PUBLIC HEARING

PRESENTATIONS OF RECOMMENDATIONS AND METHODOLOGY

NAVY

DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION (BRAC)

Tuesday, May 17, 2005

1:28 p.m.

Hart Senate Office Building, Room SH-216

Washington, D.C.

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A T T E N D A N C E

COMMISSIONERS:

The Honorable Anthony J. Principi, Chairman

The Honorable James H. Bilbray

The Honorable Philip E. Coyle III

Admiral Harold W. Gehman, Jr., USN (Ret.)

The Honorable James V. Hansen

General James T. Hill, USA (Ret.)

General Lloyd W. Newton, USAF (Ret.)

The Honorable Samuel K. Skinner

Brigadier General Sue Ellen Turner, USAF (Ret.)

Charles Battaglia, Executive Director

WITNESSES:

The Honorable Gordon R. England, Secretary of the Navy

Admiral Vern Clark, USN, Chief of Naval Operations

General Michael W. Hagee, USMC, Commandant of the Marine Corps

Ms. Anne Rathmell Davis, Deputy Assistant Secretary of the Navy for Infrastructure Strategy & Analysis

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OPENING STATEMENT OF ANTHONY J. PRINCIPI, CHAIRMAN, DEFENSE BASE CLOSURE & REALIGNMENT COMMISSION

Chairman Principi: Good afternoon. We're a few minutes early, but we seem to be ready to go, and we might as well get on with it.

And I am certainly pleased to welcome the Navy/Marine Corps team, the Honorable Gordon England, Secretary of the Navy, Admiral Vern Clark, our Chief of Naval Operations, General Michael Hagee, Commandant of the United States Marine Corps. They're joined by Anne Rathmell Davis, Deputy Assistant Secretary of the Navy for Infrastructure Strategy and Analysis, who is prepared to comment on the methodology employed by the Navy and the Marine Corps in arriving at the recommended list.

As I have noted in my public remarks, the Congress entrusts our Armed Forces with vast, but not unlimited, resources. Every dollar consumed in redundant, unnecessary, obsolete, inappropriately designed or located infrastructure is a dollar not available to provide the training or research that could ensure continued dominance of the sea, air, and land, the battlespace, if you will, in which our servicemembers fight.

Today's hearing will help shed more light on the Navy and Marine Corps recommendations for restructuring our nation's defense installations and harnessing this process

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to advance long-term transformation goals.

In support of that objective, we will hear testimony today from the Department of the Navy's leadership, the decision-makers. I know that the Navy and Marine Corps have poured an enormous amount of time, energy, and brain power into the final product that is the subject of our hearing. It is only logical and proper that the witnesses be afforded the opportunity to explain to the American public and to our independent Commission what they propose to do to the Navy and the Marine Corps infrastructure that supports our joint military operations.

As I have previously stated publicly, this Commission takes its responsibility very seriously to provide an objective and independent analysis of these recommendations, and we will carefully study each Navy, Marine Corps, and Department of Defense recommendation in a transparent manner, steadily seeking input from affected communities to make sure they fully meet the congressionally mandated selection criteria. Those recommendations that substantially deviate from the criteria, we will either modify or reject, as the facts and circumstances may warrant.

I now request our witnesses to stand for the administration of the oath required by the Base Closure and Realignment Statute. The oath will be administered by Mr.

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Dan Cowhig.

[Whereupon, the witnesses were sworn.]

Chairman Principi: Again, welcome, Mr. Secretary. You may proceed.

TESTIMONY OF HON. GORGON R. ENGLAND, SECRETARY OF THE NAVY; ACCOMPANIED BY ADMIRAL VERN CLARK, USN, CHIEF OF NAVAL OPERATIONS; GENERAL MICHAEL W. HAGEE, USMC, COMMANDANT OF THE MARINE CORPS; MS. ANNE RATHMELL DAVIS, DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR INFRASTRUCTURE STRATEGY & ANALYSIS

Secretary England: Mr. Chairman, thanks for very much, and members of the committee.

First, I want to thank everyone for the opportunity for the leadership team of the Department of the Navy to be here today to provide for you an overview of our recommendations for closure and alignment.

Let me say that -- first of all, let me assure you that the Department of the Navy will fully cooperate with you and your staffs in making available all of our information, all of our rationale. Our people are available, at your disposal, so that you understand the basis for our recommendations. We do appreciate your important role in this process. You will find us fully responsive to your needs. We'll do that in a very timely manner. And we do appreciate your service on the Commission, because this is

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an important and difficult task, and we appreciate your service.

I do have a written statement, Mr. Chairman, I've submitted. If you've had a chance to look at it, you will find that it was written as a summary, but also as a roadmap, frankly, to help the Commission, in terms of understanding our report. So, it is a summary document. If you haven't read it, you may find it useful, just as a summary of the report, and as a roadmap of the report. So, that's why it was prepared, to hopefully help you in that regard.

Now, as you are likely aware, the BRAC 2005 analysis was divided into two parallel paths. The first was that the Department of the Navy analyzed Navy and Marine Corps unique functions -- that is, the operational support internal to the Department and those activities that were not analyzed by the joint cross-service groups -- and our presentation and discussion today will focus primarily on the Department of the Navy unique aspects. Then the second parallel path is the joint cross-service groups. They analyzed Navy and Marine Corps functions as they relate to similar functions across DOD. And our Department personnel -- that is, Department of the Navy personnel, both civilian and military -- participate as working members of each of the joint cross-service groups.

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Now, the Department of the Navy follows several key principles for analyzing the Navy and Marine Corps unique functions. And, specifically, this is what we sought to do:

First, assess military value, including jointness.

Two, eliminate unneeded capacity by consolidating infrastructure.

Three, increasing force-protection effectiveness and reducing costs through consolidation.

Four, to achieve net-positive cost savings as early as possible for each recommendation.

If I can just summarize a little bit for you, our net-positive cost savings are achieved for most closures within four years; 31 pay off immediately, 13 pay off within four years -- so basically 43 pay off within four years -- and then nine have longer payoffs. So, we have a total of 53 recommendations that cover 63 bases, with most of those having a positive payoff within four years.

Fifth, we wanted to accommodate future operational concepts and the 20-year force projection.

Sixth, provide sufficient capability for surge requirements.

And, lastly, improve our business processes.

Now, based on these ground rules and our analysis, the Department of the Navy is recommending nine major closures, 46 smaller closures, and eight realignments. Now, there are

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additional realignments proposed by the joint cross-service groups that affect the Navy and the Marine Corps, and these are addressed in the joint cross-service group reports, rather than in the Department of the Navy report. So, Department of the Navy, joint cross-service, and they're two separate reports. I believe you understand that, but we can discuss it as we go on today for further clarification.

As I look at the infrastructure footprint that will result from all of these recommendations, I am confident that it is more than sufficient to fully support the future Navy and Marine Corps force structure. Now, the 20-year net-present value of the Department of the Navy recommended actions is $8.4 billion, with steady-state savings of $817 million. And, again, the joint cross-service groups recommendations and savings are in addition to these numbers.

I also want to mention, as members of the Infrastructure Executive Council, the CNO, the Commandant, and myself had the opportunity to review and comment on the recommendations of the joint cross-service groups, and the three of us fully support the recommendations and the findings of those groups. And, again, as noted, our discussion today will primarily be on unique requirements, but I want you to know that we fully support the other recommendations that were made by the joint cross-service

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groups. And those recommendations, by the joint cross-service groups, will be presented to you in the next two days.

Now, Ms. Anne Davis, to my right, is the Special Assistant for the Department's BRAC 2005 process. She reported directly to me, as Secretary of the Navy. She was my direct-report, and she basically managed this entire process. And she will be providing four you a summary of our recommendations and also the detailed methodology that we used to develop those recommendations. She'll discuss the details, including our bottom-up process of developing the data and analysis that served as the basis of our decisions. I will emphasize, this is a totally bottom-up process based on data analysis and specific data that we asked for from all of our facilities. And she will discuss that with you in detail so you understand the mechanism and the methodology that we ultimately arrived at recommendations that then resulted in decisions by myself, the CNO, and the Commandant.

I do want to comment that this has been a very difficult process for the Department, as all of our bases are located in communities across America, where our men and women in uniform, and their families, are highly regarded, and where those employees have accomplished valuable and important work for America. All of our communities have

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welcomed our presence. We do tend to provide a very positive economic impact in those communities. Importantly, the other side of that coin is that we depend on communities to support our military. We have been, and are, most appreciative of the support; however the world we live in, our nation, and our Navy have undergone significant change, and it's important that we adapt our infrastructure to meet this new environment.

I know this does not lessen distress for any of our valued communities that have been bases recommended for closure, but I do want them to know that their dedication to the Navy and to America is appreciated. We do ask that all the communities affected by BRAC, whether gaining or losing sailors, marines, or Department of Navy civilians, work closely with us as we work with them to adjust to these major strategic changes in the world.

So, I thank you for the opportunity just for making a few summary comments. I would now like to turn it over to Ms. Anne Davis, who will proceed with a discussion of our methodology, a summary of our recommendations. And then the four of us would be very pleased to engage in a dialogue and answer any of your questions.

Anne?

[The prepared statement of Secretary England follows:]

Ms. Davis: Thank you, sir.

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Chairman Principi, members of the Commission, it's an honor to be here today.

As the Secretary noted, I am, was throughout this process, his Special Assistant for Base Closure. I had a number of roles. I was the director of the infrastructure analysis team that supported the entirety of the effort. I chaired the Department of the Navy analysis group, which did the Navy unique -- Department of the Navy unique analysis; as well as, with Vice Chief of Naval Operations and the Assistant Commandant of the Marine Corps, the co-chair of the infrastructure evaluation group; and members of the infrastructure steering group. So, my role in the process spans, really, the entirety of the process.

What I will be providing is an overview of the process and methodology. We have, I believe, provided to you slides so that you can follow along and take any notes on those.

Our recommendations are the result of a rigorous analytical process that built upon data collected from each Department of the Navy activity. And we believe that, as a result of that data source and, as the Secretary noted, the bottom-up review of the data, that we have arrived at a set of recommendations that are the best ones for the Department of the Navy of the future.

This is an outline of what I'll cover. We used these three threads to inform the analytic effort ultimately

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leading to the recommendations, looking to find the right base -- the set of right bases and the right places with the right capabilities. Throughout the process, we ensured that all of the discussions had both a strategic and operational focus.

Our process was built to satisfy the law. As noted, we considered that there are four key requirements in the law, and the process attempted to link each piece of it to a requirement of that law. We wanted to ensure that all bases were treated equally. In that regard, we sought to look at everything in a fair and objective way, as required by the law. There were no pre-decisions in this process. And we sought to obtain like data for like types of installations so that we could compare them fairly.

We used certified data during the process of employing our analytical methodology, both for capacity and military value, and then scenario analysis. And I'll go into a little more detail as to what each of those entailed.

We incorporated the future, the 20-year force-structure plan, into our capacity analysis. In addition, we fully considered, as we looked at scenarios, whether the future force structure would be able to fit at that set of bases that were remaining. So we considered it throughout the process.

And then, finally, the statutorily approved selection

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criteria formed the basis of key elements of the process.

