terminal Air Guard Station, ID	AF-17	(2.5)	(1.6)	0.3	8 years	1.7
Realign Springfield-Beckley Air Guard Station, OH	AF-40	(11.4)	(8.4)	0.9	17 years	0.7
Realign Birmingham Air Guard Station, AL	AF-5	(11.0)	(7.7)	0.8	18 years	0.5
Total		(\$1,883.1)	\$2,635.5	\$1,248.5		\$14,560.3

Source: GAO analysis of DOD data.

^aThis represents net costs or savings within the 6-year implementation period required to implement BRAC recommendations.

^bDOD used a 2.8 percent discount rate to calculate net present value.

^cThe Pope Air Force Base recommendation includes the closure of Pittsburgh Air Reserve Station and the realignment of Yeager Air Guard Station and Little Rock Air Force Base.

Over 80 percent of the projected 20-year savings are based on the first 5 recommendations shown in table 17, which involve closing two and realigning three active bases and have payback periods of 1 year or less. Conversely, the one-time costs of over \$1.8 billion to implement all recommendations are primarily comprised of new military construction to implement the recommendations. Most of the Air Force's recommendations involve realignment of Air Guard facilities with limited savings. For example, the Air Force is proposing to realign five Air National Guard stations, with payback periods greater than 10 years and \$12 million in 20-year savings, with onetime costs of about \$71 million. According to Air Force officials, these proposals were necessary because the Air Force recommendations are interwoven, depending on realignment actions from other recommendations. For example, 72 realignment and closure recommendations involving active and reserve installations were combined to create 42 candidate recommendations. At least one segment

of all but 3 of the 42 Air Force recommendations that were combined¹¹ affects the Air Force Reserve Command or Air National Guard.

Based on our analysis we noted that the majority of the net annual recurring savings (60 percent) are cost avoidances from military personnel eliminations. However, eliminations are not expected to result in reductions to active duty, Air Reserve and Air National Guard end strengths, limiting savings available for other purposes.

None of the recommendations included in the Air Force's report involve consolidation or integration of activities or functions with those of another military service.¹² However, the Air Force believes that its recommendations to realign Pope Air Force Base, North Carolina, and Eielson Air Force Base, Alaska, and to move A-10 aircraft to Moody Air Force Base, Georgia, will provide an opportunity for joint close air support training with Army units stationed at Forts Benning and Stewart, Georgia. Furthermore, the Air Force's recommendations support transformation efforts by optimizing (increasing) squadron size for most fighter and mobility aircraft.¹³ According to the Air Force BRAC report, the recommendations maximize warfighting capability by fundamentally reshaping the service, effectively consolidating older weapons systems into fewer but larger squadrons, thus reducing excess infrastructure and improving the operational effectiveness of major weapons systems. We have previously reported that the Air Force's could not only reduce

¹¹ The three recommendations that do not affect the reserve component include the closure of Onizuka Air Force Station, California; the realignment of Langley Air Force Base, Virginia; and the Air Force logistics support centers recommendation.

¹² Joint cross-service groups and other service recommendations do, however, allow for increased jointness with the Air Force. For example, Eglin Air Force Base, Florida, will host Joint Strike Fighter pilot training and will also host the Army's Seventh Special Forces Group in conjunction with Education and Training Joint-Cross Service Group and Army recommendations, creating substantial joint training opportunities. Additionally, the Air Force enables Army closures and realignments by turning over property ownership of Pope Air Force Base to the Army, though an active/Air Reserve unit will permanently be based at Fort Bragg, North Carolina, to assist with the aerial port and tactical airlift capabilities needed by the Army's Airborne Corps.

¹³ Based on senior military judgment reflected in the *Expeditionary Air Force Principles White Paper*, fighter squadrons will be optimally sized to 24 aircraft per squadron, and 18 is the acceptable size per squadron for stand-alone reserve installations. Sixteen is the optimum size for C-130s (airlift aircraft) and KC-135s (tanker refueling aircraft), and 12 is the acceptable size for stand-alone reserve installations.

infrastructure by increasing the number of aircraft per fighter squadron but could also save millions of dollars annually.¹⁴

Issues Identified with Approved Recommendations

Time did not permit us to assess the operational impact of each recommendation, particularly where recommendations involve multiple locations. Nonetheless, we offer a number of broad-based observations about the proposed recommendations and selected observations on some individual recommendations. Our analysis of the Air Force recommendations identified some issues that the BRAC Commission may wish to consider, such as the projected savings from military personnel reductions; impact on the Air National Guard, impact on other federal agencies; and other issues related to the realignments of Pope Air Force Base, North Carolina; Eielson Air Force Base, Alaska; and Grand Forks Air Force Base, North Dakota and the closure of Ellsworth Air Force Base, South Dakota.

Military Personnel Savings

Our analysis showed that about \$732 million, or about 60 percent, of the projected \$1.2 billion net annual recurring savings are based on savings from eliminating military personnel positions. Initially, the Air Force counted only military personnel savings that resulted in a decrease in end strength. However, at the direction of OSD, the Air Force included savings for all military personnel positions that were made available through realignment or closure recommendations. The Air Force was unable to provide us documentation showing at the present time to what extent each of these positions will be required to support future missions. According to Air Force officials, they envision that most active slots will be needed for formal training, and all the Air Reserve and Air National Guard personnel will be assigned to stressed career fields and emerging missions. Furthermore, Air Force officials said that positions will also be reviewed during the Quadrennial Defense Review, which could decrease end strength. Either way, claiming such personnel as BRAC savings without reducing end strength does not provide dollar savings that can be reapplied outside personnel accounts and could result in the Air Force having to find other sources of funding for up-front investment costs needed to implement its BRAC recommendations.

¹⁴ GAO, *Air Force Aircraft: Consolidating Fighter Squadrons Could Reduce Costs*, GAO/NSIAD-96-82 (Washington, D.C.: May 6, 1996).

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vehicle mission.²² Even though Grand Forks Air Force Base was retained for strategic reasons, Minot Air Force Base is also located in North Dakota and is not affected by any BRAC recommendation. Furthermore, Minot Air Force Base scored only 3.4 points less than Grand Forks Air Force Base in the unmanned aerial vehicle mission area.

**Closure of Ellsworth Air
Force Base**

The Air Force is proposing to close Ellsworth Air Force Base, South Dakota, and move its 24 B-1 bomber aircraft to Dyess Air Force Base, Texas to achieve operational efficiencies at one location. Ellsworth Air Force Base ranked lower in the military value than Dyess Air Force Base. In the 1995 BRAC round,²³ the Air Force considered but chose not to close Ellsworth Air Force Base out of concern over placing all B-1 aircraft at a single location. In contrast, one of the Air Force principles which guided the BRAC 2005 process emphasized consolidating or co-locating legacy fleets such as the B-1 aircraft. Air Force officials stated that they no longer had concerns about consolidating the B-1 fleet in one location because it does not have the same operational mission requirements it had 10 years ago.

²² The Infrastructure Executive Council examined the strategic presence of Grand Forks Air Force Base in the central United States after all the service and Joint Cross-Service Group candidate recommendations were evaluated as an aggregate.

²³ GAO, *Military Bases, Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment*, GAO/NSIAD-95-133 (Washington, D.C.: Apr. 14, 1995).