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We were guided by a set of strategies that were developed by the Navy and Marine Corps leadership. The real goal, as Secretary England noted, was to garnish significant savings and develop that set of bases that would be able to support both military readiness and military value for the future. It goes -- this strategy goes hand in hand with other transformational objectives that are ongoing in the Department, initiatives that are ongoing in the Department, to include the Human Capital Strategy Plan and Sea Enterprise, as well as the Fleet Response Plan.

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We were organized to support the entirety of the process, both Department of the Navy process and the joint cross-service groups. As you see, we had an infrastructure analysis team. It was made up of both operational and line and staff officers, civilians, and contract support, to bring to bear the broadest experience that we could to actually look at the data from the viewpoint of people who would need to use the installations as we were evaluating them. We also, within that group, had representation from the Naval Audit Service and the Navy Office of General Counsel to ensure that our processes and controls were effective, and that we were, throughout, complying with the

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law.

That group supported -- that team supported the Department of the Navy unique process, as well as provided support to each of the joint cross-service groups, so that we were able to, from a data-collection and analysis standpoint, have visibility, not only to what was going on within the Department of the Navy process, but also, within the joint cross-service groups, provide the Navy flavor throughout.

We had, as I noted, the Department of the Navy analysis group that was charged with doing the analysis for the Department of the Navy unique functions and activities. In addition, we formed -- with the members of the Navy and Marine Corps who were on the joint cross-service groups, we formed a functional advisory board that met with our senior-level group, the infrastructure evaluation group, to keep them informed on what was going on within the joint cross-service groups, in terms of data and analysis and approach, so that, throughout, the leadership had visibility of the whole process across Department of Defense.

In the course of this, we had a total of 36 flag, general officer, and senior executives engaged, actively engaged, at -- in these various groups. They met frequently throughout the last two and a half years. We, by my tally, had about 114 meetings, and most of them were multi-hour

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meetings. So there was a lot of senior energy developed in both looking at the data, evaluating the analysis that was done by the team, and then formulating recommendations that went forward to the Secretary, the Commandant, and the CNO.

As noted here, we did have representation on the infrastructure steering group and the Infrastructure Executive Council. So, throughout, the Department was very engaged.

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We wanted to make sure that the totality of Navy and Marine Corps activities and bases were looked at in the process. And so, one of the very first things that we did was identify all of the Navy activities -- Navy and Marine Corps activities -- and ensure that they were, in effect, assigned to a functional area. And this just displays how that was done, and the total numbers.

What I note there, that we had a series of fencelines. For us, that really is equivalent to bases, but I call them "fencelines" instead of "bases" because we have a number of Navy bases that are actually made up of more than one place. For instance, Naval Base Ventura County is the command, but it is made up of both Point Mugu and Point Hueneme. And we wanted to make sure that we had accounted for not only the bases in the aggregate, but also the individual fencelines that have activities on them.

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As you might imagine, given the functional review, we had a number of activities that we were looked at not only by Department of the Navy, but also by one or more joint cross-service groups. And so, as you add up the totals of the activities, you will come up with a greater number than is shown in the top. But we did do a review to make sure that everything was being covered analytically in the process.

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Data calls, for us, were really the foundation of the process. They provided the certified data that was the backbone of the analytic effort. One of the critical things that we do -- it was a process that we employed in the prior rounds of base closure that provided to be, I think, very, very beneficial to the Department, and that was collect the data from the activity level. We went to the folks who know what is on our bases and how it operates, and we collect -- we started there in collecting the data. In each case, they had to certify that the data was accurate and complete to the best of their knowledge and belief. And then the data was passed electronically -- we used a Web-based data-collection tool -- up a chain of command that included both the installation commanders, the installation side of the house, as well as the mission side of the house, to make sure that we had the right eyes on the chain -- the data as

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it moved up to the evaluation groups.

I note there the numbers of data calls that were issued. We started with a single-capacity data call that went out to literally every activity within Department of Defense. We followed up with military-value data calls that were targeted to the particular type of activity, the functional activity, to make sure that, again, like-activities received the same data call.

When we got to scenario development, we, again, went to the activities, both those that were proposed for -- to lose functions, as well as those that were proposed to gain functions, to obtain information, financial and other estimates, to determine what the cost and savings, environmental, economic, and other impacts there might be from the recommendations. And throughout the process, as we discovered both with -- as the result of the Naval Audit Service field audit, as well as a review of the analysis team, that there were discrepancies in the data, we did issue data calls and supplemental data calls to make sure that the information that we received was as complete and as good as we could make it.

This displays, really, the process, and the various steps in the process, what we did to ultimately arrive at the recommendations. The diagram, the -- is deliberate. In our process, each step built on the step prior. And,

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throughout, we ensured that the military judgment of the folks involved in the decision-making process was fully incorporated in understanding both the data and what the results were.

For capacity analysis, what we sought to use were relevant metrics that really captured the key elements of how you base particular types of functions. And we compared the aggregate of that against the requirements of the 20-year force-structure plan. So, I mentioned at the outset that we ensured the force-structure plan was taken into consideration. We actually compared the -- today's capacity in a functional area against the capacity required for the future force structure, and, from that, characterized what the excess capacity might be.

The other reason for doing it that way was to make sure that we could look at excess capacity in the aggregate, and then look at a variety of combinations to see where that excess could be eliminated, as opposed to trying to determine particulars of excess capacity at any particular base.

In terms of military value, the selection criteria are very broad. It permitted us to tailor the military-value matrix to particular functions. The actual value was developed by our three-star evaluation group. We had a series of questions and scoring statements that related to

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each functional area and what was important in each functional area, as well as to the particular selection criteria. And the IEG went through a long process of reviewing each of those questions, developing a score for each of those questions, mapping them to the selection criteria, so that, at the end of the day, each question had a total value that it related -- that related to its importance in the overall scheme. And we'll be prepared to provide all of those matrices and, obviously, all the questions and responses as we work with your staff to go through the details of this analysis.

When we got to scenario development, we used a -- what we -- is -- it's a mixed-integer linear programming model, not to come up with set answers, but actually to develop a set of alternatives that would allow us to look at the various impacts of either minimizing excess capacity or increasing military value, looking at a variety of combinations if you were to go to the most extreme, in terms of numbers of bases that might be closed, to lesser combinations of that. And it really allowed us to explore those tradeoffs as we went into scenario development. The whole process really was designed to be as accurate and fair and responsive and responsible as -- process as we went throughout the look at the data and the analysis.

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Again, a schematic just to show how we moved through this process. Frequently, as we got to scenario analysis, which was actually the application of selection criteria 5 through 8, we discovered that there were things that we didn't know. When we looked at the actual data coming in from bases, we learned that there were things at bases that we needed to move. There were other things that allowed for -- as we asked for the bases to come in with information, they had better ideas for particular lay-downs. And when that occurred, we actually developed additional alternatives that were analyzed.

As did that analysis -- and we did the analysis using the COBRA model -- we tried very hard to make our estimates conservative. We neither wanted to overstate savings or understate costs. We also didn't want to gold-plate anything. And so, we wanted to look to make sure that we were building to standards, that we were taking into account the sorts of costs that might be needed at bases as we added functions to existing bases. And, at the end, when we began to see the total lay-down, particularly the lay-down with the joint cross-service groups, we went back to look at impacts on individual bases and make sure that we had accounted for the totality of the input, particularly with regard to support infrastructure such as clinics and bachelor quarters and the like, and made sure that those

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were incorporated into our estimates.

In the environmental side, we think we are much better characterized now than we were ten years ago, and we used the report that's provided to Congress every year to understand and consider the environmental restoration costs at the bases that we recommended for closure and realignment. Within the COBRA model, we did include costs associated with environmental compliance and particulars of closure. For instance, in both New London and Portsmouth, we ensured that the COBRA analysis, the costs in the COBRA, included the costs associated with the nuclear decommissioning of those facilities, which are not environmental costs, but actually are, in effect, facility-shutdown costs.

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This displays the -- really, the progression of the analysis throughout, and how we started within Department of the Navy with the particular functions, went to a number of scenarios that we analyzed, and then ultimately resulted in the 53 recommendations that the Secretary mentioned.

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And these are the results: nine major bases, 46 minor bases, and eight bases realigned. And I think, at the testimony yesterday from the Office of the Secretary of Defense, they noted that their characterization of major

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bases really is a way of sort of drawing a line, in terms of size, that the major bases are deemed major because they have more than $100 million in plant-replacement value. That doesn't mean to imply that the minor bases were considered any less -- or deemed any more -- any less important. It really was just a way to segregate, sort of, size, in terms of these recommendations.

We did receive one request from a local government relating to potential for closure. That was from the City of Concord, California. We fully considered that request, and one of our recommendations does close part, although not all, of those weapons station at Concord.

Now, what I'd like to do is walk through some of the detail on how it played out, in terms of the analysis, for both -- for major/minor closures, as well as for one of the realignments.

One of the major closures, obviously, is the closure of Sub Base New London. We started with the capacity analysis, which, as I noted, was an analysis across the entirety of the surface/subsurface function. We looked at all places within Department of the Navy that had piers. That was really the critical element. And so, the totality of the universe included every place within the Department that you could actually berth ships.

Overall, once we completed the characterization of

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that, we subtracted out those bases that were not operational bases, like weapons stations. And we have some air stations with piers; we subtracted those out. And, in addition, at the operational bases, we added an allowance to make sure that we could accommodate the Fleet Response Plan, that we could accommodate both maintenance and weapons handling. So, in other words, we wanted to make sure that we had built in the flexibility to do the sorts of berthing and home-porting movement as is necessary at our bases.

When we had completed that, we had identified that compared to the future force-structure plan, we had an excess capacity of about 88 cruiser equivalents. So, in other words, space to berth 88 cruisers. We had factors that identified every ship against a cruiser equivalent. A carrier is four cruiser equivalents, as an example.

From there, we moved into military-value analysis. I noted that we had a number of scoring statements, a number of questions. We had a total of 61 scoring statements within the military-value analysis for surface/subsurface. That was made up, in most cases, of multiple questions for each scoring statement. And, as a result of the analysis of the key attributes for surface/subsurface, we developed a set of military-value scores for each base within this universe that ranged from about 37 to almost 75 as the numeric scores representing where those bases fell in

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comparison to each other.

From there, we used the capacity analysis and the military-value analysis to develop a set of alternatives for closure. The actual alternatives that we looked at, and looked at in multiple iterations, included potential closures of New London, Pascagoula, Ingleside, Sub Base San Diego, and Naval Station Everett.

The -- I note here the alternatives that we looked at specifically relating to the East Coast submarine lay-down, looking at alternatives that moved subs from New London to Norfolk, New London to Norfolk and Kings Bay, as well as from Norfolk to New London.

And then, finally, through the result of looking at all of those alternatives, comparing all of the possibilities of laying down the force on the East Coast in a variety of different ways, the IEG ultimately took to the Secretary and the CNO and the Commandant the recommendation to close New London and to move the submarines to Norfolk and Kings Bay, and the sub school to Kings Bay. And I show the cost and the savings and the resulting capacity decrease from there.

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This map shows, for the surface/subsurface area, the total of the recommendations and where we end up, as far as basing lay-down for our ships and submarines within the Navy as a result of the total recommendations. We ended up

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essentially ensuring that, not only did we reduce capacity, but that we also retained strategic dispersal between -- on each coast, as well as the Pacific, and sufficient capacity to allow for not only surge, but also, as I noted, home-port changes and the potential flexibility of force-structure changes in the future.

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We followed a similar process when it came to some of the minor closures; for instance, Reserve centers and recruiting districts. We evaluated for recruiting districts, 31 of them overall. We looked at a variety of alternatives that would close various numbers of them in an attempt to really get the overhead minimized without breaking the recruiting function. And through consultation with Navy Recruiting Command, we concluded, finally, that five recruiting districts was about the right number; and, hence, have recommended closing five. The remaining -- the recruiting stations that these recruiting districts manage will be spread to the other recruiting districts. And, in essence, the remaining system, will absorb the workload, the management workload that is currently present in these five recruiting districts.

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And this slows the map of the lay-down. Essentially, what's happening within the recruiting command functionality

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within the Navy is that it is organizing into two districts, an -- or two regions -- an eastern region and a western region, and they're looking to have the recruiting districts be located in population centers that both are in proximity to their recruiting stations, as well as access to transportation hubs, so that they can actually ride the circuit to visit the various recruiting stations. And we believe that our recommendations foster that.

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And this represents an example of a realignment. We are recommending realignment of NAS Pensacola to move officer training to Newport, Rhode Island, consolidated into a single site, where it's co-located with other training, as well as with the War College, which ends up with putting Navy in a similar position at Newport as the Marine Corps is at Quantico, with a co-location of a number of different types of training there. Again, the process was followed throughout, starting with an initial capacity analysis.

One of the things we learned when we looked at capacity in the training area, in particular, is that we were using classroom capacity, classroom availability, as a measure of capacity. And aboard multifunctional bases, our ability to eliminate that excess is somewhat limited. Best way to eliminate it is either to tear down a building or turn it to other use. But we do believe that the -- this realignment

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will reduce overhead. It will allow for follow-on training at Newport for folks coming out of OCS, which saves us PCS costs, and, as I said, does create a degree of synergy with other training and education activities at Newport.

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And this just displays that movement.

Okay, go to the map.

This map shows all of the Department of the Navy recommendations. We -- including the Reserve center recommendations. For the Reserve centers, we wanted to make sure that we ended up with a geographically-based, although slimmed-down set of centers, and we believe we have accomplished that across the Department. And we'll be prepared to go with your staff into any level of detail on all of these recommendations.

Go the final slide.

As the Secretary noted, this was a bottom-up process, and we did base everything on the certified data collected from our activities. That analysis was -- the analysis of the data was conducted by the team, reviewed by the Department of the Navy analysis group, who took forward recommendations for a way ahead to the evaluation group. From there, the Secretary, the CNO, and the Commandant were given an opportunity to weigh in and determine what recommendations should go forward, ultimately, to the

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Infrastructure Executive Council.

We believe that the recommendations, at the end of the day, advance the aims of the Department and are looking forward to the opportunity to work with you and your staff in reviewing all of them.

Thank you, sir.

Chairman Principi: Thank you for a very detailed presentation on your process and methodology. I think it will be very, very helpful.

Secretary England: Well, Mr. Chairman, just -- and members of the Commission -- we took this extraordinarily seriously. I mean, this is a very, very serious undertaking. We had very well-defined processes which we followed rigorously throughout. In my judgment, it was objective and very, very fact-based. And it was comprehensive. It was extensive. We have provided you our very best recommendations.

That said, you know, you'll be receiving some information we don't have the benefit of from communities, and recognize that, indeed, you may come to other decisions. But, again, we will provide you all of our rationale, our thinking, out data, and would be pleased to meet with your staffs and analysts. At the end of the day, we want the very best answers for America. So, we appreciate the opportunity to be here.

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And, again, I think -- well, I know we've done the very best we can do, as an organization, and now we'll support you in your deliberations and findings for the next few months.

Chairman Principi: Thank you, Mr. Secretary.

Admiral Clark, do you have any comments that you'd like to add?

Admiral Clark: I don't have a prepared statement, Mr. Chairman. I align myself with the comments of the Secretary and say that -- reinforce that this is -- there are several attributes of this that I think are very important. Never before has a BRAC had this kind of focus on jointness. It was a key part from the very beginning of the process.

I want to emphasize that Navy representation was clearly evident on each of those teams. They kept me apprised of what they were doing, although my review -- my ability to impact that process was at the executive-review level, where it should be.

The -- I'm taken by the nature of the process and the analytics. I will tell you that when I started this process, I had one objective in mind, and I was vocal about this. When this -- when we were completed with our actions, I wanted to be able to sit in front of this committee, and I wanted -- in front of this Commission -- and I wanted to be able to testify to the fairness and the thoroughness of the

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analytic process and to the manner in which we had sought to make it as objective as possible. And it is my view that we have done just that, and I look forward to the interchange.

Chairman Principi: Thank you, Admiral.

General Hagee?

General Hagee: Sir, I would just underline what Admiral Clark said. This is the first BRAC process that I have been involved in. I was really quite surprised on the amount of data that were collected and the number of man hours that went into this. We really focused on looking for joint solutions, and I support the recommendations and look forward to your questions, sir.

Chairman Principi: Thank you, General. Thank you all.

Let me begin the questioning by focusing on the closure of New London Submarine Base. The move of assets from New London to Kings Bay, leaving Norfolk aside for the moment, is a large move, in a relative sense. And I know that military value is the highest criteria that we need to consider, and rightfully so, but I'd like to skip over military value for a moment and focus on the four other criteria.

I understand that slightly over 3200 personnel will move from New London to Kings Bay, which represents about a 21 percent increase in the employment base in St. Mary's metropolitan area, which is, obviously, a large, large jump

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in employment in a relatively, I guess, small county of St. Mary's. One of the factors we have to consider is the ability of the receiving installation, both on the military base of Kings Bay, as well as in the community, to support the increased personnel and mission and dependents that'll be moving into that area. I haven't been to Kings Bay in quite some time, but the last time I was there, it certainly appeared to me that they had limited infrastructure on Kings Bay, on the base itself, and certainly very, very limited infrastructure in the county, in terms of roads, schools, housing.

Can you tell me, have you done the analysis to say that St. Mary's County and Kings Bay can support this large increase? Your cost estimate of $679 million seems somewhat low to me, although construction costs in Georgia are a lot lower than the Northeast, for example. But could you just address this issue, please, about what the costs are going to be to build up the infrastructure on Kings Bay to support this increased assets, as well as, Can the county support it?

Secretary England: Let me -- Mr. Chairman, if I can, let me -- I have some numbers, I believe, in that regard. Our estimate is, it would cost $238 million at Kings Bay itself, at the base, and that includes changes we have to do for piers and that sort of thing, but it's also housing on

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the base, it's healthcare on the base. So the facilities on the base would expand, and we have the capacity to do that, and we have costed out all of that, and that's part of the cost analysis that goes with this recommended move.

We also had the commanders -- we did at all of our bases -- we had the commander work with the community. And they looked at all the attributes in the communities. They looked at education and childcare and housing and medical providers, transportation, utilities, police force -- all those attributes were considered, and that is all part of the certified data that was part of this whole decision process. And, again, we have that data for your perusal.

So the answer, Mr. Chairman, is, we did look at all -- in all of our moves, we looked at both ends of this, whoever was, you know, losing and moving, and whoever was on the receiving end. We -- so, we looked at the analysis at both ends of this to make sure that it all fit within the criteria.

Chairman Principi: What are the costs to close down New London? I mean, just both -- you know, just closing it down -- the environmental issues that are going to have to be addressed. Are those all taken into consideration? Do you have a figure on what the total cost of closing New London are going to be to the Navy?

Secretary England: I believe it was in that chart.

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Total cost was --

Ms. Davis: Right.

Secretary England: -- 600 and something -- 653. That is the total cost.

Chairman Principi: That's the total cost including closing New London and building out Kings Bay?

Ms. Davis: Yes, sir, it is. I'll have to get you the detailed breakdown on that. But we did, in the context of that, as I noted, include the management costs for the shutdown. We did include the decommissioning costs for the facility at New London. My recollection is that that was something in the neighborhood of $9 million, but I'm not entirely sure. I'd have to get you -- and we'll provide that for the record.

The environmental costs, as you know -- and this is consistent with the policy provided across Department -- or followed across Department of Defense were not added to COBRA -- the cleanup costs -- but they were provided for the consideration of the decision-makers.

Chairman Principi: Thank you.

Secretary England: But the bottom line is, Mr. Chairman, the number, the 679, is all the total cost, so that's all of the up-front cost associated with this move, both at New London and at Kings Bay. So that's the total cost that we can identify -- and, again, all those details

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-- but that's all the costs we could identify. So, the answer is, to the very best of our knowledge, we have included all of our -- all the costs.

Admiral Clark: Can I say one thing about scope? I think it's important to -- but, first of all, New London is a perfect example to raise when we talk about very, very difficult choices. First of all, we have a heritage in New London. By the way, I'm a surface guy, but I was stationed in New London, Connecticut, for two years. We have -- you know, these bases -- we established personal relations. This is difficult.

But here's what -- the circumstances we face. A few years back, we had almost a hundred attack submarines. We -- our number's in the fifties now, and I've testified and submitted documentation that my belief is the number in the future is going to be somewhere in the neighborhood in the low forties. My number is 41. We've got too much structure.

In order for us to have the Navy that we need to have in the future, we have got to redirect resources to the recapitalization process. And over the course of the almost five years that I've been the CNO, this has been one of my major efforts. Anne Davis called it Sea Enterprise. It's our initiative to learn how to run this place more effectively.

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So, for us, it was really -- and was -- to make sure that we have strategic dispersion, we wanted to retain two sites on each coast. And so, we're looking -- you know, this, then, looked at where we had growth room and where we did not have growth room for uncertainties in the future. And we believe that this is the right choice. And we believe that when you analyze the analytical data, when you look at the analytics behind this, you'll see the logic for our reasoning.

Chairman Principi: And from a strategic military-value perspective, it makes sense to --

Admiral Clark: Yes, sir. Yes, sir. And I will tell you, I have sought the counsel of the senior submariner that I have in the United States Navy, Active Duty, four-star officer. I sought his counsel in -- with this in mind; not, Where do I want to be next year? The thing about this -- this question is, Where do I want to be in 20 years? What do I want this to look like? And to get there, you've got to start. And this -- the recommendation that we provided is the direction to get us where we think we need to be 20 years from now.

Chairman Principi: Thank you.

Mr. Hansen?

Mr. Hansen: I thank you, Mr. Chairman.

Let me say, in the past I had the opportunity of

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working with Secretary England in some very sticky and difficult problems, and he handled them so well -- I just wanted to compliment you. I was just amazed. And compliment you, also, on your new position, if you consider that a compliment or condolences, either way you want to look at it.

[Laughter.]

Secretary England: I do, and I thank you very much, Mr. Hansen.

Mr. Hansen: It's always great to work with Admiral Clark, and who will be retiring shortly, I understand. And he's written an enviable record in the Navy, and we appreciate him.

You know, I remember a few years ago, after we supposedly brought down the Soviet Union, in Room 2118 of the Armed Services there, we had some of the generals and admirals of the old Soviet Union in, and we got into some very interesting discussions. And some of those discussions were, How did the United States do better than they did? And basically it boiled down to technology, is that -- we were ahead of them in so many, many, many different areas. And they all said that. And then they kind of liked our way of life, also, as I recall, because we got into that.

As I look at the Navy now and look at what you're going through -- my goodness, as I see these new ships that you're

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looking at, they look like something out Star Wars, almost. And then you've got the Joint Strike Fighter coming along. What effect will that have at all on how you reconfigure or work with your naval depots at this time? Do you -- can you see any effect as you see this technology change coming about?

Admiral Clark: I absolutely do. In our program that's before the Congress as we speak, only one of the platforms has delivered, and all the rest of them are in our future -- DD(X), LCS, CVM-21. Virginia-class submarine is the only -- of -- and LPD-17, maritime pre-positioned force and fleet of the future -- only the Virginia-class submarine has delivered, of this whole new class and family of ships; and that, just a few months ago.

So, the future is out in front of us, and the technology is changing everything. Let me give you an example. Next month, we will go lay the keel on Littoral Combatant Ship. It's going to change everything. Littoral Combatant Ship will be a smaller platform. On June the 2nd, we will lay the keel. It will be -- it will capitalize on the genius of our people. And young people today are computer whizzes, and it'll be roll-on/roll-off plug-and-play or plug-and-fight technology. This will -- in fact, that, along with new operational concepts that we've put in place the last five years -- Sea Swap is an example; Fleet

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Response Plan, a much more responsive force, a much more capable force -- all of these things are changing for the -- will create change in the future.

Here's a key point. Ms. Davis made the point that we used conservative estimates. Let me give you one key example. With Sea Swap, we have proven that we can provide roughly a third more operational capability with the same number of ships than we had in the old operational concept. And that was, now we send a ship forward and we rotate the crews instead of sending the ship back and forth. When we do that, we are going to be able to produce more combat capability with fewer ships. We did not go way down the line and say, okay, this BRAC is based on some future number that's way down. We started -- I started talking about 375 ships, Mr. Secretary, four years ago, and it was an estimate for the future. In the middle of this BRAC process, we went and recalculated, based upon the trendlines we see in the future, to 260 to 325 ships. We ran the analysis on the high end of that. We are betting on no -- in other words, we were conservative in our estimates, and my estimation is we will end up with more capacity than we need, even with these recommendations.

Mr. Hansen: Now, if I may ask this question, I know it's kind of fashionable to talk environment, and I know that part of your criteria is environmental cleanup and all

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that kind of stuff, but I have to think back over the many, many hearings that we had in the Armed Services Committee, and also in the Resource Committee. And many times we had a commanding officer from one base or another in front of us, and they lamented the fact of how difficult it was -- Camp Pendleton is an example of that -- that the youngsters couldn't even come in and dig a foxhole, because they were afraid they would hurt something. Other areas, we had -- every service, except the Air Force, came in and talked about how difficult it was to do it. And I think you're shackled, to a certain extent, and maybe, Commandant, you would like to comment on that problem you've got. I read it differently as I read how everyone is trying to appease a lot of these environmental things, which, in my opinion, are very extreme in many instances. I think we all want to be good stewards of the land, but I think the military is really under the gun, in a way, because they have that unique property that kind of lends itself to the -- whatever it may be on that property. Do you have a problem with that, Commandant, if I may ask?

General Hagee: Oh, yes, sir, we do. Thank you very much for that question. There is a very real challenge, not only with training ground forces, but training air forces. And the way we approached this BRAC is that we're probably not going to get any more training areas, either ground or

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air. We need to preserve those training areas -- ground training areas and aviation training areas that we have. And that is truly military value that we get from those training areas. So, I think that you'll see, in our BRAC recommendations, that we retain those particular training areas. But I do not see that challenge going away, sir.

I would like to add a little bit to what Admiral Clark said about our increased capability. And he spoke very eloquently about what we're going to be able to do in the future. There are two platforms that are coming on -- the Joint Strike Fighter and the MV-22 -- where we looked for a joint solution for training, where, for the Joint Strike Fighter, we're going to establish a -- we, the Department of Defense, will establish a joint training facility down in Florida to handle all the pilots going into that remarkable aircraft. And we're going to establish a joint training facility for MV-22, Navy and Marine Corps, in North Carolina. So, as all three of us said during our opening statement, we looked at joint solutions for some of the challenges that we're going to have in the future.

Mr. Hansen: Thank you very much. Thank you for your response.

Chairman Principi: General Hill?

General Hill: Thank you. Thank you, Mr. Secretary and Admiral Clark, General Hagee, and Ms. Davis, for coming and

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talking with us.

We have all been struck with this particular BRAC set of recommendations because of the great jointness that's in it. And knowing the two of you, and old comrades, I would have expected nothing less. We're -- as I said to the Secretary yesterday, we became joint in 1986, essentially at the point of a congressional gun. We're not as joint as we should be today, and we're not as joint as we will be tomorrow. So, I applaud you in all of that.

A couple of questions, and I'd like to go back to the New London issue. And I'm going to tie it back into a discussion of the Norfolk area.

One of your alternatives listed taking submarines out of Norfolk and putting them up at -- either dividing them between Kings Bay or New London; therefore, you could have kept New London open and not add to the already large growth that's in Norfolk. Why -- how did you come to that? -- is my question.

Ms. Davis: As --

General Hill: Yeah, why not -- why not go New London/Kings Bay versus Norfolk --

Ms. Davis: Norfolk?

General Hill: -- Kings Bay?

Ms. Davis: To a great degree it involved a multiple -- multiple things. One, capacity, and available capacity.

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The second was, frankly, military value. When we looked at the capabilities, as reflected in the military-value scores, both Kings Bay and Norfolk had a significantly higher military value than New London did. And it becomes, I think, difficult to explain to the Commission, particularly after following our process, or trying to make sure that we could articulate well the linkage of military value to the ultimate recommendations, to have gone the other direction.

Admiral Clark: May I comment? Let me give you an example of -- and I -- the other day at the press conference, when we were there with SECDEF and the Chairman, I said one of, I think, my fourth -- third criteria was resources. If we moved all the submarines out of Norfolk -- and I bring this up, because it's something I would hope that would get center stage in your deliberations -- we move all the submarines out of Norfolk, what happens? We don't close the base. We marginally affect the public-works structure on the base and some of the ancillary support pieces. But you don't save any -- you don't save large resources -- and this move is a billion-six, in that category -- until you close the fenceline. Ms. Davis used the term "fenceline." Moving out of Norfolk and consolidating in two other places would have been almost no effect.

So, at this -- part of this process -- and you'll see

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it in our deliberations. Our deliberations are -- we're looking -- and my guideline to my team was, "Remember this. It's got to be good for sailors. It's got to be good for the taxpayer, too." And so, from a resource point of view, the ability in every one of -- every time they brought recommendations to me, I was looking forward return on investment. The Secretary made the point, "You find our recommendations -- we're looking for a payoff as fast as we can get it." Part of the Sea Enterprise journey for us, leaning how large organizations out in the civil sector run the business, is that they don't invest in things that are going to take years and years and years and years and years to pay off. We tried to focus. And you'll see that we have focused largely where we can get return on our investment as rapidly as possible so that we can reinvest it in the future.

Secretary England: And, General, if I can comment, I think for all the deliberations of the week, when you look at everything associated with Department of the Navy, we have tried to optimize across the Department, not at a location. So, you will see, in some areas, where we may have a better-performing base than somewhere else, but if you move -- but if you move work into that base, that would seem to be more optimum, but the costs at the other facilities greatly outweigh that. So, we didn't look at a

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specific areas. We tried to work across the Department, in terms of both value and savings. And when you look across a Department, you, in most cases, get different answers than if you looked at just one narrow decision.

General Hill: Okay. Staying in the Norfolk area, I was surprised when I saw the recommendations, that Oceana is not in there. In terms of encroachment, there's probably -- you have probably no other place that's more encroached on your airspace and your ability to train and do all those things. Did you look at alternatives for Oceana, and even extreme alternatives, like maybe moving them to an Air Force base?

Admiral Clark: The answer to your question is, absolutely. Do you want me to say more? Talk about --

[Laughter.]

General Hill: Oh, yeah, please.

Admiral Clark: Okay. I talked to -- at length to John Jumper; said, "Can I have an Air Force base?" You will see -- and I have some -- as we looked at military value and operational imperatives, getting a base in the middle of the country was not going to be of much value to me. I've got to have one that's closer to the water, or else it's not -- it ends up -- it's back to the Secretary's point, the operational costs are -- cost me a fortune. So, you know, we had some rule sets. We worked at it. The places that we

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could go -- oh, and there's one other factor. It was going to cost us more money to split a place like Oceana -- you know, we have a -- first of all, it's a large base --

General Hill: Yeah.

Admiral Clark: -- do it had -- we had to have a large place to take it, or we had to split it among a large -- you know, a number of places, which then runs your overhead up. And when you do the business analysis of that, it didn't work out.

So, I will tell you that we looked hard at the Oceana issue. There are known encroachment issues. And we came out of it the way the recommendation is submitted.

General Hill: One final question from me, and it's a -- at the risk of being flip -- eight, nine years ago, you moved the Warfare Development School from Norfolk to Newport; and, in this BRAC, you're moving it from Newport to Norfolk. I'm hard-pressed to understand that, good friend.

Admiral Clark: Let me see if I can help. You know, I -- I've had this job quite awhile, longer than anybody except one other person in history, and longer than anybody in almost, I guess, 50 years. My priority -- one of my top five priorities when I got here was alignment. And my personal project in year one was alignment. I created a command called Fleet Forces Command. The Secretary and I set out to create -- and, frankly, we got some of that from

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your service -- we thought we needed a command that was able to pull -- first of all, manage the organized train-and-equip Title 10 function in the continental United States. We didn't have that. We had an East Coast and a West Coast structure. Then we gave that commander the responsibility to collate and do a universal input from the entire fleet on future requirements and operational requirements. And then we gave them responsibility for doctrinal development.

And the reality was, an assessment of the way it had developed in the past, we came to the conclusion that it was moved up there to link with the War College, and we wanted to link it more closely with the equivalent of the United States Army's Forces Command and the equivalent of the United States Air Force's Air Combat Command.

And so, we have already passed operational control and administrative command of that structure to our new command, called Fleet Forces Command, and we believe that we will get synergy of effort by putting it in Norfolk.

General Hill: Thank you.

Thank you, Mr. Chairman.

Chairman Principi: General Newton?

General Newton: Thank you, Mr. Chairman.

Secretary England, Admiral Clark, General Hagee, Madam Secretary, thanks again for your time and in sharing this detailed analysis which you presented to us today. We

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certainly appreciate that.

There is a lot of this information which you're speaking about that we do not -- analysis that we do not have available to us yet, and, therefore, there are some questions that you probably would say, "Well, that's a logical question. You probably should know the answer to that." But the answer -- the fact is, we don't yet. So, we are trying to climb this very tall mountain that we find in front of us.

Let me go back to the sub base again. And you spoke about the military value there. Can you share with me for a moment, was that difference between, say, New London and other location, a drastic difference in that military value? Were we close, or how would you arrange that?

Ms. Davis: If I may -- and let me look at my note -- the -- as we -- as I noted on that, New London was 12th out of 16 active bases. The actual military value of New London was in the -- as I recall, in the low 50s, with the maximum of the number-one, -two, -three bases being about -- exceeding 70. So, there really was a range. My good staff just handed me the actual scoring.

The real breakpoint that we saw, as much as any other single thing, came when you started looking at the multifunctional bases, which scored in the mid-to-high 60s, compared to the New London score of 50. So, yes, there was

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a drastic difference.

I'd have to say, though, that the -- what that difference represents, totally aside from just a numerical score that allows you to compare, really isn't seen until you look at the actual answers to the questions, because the score itself is an aggregation of a lot of data. And so, what makes one base fall lower or higher on a particular list, you need to look at the detailed questions. And we will be happy to review those with the staff.

General Newton: Well, thank you very much. Reference --

Secretary England: Pardon me, General. Hopefully -- I understand, by tomorrow, the plan is, hopefully get you all this data. That's the last I heard today. You know, we're going through, just making sure -- releasability, et cetera. But the last I heard today is, hopefully you will have all that data tomorrow. So --

General Newton: Thank you, sir.

Secretary England: -- then we'll be able to have more detailed discussions.

General Newton: We'd greatly appreciate that. That would be very, very helpful.

Reference jointness -- and certainly we were thinking about that during the conversation of Oceana -- are you comfortable that we achieved as much of that as we should

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have, could have, during this process? Obviously, there might have been an opportunity -- or you would have hoped for another opportunity for maybe another location. And I don't know if there's something of that size, when you look at any of our other installations, the size to take that full impact of the flying operation which you have at Oceana, which is massive, and it's obviously critical to your mission. But did we get the amount of jointness, or did you see the amount of jointness coming out of this that you're comfortable with, both of you, as military commanders?

General Hagee: Yes, sir. As far as I'm concerned, we did.

Admiral Clark: Yeah. And I feel like we made great strides. That doesn't mean that we didn't leave some things on the table. We did. But we did because of the recommendation of the joint cross-service groups and where the payoff was.

Let me give you an example. One of the recommendations -- you're going to see 'em all, so let me be very direct and straightforward about it -- we moved -- we had one recommendation that moved airplanes all over the place, and it was incredibly joint when we were finished. It also ended up costing me a bunch of money. And I remember, in the executive council, I commented about the fact that I've

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been working for almost five years to shorten this training pipeline. And the training pipeline costs me real dollars. It costs us manpower dollars. And this move was going to make us more joint, but it was not going to pay off. And the council came together and said, this is -- you know, it would have advanced jointness, but this wasn't the right thing to do.

So, could we have done more? Yes. But at what -- you know, what would be the criteria? What would be the standard?

I believe that the solution we -- where we -- the recommendation that's before the Commission will -- obviously, it's more jointness than anything that's ever come up here before, and I believe it's made great strides in the process. But I -- it's, as General Hill said, and I know you would agree, that this -- jointness is a journey, and it will continue. Future groups will see other things, and think will develop that are possible in the future that aren't going to be possible today.

Mr. Hansen: I might make one additional comment. It doesn't directly bear on BRAC, but it actually came out of the BRAC discussions, and actually the discussion that Admiral Clark was talking about, when we looked at the training pipeline and how we could make that more joint. And, as Admiral Clark said, we found that it cost us a great

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deal of money, and we got pilots later. But one thing that the service chiefs did discuss is true jointness. And that is putting instructor pilots -- Navy instructor pilots with Marine instructor pilots, with Army instructor pilots, with Air Force instructor pilots. That came out of that particular discussion. And now you're talking about real jointness, and not just putting individuals wearing different uniforms together.

Admiral Clark: Can I say one more thing about this business of the Navy/Air Force aviation thing? Here's another thing that's going to get your attention as you examine the data. The only guidance that I gave my team in the beginning was, "Remember, the good Lord isn't creating any more airspace and waterfront property, so let's make sure we've got this right." We do not want future people in the Navy, future leaders, to look back and say, "Why did they do that in '05?"

John Jumper and I worked at this. The reality is, he has the same challenge I do with regard to airspace. And so, as you well know, airspace then becomes a prime issue, and John Jumper was in the position that he was loading up bases that I would like to have gone to. And so, it wasn't an impasse. You know, it was -- back to the -- Secretary England's comment about looking across the enterprise and getting a solution that is going to work to the benefit of

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the entire structure.

Thank you.

General Newton: Very good, thank you very much. And if you need another pilot, I am always available.

[Laughter.]

Chairman Principi: Mr. Skinner?

Mr. Skinner: Thank you very much, Mr. Chairman. Thank you, gentlemen, for testifying.

I want to talk about several issues that -- number one, I'm -- we're going to get the financial analysis, so maybe, Secretary Davis, this is directed to you. It looked to me that New London, we've got a 20-year savings of 1.576 billion and we've impacted over 15,000 jobs. In Atlanta, closing Naval Air Station Atlanta, which looks like a no-brainer, by the way, 2100 jobs and 910 million, almost 60 percent of what we're going to save in New London, with about 20 percent of the jobs. Pascagoula, 1760, with a savings of 665 million. So, it appears to me that if you look at the impact on the community, which I recognize, financially, doesn't appear in your budget, it appears to me that -- I was wondering how that is considered in taking into all these considerations, because, as you know, those jobs off -- flow off income. All that income flows to the federal budget, and the Defense Department gets more than anybody else, other than HHS.

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Secretary England: Mr. Skinner, let me just say this. First of all, our first criteria was military value, so it had to make sense from a military-value point of view. That said, we did want to end up, you know, saving money, because that's an important resource for the Department of the Navy. But it was military value. And, in this case, it is difficult in New London, but it's also $1.75 billion.

Now, we are not allowed to consider all the input from the community, frankly. We consider certified data, and our decision is based on that. Now, you can look broader than that, you know, with community input. But it was a military-value decision for us. It was a very large savings. And, in our judgment, it was the right decision for us to make, because it was infrastructure that we did not need for our future Navy. So, we did not need the infrastructure. It did save resources, and it did have a high military value. So, you know, in our judgment, that was the right decision to make.

Mr. Skinner: Well, in order for us to evaluate that, we need to see the analysis of what the costs of the other movements would be, as well as the impact that those other movements would have on the community.

Secretary England: And that's -- that will all be available, and we'll go through that with you and your staff in great detail, Mr. Skinner.

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Mr. Skinner: Yeah. Also, you talked about the disadvantage of splitting, but if you look through your estimates and your recommendations, you've done a lot of splitting here. You've closed facilities and split of 'em, and so have the others. So, splitting isn't all bad. And I was -- I think just the fact that you have to split doesn't, sometimes, cost you more money. Sometimes it doesn't, depending on what you have to build out and what you don't. So, splitting -- I don't want to leave the negative connotation, because you've got it in a lot of your other recommendations, which I'm sure we'll look seriously at.

Another issue that I'd like to talk about, and I say this as a former Cabinet Secretary and a former Secretary of the Coast Guard, de facto. There does seem to be -- as I traveled the country then, as I travel the country now -- there does seem to be a feeling throughout this country that there's a bias by the Navy towards the Southeast, from Virginia on down south. Now, I don't say that it's a bias that plays a role every day, but if you look at -- on the West Coast or the East Coast -- you look on the East Coast, General Hagee, most of your facilities are down in that area -- obviously, Norfolk, and we've seen what's happened -- Norfolk, Georgia, Florida. You understand, of course -- and I'm not accusing anybody at this table of having any perceived -- well, there is a perceived bias that there's a

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-- you know, all things being equal, we'd like to be in that area. And I wonder -- just your thoughts on how -- I think, in the best interests of the Navy -- and, by the way, other services have similar bias, so I'm not -- you know, perceived bias -- and I'm not saying you're the only one; you're the only one here this afternoon. So, I wonder what your -- you do to make sure that -- the informed decisions that you do make, that you overcome it, and what you do to prepare the public, or to educate the public, that these decisions and recommendations really are fact-based and not, kind of, a built-in inclination towards the Southeast.

Secretary England: Mr. Skinner, first of all, I mean, we have the hand that's been dealt to us. I mean, we're not building any bases. The bases are where they are. And our objective is to get maximum military value and biggest savings to the taxpayer.

Now, the reason I wanted Ms. Davis to go through this rationale is so that it's very clear that this is a -- we started this at the very bottom with data calls. I mean, there's literally, for the Department of the Navy, 3.8 million data bits. And this data was worked extensively, and worked through the pyramid, as she indicated to you, to the top, in terms of recommendations to the leadership. So, this is a bottoms-up process. I mean, this is strictly fact-based. If you could eliminate names from all this and

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just give 'em colors or letters or whatever, and you would have ended up with the same recommendations.

Now, when you get the data, I believe you will see that this is a highly analytical, objective process. I mean, frankly, the process doesn't know where the bases are. It's strictly an analysis of capability, military value, cost, et cetera. So, I think you will find this to be very fact-based and very objective, and it has absolutely no bearing at all on where anything's located. And I'm sure the data will support that when you have an opportunity to look at it in detail.

Mr. Skinner: It does. I mean, it is. Because, as you point out, you're mainly feeding bases that are already established, that you've basically inherited. So, whatever's built in is built in. I --

Secretary England: And the cost --

Mr. Skinner: And that gets me to my final point, and one that dealt with -- and I think -- I'm not sure we got the answer. We'll give you a chance to complete your answer, let's put it that way.

Oceana, where it could be moved. If we had joint facilities or if we had facilities that -- you know, that -- this Commission, as you know, albeit -- it would be done only with a great deal of thought -- it does have the -- to make recommendations that go beyond individual and can take

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the needs of each service and impose them on the needs of other services. And maybe this'll go to you, Admiral Clark. If there were facilities that were in other services at this time that would be made available to you instead of Oceana, assuming they were sitting there blank, which would those facilities be? And, by the way, you can go with your bias -- alleged bias on the Southeast, if you want.

[Laughter.]

Admiral Clark: Well, the one that -- one that --

Mr. Skinner: You can't answer that yes or no, either, by the way.

[Laughter.]

Admiral Clark: No, it's not a yes-or-no answer. I will tell you we looked very hard at Moody. We looked at places where we could get -- where we could link quickly with our at-sea structure.

Mr. Skinner: Right. I understand that.

Admiral Clark: And so, I don't think that would surprise -- I know it wouldn't surprise any of you, obviously. That's why I couldn't take base in the middle of the United States or -- I mean, Cannon was available. And so -- you know, that wasn't going to work -- and so -- but the -- when you've got the airspace and those kind of issues, the Air Force was, in fact, loading that facility, and there weren't any other places that had airspace that we

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could get into.

Mr. Skinner: But that really don't answer the question, sir.

Admiral Clark: Oh, well --

Mr. Skinner: Let's assume we unload it for you. Let's assume you tell us -- we'll unload it, and we'll take those facilities and move them somewhere else. You tell us where -- what facilities could be available that would work for you.

Admiral Clark: Well, let me -- in order to be absolutely fair and objective, let me make -- go -- provide that to you. And then I am absolutely certain that I have given consideration to all the options.

Mr. Skinner: That's fair. That's fair. Thank you.

Thank you very much.

Chairman Principi: Thank you.

General Turner?

General Turner: Good afternoon, again, and thanks for being here.

As you know, my background is the Air Force. Most of what I know about the Navy and the Marine Corps, I have learned from history, my love of Pacific World War II movies, watching JAG --

[Laughter.]

General Turner: -- and, most recently, from my service

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on the American Battle Monuments Commission, working with former Marine Corps Commandant General P.X. Kelley, which was an experience of a lifetime.

But a couple of things, I learned along the way. One is, if I were ever to find myself somewhere in the world in the middle of a firefight, I would want the United States Marine Corps person right next to me. And, secondly, what I've learned along the way is, if the fleet can't sail, we've got a problem. And so, that takes me to the closing of the Naval Shipyard of Portsmouth in Kittering, Maine. Never been there. But I received, oh, probably about an hour after the Commissioner nominations were published, a terrific letter from a family in that area that made me want to learn more about this particular operation. So, I was glad to get started with the study of the documents this week.

According to your written statement, this shipyard was -- and I'm going to read this, so I don't screw it up -- "This shipyard was selected for closure, rather than the naval shipyard at Pearl, because it is the only closure that could do both, eliminate excess capacity and satisfy retention of strategically-placed shipyard capability." And they further state that, "There would then be insufficient excess capacity to close any other shipyard or combination of shipyards."

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Now, this leads me to believe that you believe that the remaining three naval shipyards, at Norfolk, Pearl Harbor, and Puget Sound, can handle whatever requirement is thrown at us in the future, and that your ships in need could be handled by the one Atlantic shipyard and the two in the West.

And I guess I have two questions. The first is: In terms of naval shipyards, do you -- how do you define "excess capacity"? Is it defined for the normal operations, surge, or perhaps even super-surge? And, secondly, I need you to help me understand how preserving only one naval shipyard on the East Coast can handle the event -- handle the need in the event that something untoward or catastrophic -- God forbid -- happens to any one of the other two naval shipyards? I'm having trouble discerning the military value in that context.

Admiral Clark: Why don't I give a broad answer, and then maybe Ms. Davis would like to give some specifics of the way the analytic tools are used.

But the data's going to show you clearly that we have excess capacity in the shipyards, in the government-owned shipyards. It's important to point out that, of course, we function with other shipyards, with commercial shipyards, also.

With regard to the strategic issue here, is -- and the

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choice between a base that we recommended closure for, and one in the Pacific, and we believe that the Pacific is of great strategic importance in the future, and that absolutely did color my thinking. And so, then a broad -- an answer to the broad strategic question -- yes, we did consider day-to-day operations. Yes, we did consider surge operations. And, by the way, if they're surging, well, then they're gone, they're not in the shipyard. But our whole operational construct now is, the Fleet Response Plan is a surge construct. That's exactly what we have built in the Navy, and literally doubled our ability to respond. And the analytics show, without question, that we have enough capacity to do that.

And, Ms. Davis, would -- is there anything else you'd like to add?

Ms. Davis: Only that, in terms of the actual analytics, they were done within the Industrial Joint Cross-Service Group for Shipyards. And I think Mr. Wynne talked to you yesterday about that. Obviously, Navy participation leads, because we're the only folks who own shipyards.

Surge was added into the capacity analysis to make sure that the combination that was left, if anything closed, was able to accommodate really anything that might come to -- you know, to a degree of reason. There is no question that if something catastrophic occurred at any of our places, it

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would take us awhile to recover. However, as I think we've seen with a variety of things -- and I use the hurricane at Pensacola as an example -- we were back in business within the week. There are -- there is, as the CNO indicated, capacity available in the private sector, and certainly within our system, given some of the other recommendations that are being presented in terms of intermediate maintenance capability that can absorb a wide range of capacity, of workload capacity, on an as-needed basis.

Secretary England: Also, Mrs. Turner, if I can add, the -- it's primarily nuclear-submarine overhauls -- I mean, nuclear submarines, about 55 now, the CNO's comment, he expects it'll go down. I'm not sure it'll go down to 41, but it's likely not going to grow in terms of our nuclear submarine.

The trend is, as our nuclear power plants last longer -- I mean, we're now building nuclear power plants that don't get refueled; they last for the life of the vessel, so it's going to be less and less work.

Also, we do have excess capacity. And while they do an excellent job in Kittering, Maine -- I mean, they're very efficient, it's a good workforce and -- fact is, they were -- just received an award for their past work, because they've done an excellent job. But our problem is, if you start pulling work out of our other yards to put in

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Kittering, then the other yards start getting dips, in terms of -- you know, you like to have a steady workforce, in terms of best efficiency -- so, if we start pulling work out -- and those yards do other work, so -- we use the submarine work as a filler, which gives us maximum efficiencies in the other yards -- so, here's a case where it would appear that if you were to optimize Kittering, you would get some benefit. But the fact of the matter is, while we could get some local benefit, in terms of efficiency, it would hurt us at the other yards, because we'd pull work out and make them less efficient. So, at the end of the day, I mean, frankly, it's the only real decision we can make, in terms of eliminating that capacity.

Admiral Clark: And can I just add one point? The Secretary's really hit the nail on the head here, and I appreciate his -- the focus on the nuclear-maintenance side of the house. And let me add this point. There are no bad bases. They're all great people and dedicated Americans, and they've been tremendous. The issue up there is that though the refueling -- for the Los Angeles class submarine, those refuelings are, in fact, coming to the end of the line. So, his comment about new plants, new technology, it relates to the other question that was asked about technology. The face of the requirement is changing.

General Turner: Thank you. That's helpful.

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Mr. Chairman?

Chairman Principi: Thank you.

Admiral Gehman?

Admiral Gehman: Thank you.

Mr. Secretary, CNO, Commandant, thank you very much for appearing. It's enormously helpful for this Commission to hear directly from you and not through reports and books that are this high, and we appreciate it very much.

I have a number of questions. One is, by law your recommendations are required to be based on, among other things, the 20-year force-structure plan. And my crystal ball really doesn't work very well out there. I don't know how yours -- yours is probably better than mine. But could you say -- and I'd like to ask both the -- or all three of you -- whether or not the role of the Pacific -- the far-Pacific, from a strategic point of view, is, in any way, reflected in this -- the recommendations?

The Secretary of Defense yesterday said that the ongoing QDR is -- and the work of the BRAC were talking to each other, even though the QDR is not finished. And so, my question is based on the requirement or 20-year projection of forces, the ongoing QDR -- is there any reflection of a strategic tilt here in any of these recommendations? I don't know how you want to start, but I need to hear both the Navy and Marine Corps.

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Admiral Clark: I'll go first. I don't profess, Admiral Gehman, to have a crystal ball that can see 20 years perfectly. What I have seen clearly from the past and the way we're developing technology is, I don't expect -- remember, when we had a theme of a 600-ship Navy -- and I believe, the way technology is evolving, that LCS may grow the Navy, some, and I believe it will, some, but I think we've got it roughly right, and that's the best that human beings can do.

The QDR -- before Congress this year, I talked about how I was looking at moving a carrier, and I said that I wanted it subjected to the BRAC analysis. And I will tell you that it was subjected to the BRAC analysis, and -- because I wanted the same analytical rigor that's going at everything else to look at that issue. Frankly, we looked at it in the context -- after we saw all the data, we looked at it in the context of the QDR, with a lot of unknowns out in front of us that we will be looking at over the course of the next six months, and decided to say no at this point in time, because we wanted to see the results of the QDR and what it tells us.

But there are other things that are, I think, self-evident. We already moved some submarines to Guam. And we will continue to make operational moves that are necessary to deal with the challenges that we face and our ability to

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optimize operational response. And so, I would suggest -- and my answer really is -- in the BRAC process, we did not try to make -- draw any conclusions that we haven't otherwise drawn with regard to the Pacific, but we have ongoing work, recognizing the importance of the Pacific, including statements made by our departmental leadership.

And so, the judgments that we have made with regard to the carrier, as I suggested, and issue of the -- a shipyard in Pearl Harbor, those, I will tell you, when it came time for me to look at the recommendations of the cross-service group, I thought that it fit in the context that we had been talking about for the course of the last five years.

Admiral Gehman: General, do you want to talk about the Pacific, one of your favorite places?

General Hagee: I would align myself with the CNO. And, unfortunately, I think my crystal ball was probably constructed the same place that yours was. However, one thing that we have, I think, learned in this fourth-generation irregular warfare is that boots on the ground count. So, I don't see the Marine Corps getting smaller.

I've already talked a little bit about the new technologies that we have coming on, and how we looked at joint solutions for some that training.

As far as the Asia Pacific is concerned, I'm on public record as saying that that's an important area, and I do not

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see us reducing our structure in the Asia Pacific area between now and 2020. At least that's what my crystal ball says.

Admiral Gehman: Mr. Secretary, do you want to add anything to that?

Secretary England: Admiral, just a comment. I guess to amplify, a little bit, the CNO's comments. I don't see the Navy growing. The Marine Corps, as you know, is growing a little bit. That's accounted for in our numbers. And, in fact, they can grow more and it still accommodates. Navy, I don't see growing, in terms of numbers. And I would comment that the technology would tend to indicate that we would probably have less, rather than more, ships, frankly, because the technology -- I mean, look at our aircraft carriers. I mean, the CNO recommended we reduce one aircraft carrier. We go back to Vietnam -- it took 800 sorties to take out one bridge, and we lost ten airplanes and finally the first laser-guided bomb took it out. In Desert Storm, I believe we planned, like, four sorties per target kill. And now we talk about the number of kills per sortie.

So, with our -- the kind of airplanes off of our carriers, the kind of sorties we generate off of our carriers, the precision weapons we have, all the interconnect, and plus, in addition, all the other needs for

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all the new kind of evolving warfare, it says that we have to think about how we spend these dollars.

So, we've done a lot of work that comes -- that goes into the QDR, because all the services have been working on the QDR, as we now work it at a senior OSD level. But I believe, as the CNO said earlier, we've been very conservative, in terms of these recommendations. We want to make sure we're not caught short in the future.

So, if anything, we were conservative. Again, the number of ships was up as high as 325. Of course, we're below 300 right now. So, I believe we have margin built into these recommendations. And, frankly, that's not a concern, in terms of if we have to do more for the future because of other potential threats.

Admiral Gehman: Thank you, sir.

I want -- probably, Mr. Secretary, this may be addressed to you, too -- how do you explain the reduction in the recruit training infrastructure -- or the recruiting infrastructure -- not their recruit training depots, but the recruiting infrastructure -- at a time when you're having such a devilish of a time meeting your recruiting goals?

Admiral Clark: I'd be happy to take that one.

We've had some remarkable success in the Navy in our -- the number-one priority in the last five years has been the battle for people, and we're winning it. Because we're

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winning it and retention is the highest sustained rate it's ever been in the 229-year history of the Navy, the whole picture has changed here.

Those stations don't have anything to do with how many people I've got out recruiting. I buy -- the number of recruiting -- my recruiting force is purchased in a totally different way than how many buildings I decide to be in. And so, I size that force every year. I'm going to have 400 recruiters, I'm going to have 500. It's the way we position them. So, this is what I would call -- these moves are about infrastructure and overhead. They don't have anything to do with the recruiting aspect.

Number two, I've got the longest delayed-entry pool that I've ever had in the history of the Navy. My reason is, we're so successful in retention -- when I got to this job, five years ago, we were going to recruit 57,000 people. And this year, the number is 36,000. When you look at a 40-percent reduction because of the success you're having in -- you know, the kind of people you're recruiting and what they -- they believe in what they're doing, it is really -- the landscape is totally different. We thought we ought to streamline our overhead.

Admiral Gehman: That's a fairly good answer.

A similar question about the single-site location of officer training. As you know, 80, 90 percent of officer

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accession programs are four-year programs -- ROTCs, Naval Academy, et cetera --

Admiral Clark: Right.

Admiral Gehman: -- and so, all the surging has to all squeeze through these little officer training facilities. Obviously, you've thought about that, and you -- single-siting it leaves you enough surge capacity to do what you need to. I just need to be reassured on that.

Admiral Clark: Yes, it is. And let me say that that is our surge tank. Congress has put law into effect that -- now if I change one number at the Academy, I must change it in ROTC. That's the law. And so, we use this facility as the surge tank.

And if you look at the -- if you look at what we did in Pensacola and in Rhode Island, in Newport, we fundamentally tried to put like kinds of training activity together for -- and we would improve, then, our operational capability and become more effective and then more efficient. So, you look at -- it tends to be more aviation in Pensacola and non-aviation stuff up in New London -- in Rhode Island and Newport.

Admiral Gehman: Thank you.

Commandant, when we go out and hold our regional hearings, I suspect that the subject of the Marine Corps recruit depot at San Diego is going to come up. The --

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Lindbergh Field is heavily encroached there, and they would -- they are coveting a few acres beyond the fenceline. Did you look at alternatives? And, you know, for example, Camp Pendleton or something -- or even single-siting your recruit --

General Hagee: Yes, sir, actually we did. In fact, the Marine Corps nominated MCRD San Diego for closure. But when we put it through the analytical engine that Ms. Davis talked about, it came out -- in order to have the same capacity, the same quality, it came out costing us a significant amount of money in order to do that. And it just -- we could not make the business case for it.

Admiral Gehman: Mr. Secretary, would you care to comment, though, on the economic value that the community, though, would gain to offset that? I know it doesn't help you with your check-writing problem, but I think the community would be very much helped.

Secretary England: Well, one, I'm not sure that's the case, Admiral. I mean, I'm not sure that the community wants MCRD --

Admiral Gehman: I'm not sure, either, but I --

Secretary England: No, I'm not, either. I mean, we've never had that input. And I, frankly, think they like the Marines out there. They're highly supportive of the Marines out there. So I, frankly, don't believe that is a community

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issue. And it's important that we run the Department of the Navy effectively and efficiently, and that's what we're trying to do.

Admiral Gehman: Thank you.

NAS Brunswick, Maine. You're moving all the forces out, but you're essentially keeping the base warm. As best I can tell from reading this, because we don't have all the data -- but the best I can tell is, moving the P-3s to Jacksonville, and essentially all of the forces out, but you want to keep the base. Can you explain the economics of that?

Admiral Clark: This is a military-value question more than anything else, and the -- a naval base in the -- an air base in the Northeast. And so, my numbers, let me just tell you -- we're keeping SERE training up there, but we're really keeping a strategic capability in the Northeast. That's what it boils down to.

We -- 61 civilian jobs and a lot of the military jobs, 334 civilian jobs will remain. And so, most of the civilian structure stays there to keep the base in kind of a strategic-response kind of a position.

Admiral Gehman: Thank you very much.

And, Secretary Davis, my final question -- and I know this is a cross-service group -- whatever-the-name-of-that-thing-is question, but the question I have is, the Southwest

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United States ranges -- training ranges, T&E ranges, and all that good stuff for which the U.S. military either owns or controls, you know, millions of square miles of, not only land, but, more so, airspace -- can you tell me what the Department of the Navy's position was, as you entered the cross-service groups, as to how to -- as to whether or not you need more, you need less, it's utilized correctly, your access to it is okay, it could be coordinated better or should be controlled by one agency, or something like that? Did you have -- did the Department of the Navy have any particular equities in that? -- before I get those other people up here?

Ms. Davis: I think you'll find, as you discuss with -- and it was education and training who reviewed the ranges -- that they recognized at the outset, and our input very much was, that we had to look very, very carefully at giving up any of that range asset. And I think both the CNO and the commandant reflected that.

In terms of control, I think the real input was, we need to make sure we have access, and have to do whatever it is that allows us that access. But I think, as a Department, we were open to looking at -- to exploring a variety of ways of doing that.

Admiral Gehman: Thank you, Mr. Chairman.

Chairman Principi: Thank you.

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Mr. Coyle?

Mr. Coyle: Thank you, Mr. Chairman.

Secretary England and Admiral Clark, General Hagee, Secretary Davis, thank you very much for your testimony this afternoon. Appreciate your being here.

This BRAC round is different in a number of ways from past BRAC rounds, not the least of which is, this one is being conducted at a time of war, in a post-9/11 environment, which we couldn't imagine in -- during the past BRAC rounds, and at a time when the Defense budget is going up consistently, not going down, as it was during the past BRACs.

And I asked Secretary Rumsfeld and General Myers the other day how those factors had produced different kinds of recommendations than if the environment had been the way it was in the past, where we were talking about the peace dividend, the budgets were going down, and we hadn't imagined anything like 9/11. The answers I got were mostly about the process that the Department has gone through, not about, you know, strategic or tactical considerations.

Looking at the Navy's recommendations, I wouldn't be so surprised by them if this were a time of wide peace and great security and harmony, with budgets going down, and so forth. But can you tell me how the fact that that's not the situation made a difference to you this time in the

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recommendations you made. It -- just off the top, it doesn't look a --

Secretary England: Mr. Secretary, first of all, resources are still very, very tight and very precious in the Department of Defense. It's true, our budget's gone up, but also our medical costs have gone up, our personnel costs have gone up. I mean, a lot of our costs have continued to go up. And so, we continue to put pressure on our acquisition accounts, because that's always where we have the pressure now, for the last four years I've been here; and five years, CNO; and the whole time the Commandant, General Jones, and now Mike Hagee. We worked very, very hard to be very efficient so that we could free up funds to buy the things we need to buy in the Department of the Navy.

And, that said, I mean, this year we're under a lot of criticism because people would like us to be buying more ships, for example, this year. It's indicative of some of the cost pressures we're under. And so, again, we've tried to act very responsibly here. I mean, we have literally looked at military value, and what we don't need, what we're spending money in, how do we be more efficient, how do we eliminate overhead? So, I'm not sure this would have been different in any environment.

I mean, we're trying to do what's right for the Department of the Navy and what's right for the country and

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for the taxpayer. And, again, it's very objective, very fact-based. And this is important. It's very important for Department of the Navy, it's very important for the Department of Defense. I mean, this is a huge amount of money, when you start talking billions of dollars.

So, again, we've tried to be very responsive and doing what's right for the Department and for the country. And while it's true that budgets are going up -- I mean, there's a lot of pressure on those budgets within the Department of Defense.

Admiral Clark: Let me just say that, in context, I feel like the -- we are getting squeezed sufficiently, but I don't believe that we should ever be in largesse. I think that would be bad for the taxpayers. But let me cite what the problem is.

The decade of the '90s, we went on a procurement holiday. And, by my calculations, with what happened when the peace dividend was going on, we did not invest in roughly $100 billion worth of things that would have been invested in if we'd been in a normal flatline circumstance. So, five years ago, I got to be the CNO in a time where my Air Force is older than my fleet, and an airplane and a jet, you know, a fighter probably ought to last 12 or 14 years, not 35 years, like a ship.

And so, I considered that we are under immense pressure

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and requirement to recapitalize this force. And so, we have been doing everything we know how to do to turn dollars toward procurement to change those trend lines. That, in light of the fact that that -- what happened in the '90s caused the costs of everything, because of the economics and -- economics of scale for companies, and all. I submitted in my testimony this year discussion about the rising cost of buying the technology that we need for our people to go forward and engage in the global fight.

And so, I -- the Secretary has said it accurately. We treated this, I believe -- we addressed it in an economic environment where dollars were scarce, and we are trying to -- so, as I said at the press conference with the SECDEF the other day, dollars was an issue for me. When they brought recommendations, I was right up front with them, "Look, let's find resources that -- remember, good for sailors, good for the taxpayer."

General Hagee: I might add one thing, sir, and I think this is where the global war on terror may have informed us. I think the arguments before 9/11 would have been similar, at least from the Marine Corps' standpoint. But what we would have argued is, "What if we are at war and" -- let's take depots, for example -- Do we have enough capacity in our depots to do the refurbishment of our equipment? We don't have to use that conditioned phrase anymore. We know

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-- or have a fairly good feel on what we need as depots are concerned, and we were able to lay that out in the analytical model to project what capacity we needed in our depots.

Mr. Coyle: Just to follow up on your comment, the Marine Corps has such a can-do attitude, God love them, that they never seem to complain about anything, no matter how bad it gets. But I see some proposed changes from the Department of the Navy that are going to move support farther away from the places where the Marines need them, moving things around the country. You mentioned depot support, other examples where things are being moved, not necessarily to be closer to the Marines, but to be consolidated someplace that isn't particularly close. How do you regard those kinds of changes in today's environment?

General Hagee: I cannot think of one that -- one move that concerns me right now, sir. I can't think of an example. Maybe the movement of the mine capability out to San Diego. But that's actually putting it out there probably closer. It's surely putting it closer to where the Marines are. So, I cannot think of a move that concerns me.

Mr. Coyle: I was thinking more of logistic-support kinds of things.

Secretary England: Yeah, we did move -- I believe you're right, Mr. Coyle, we did move some changes in

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California, so some parts went to Army depots. But we had a long discussion about those -- in fact, it was a long discussion for over a period of time, to make sure we got the right balance, in terms of Marine Corps capability. As I recall, we kept the depot intact, but some of the pieces we sent to component depots that specialized in those pieces. So, I believe we struck a balance for the Marine Corps, where we maintained the depots forward, where they deploy, and specifically, you know, in the Pacific region, where we do a lot of our Marine Corps work. But some of the components, we decided we would move; but we did not want to move the entire depot, for the exact reason that you commented on.

So, this was an issue of, I would say, long discussion and tradeoff, and I believe, at the end of the day, we came out with an approach that kept the depot there with the Marines on the West Coast; some of the components, we moved; and, at the same time, we saved dollars for Department of the Navy. So, I believe we came out with the right answer. And I believe that's the only situation, but that was after a lot of discussion analysis when we made those decisions.

General Hagee: That's correct, sir. I'm sorry, I misunderstood that question. We moved some small-engine repair, some engine repair, some component repair to some other depots, but we kept our combat-vehicle and our

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tactical-vehicle capability there at that Barstow. Plus, this also caused us to come in discussion with the Army. This is the only ground depot west of the Mississippi. Army is moving several hundred -- I think the number is around 900 -- Strykers out onto the West Coast. So, there is -- Barstow is also a capability, or at least a location that could provide that particular capability.

Mr. Coyle: Thank you.

Admiral Clark, how did the Navy interact with the technical joint cross-service group? Did the Navy forward its recommendations to the technical joint cross-service group? And if a joint cross-service group recommendation ran counter to what Navy leadership had sent forward, how were those differences resolved?

Admiral Clark: I had Navy personnel on all the teams. And so, they were party to the development of the recommendations that were made by them. And then if there was an issue with them, they came to me. And when we went to the executive committee level, I brought 'em up, and we -- but we hashed them out. For -- there was a case -- they wanted to move a capability, a small detachment out of a site in Monterey. It looked like it was a government facility, actually located at the airport, and it was doing the interface, was crucial to what -- the nongovernmental activity that was there. When I brought it up, and we --

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you know, we would go work on it, the Aegis.

Mr. Coyle: Okay.

Secretary Davis, is there anything you want to add there?

Ms. Davis: No. I think the -- both the infrastructure steering group, as I know you've been -- you've heard from OSD -- was the -- sort of, the first step for identifying and vetting those sorts of issues. And we made sure that the ISG members attending were aware, not only of the analysis that had gone on internal to the JCSG, but we tried to make sure that we were touching base with the mission commanders, who, sort of, own and operate those particular functions, to make sure that we truly understood the impacts. But the ultimate recommendations that came out of the technical joint cross-service group, as the CNO indicated, were vetted and reviewed at the IEC.

Mr. Coyle: Thank you.

You have all emphasized that you're trying to save money, but there are some proposed changes, realignments, that -- it appears to be quite debatable whether they will save money. For example, the Navy is proposing changes at Newport, Rhode Island, which have a net present value for the next 20 years of $2.1 million. It would take very much in the way of changed assumptions to make that small savings a big cost, especially since, in the Department of Defense,

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cost estimates are so often overrun.

A different example is Corona, where your materials say the net present value of the savings if $400,000; again, a number that might never materialize.

And even if those savings did turn out to be real, what you've accomplished, in both cases perhaps, is, you've stirred up a highly talented set of people, many of whom don't want to move to the new locations, so you lose important Navy experts, either military or civilian, and produce a lot of turmoil for not much savings. Why did recommendations like those survive?

Secretary England: Well, Mr. Coyle, the first criteria was military value. Given this military value, frankly, we tried to find ways that also saved us money. In every case, we weren't successful. I mean, but we were successful in most of the cases, but not all of the cases, but they still had value that, in our judgment, we needed to go forward with, even though we either didn't get a payoff immediately, or it took a significant period of time, but, in our judgment, they were still things we need to do. And I believe we had nine of them that were beyond the four-year point. So we worked hard at it, but, you know, weren't smart enough to find a way that always paid off immediately. But, nonetheless, they were of value to us, and so we pursued, you know, having those as recommendations.

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Ms. Davis: Sir, if I could, also, on several of those, I think the recommendations that you're referring to -- when the Secretary talked about military value, what we ended up doing was taking single-function bases and taking the activity aboard those and having them fall in on multifunctional bases. We've seen, historically, that there really are efficiencies that occur when that happens. There are efficiencies in overhead, there are efficiencies in support.

I had mentioned, when I was -- in my testimony, that our cost estimates, we believe, are conservative. The input that we got from the base in some of those had a tendency to say, "You really need to move 100 percent of 100 percent," and we attempted to look for efficiencies in the base operating support, and didn't always find it. In actual implementation, contrary to what you suggested, that we're so close to the margin, it could slip the other way, I would actually expect that the margin would grow, in terms of the actual savings that would have -- that would be created.

Mr. Coyle: Thank you.

Chairman Principi: Mr. Bilbray?

Mr. Bilbray: Last shall be least, or what?

Chairman Principi: Last shall be great.

Mr. Bilbray: Remember, I mentioned, last meeting, about Mo Udall saying that, "Everything's been said, but not

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everybody has said it." And sitting back to be the last to ask questions, I have a list here, I keep crossing things out as my colleagues come up with it.

Admiral, could you kind of tell me how many -- you mentioned a 41-, 42-submarine fleet in the future. Right now you have 50. Is that correct?

Admiral Clark: Fifty -- 54, I think, this morning.

Mr. Bilbray: Fifty-four. And how long until you --

Admiral Clark: And I'm talking fast-attack, sir. I've also got the Tridents.

Mr. Bilbray: All right. And the Tridents are based at the same bases that we're talking about, the --

Admiral Clark: That's correct. Well, today they're not, but in the future they will be.

Mr. Bilbray: How many is that?

Admiral Clark: Well, we're talking about 14 in the future, and we're now creating this new class of submarines by converting four of them to SSGNs.

Mr. Bilbray: So --

Admiral Clark: So, 18.

Mr. Bilbray: -- let's say four or five years from now, you think that the combination of Tridents and nuclear -- and the other submarines will be 60 or 50 or 40 or 90?

Admiral Clark: Closer to 60.

Mr. Bilbray: Okay. And then what -- how many do you

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plan that would be on the West Coast versus the East Coast?

Admiral Clark: Well, future CNOs will make that determination based upon what the operational requirements and response issues will be of the day.

Mr. Bilbray: All right. But right now, today, if you --

Admiral Clark: Well, we've been roughly 50-50 for a number of years. And over the course of the last four years, I have moved several more to the -- I'd have to go get the exact number, but I think I'm three or four over the 50-50 split, in favor of the Pacific.

Mr. Bilbray: And how many are based presently now at New London?

Admiral Clark: Is it 14?

Ms. Davis: Sixteen.

Admiral Clark: Sixteen?

Mr. Bilbray: In Norfolk?

Admiral Clark: I'll get the rest of the numbers, to make sure I get it --

Mr. Bilbray: I'd like to have it, because I --

Admiral Clark: Yeah.

Mr. Bilbray: -- feel the committee --

Admiral Clark: It'll be in the data.

Mr. Bilbray: -- in doing his -- in doing their review, would like to know what you're planning in the future, how

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many subs will be on the West Coast, the East Coast, so forth.

Just curious, too -- Miramar. A few years ago, I remember, when I was in the Armed Services Committee, they were talking about closing Miramar. They had moved the Top Gun program out. What -- I notice you now are adding troops to Miramar -- what is the purpose of Miramar right now? What -- is it just a Marine support base or --

General Hagee: Just a Marine support base? Yes, sir.

[Laughter.]

Mr. Bilbray: What I meant by it is --

General Hagee: Third Marine Aircraft Wing is located at Miramar. The Navy used to be there.

Mr. Bilbray: Yeah, they --

General Hagee: In a previous BRAC, they moved out, and we closed El Toro and Tustin and moved down to Miramar.

Mr. Bilbray: Oh, see, the Tustin -- I mean, the El Toro facilities were --

General Hagee: Yes, sir.

Mr. Bilbray: Because I know San Diego has, kind of, sometimes chafed at the idea of having an -- having a municipal airport at Miramar, and at other times has -- they've been fighting it tooth and nail, especially the people that live up in La Jolla and University City.

By the way, you keep mentioning Barstow. Is that that

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little place that, as I go down I-15, look in Yermo that sits over to the side -- is that the --

General Hagee: That's the one, sir.

Mr. Bilbray: I think Barstow would be an -- kind of better than Yermo. But -- you're going to cut that in half -- about the size of that facility, cutting about half the people off of there?

General Hagee: Sir, we'll retain about two-thirds of the workforce that's there, and the current workforce -- now, we're actually going to bring more work in, as the Secretary talked about, when we -- because we're going to improve our capability on our combat vehicles and our tactical vehicles. So, the work -- the total workforce will actually grow, but we'll lose some of the individuals who work on these special components that are going to move off to other depots.

Mr. Bilbray: Now, do you -- when you hate people, do you send them to Yermo? Is that what you do.

General Hagee: Sir, the people who live --

Mr. Bilbray: I'd better not drive through there anymore. I --

[Laughter.]

Mr. Bilbray: Admiral, when -- or, Mr. Secretary, you mentioned the cost of -- you know, on some facilities, the cost of closing them down or moving things around. Is our

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policy still that the -- it used to be that if you closed down a federal facility, whether it's an airbase or an Army base or any other sort of facility, the Federal Government had first dibs on it for other facilities for the Federal Government -- then the state, then the county, then they city, down to, then, the university, you know -- is that true or can the Department of Defense sell off some of these properties?

Secretary England: We do -- today, we sell off. I'm not sure exactly what that pecking order is. I do know, first and foremost, other federal agencies get to utilize the property. Beyond that, I'm not sure what it is. But I do know, at the present time, the Department of the Navy has a number of properties we have sold. And, in fact, we have a site, GSA site, where people bid on property. So, I'm not sure exactly what that pecking order is. We can get that for you. But I do know, at the top are federal agencies that can utilize the property. And I also know, at the other extreme, we can sell, and I'll have to find out what the legal landscape is between those two.

Mr. Bilbray: Well, the reason I said that was, you mentioned about the idea of closing down the Marine Corps training center in San Diego would be a -- very expensive to move it to Pendleton, but yet I would think that piece of property would be worth a fortune, that it could pay all the

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expenses of moving such a facility out to Pendleton, you know, if San Diego really wanted it. You've made a comment that you didn't think they really did. I've heard comments that the San Diego Airport Authority is chafing at the bit to get their mouth -- or to grab that facility.

Secretary England: Well, again, I would say, however, that, you now, it is a useable and important facility for the United States Marine Corps. So, I, frankly, don't want to sit here and have this discussion about how we might give away MCRD to --

Mr. Bilbray: Oh, no, no, I don't mean to --

Secretary England: -- the city of San Diego.

Mr. Bilbray: One of the reasons I look at it is fact that I've been out there visiting it, and I -- it's a great facility, and if you look back to the old movies, like "Gung Ho," you see Randolph Scott there at that Marine -- it doesn't look the same as it did, you know, 50, 60 years ago, but the fact was, when I was there, there was two problems. And one Mr. Hansen brought up is the fact that there was an area they couldn't even train in, because there's some sort of bird that they haven't seen for several years, but it's isolated, you can't -- they show the nests were still there, but they think they left several years ago, after the Marines started training. Then the other thing was, I watched those planes taking off and going right over the top

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of that facility, and I had a nightmare that one of those planes would crash into those buildings there. But it just didn't seem the best place in the world to have a bunch of recruits training, with planes taking off right over the top of 'em. Just an idea.

Admiral Clark: May I make a comment --

Mr. Bilbray: Yeah.

Admiral Clark: -- with regard to disposition costs? I mean, none of our recommendations allowed us to benefit financially from disposition. If it were so, the numbers would be in our favor significantly in places where the real estate is of value. That is not part of the calculation.

Mr. Bilbray: Yeah, I saw the Seal Beach facility you're closing, and that has to be a very, very -- is that -- I see a big sign on that road down on Pacific Coast Highway that says, "Navy Hiring Now." Is that the facility you're talking about, at Seal Beach Boulevard and Pacific Coast Highway?

General Hagee: I'm just -- I'm not that personally familiar with it.

Admiral Clark: I'm not sure where we're talking --

Mr. Bilbray: Because that is a -- that property down there sells for millions of dollars an acre, I know that.

That's all.

Chairman Principi: Thank you.

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Just a couple of quick follow-up questions. Admiral, in light of your comments about Sea Swap and the resultant increase in capabilities by 30 percent, I would think that such an increase in capabilities with fewer ships could create a synergy of even more excess capacity. If that's the case --

Admiral Clark: I believe that to be true.

Chairman Principi: -- do your recommendations reflect that?

Admiral Clark: No. I wasn't going to bet on the come in that kind of what. What I -- we have done over the course of the last year or so, we executed an experiment in Sea Swap for two years on two destroyers that were in the war zone. And so, for two years, I took -- the oldest destroy we own, I swapped the crews every six months. And actually it was going to be 18 months; we pushed it to two years to really test it and see if -- you know, if we'd cross the tipping point. We never did.

Now, the question I have is, how big a ship can I do that on. Here's what I'm convinced of. In the future, we've got to transition the ships that we own today, legacy, to that kind of construct. The new ones we're going to build, we're going to build 'em that way from the beginning. And so, thus, the range that we produced for BRAC, 260 to 325. And, fundamentally, that means you could take the kind

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of Navy we have today, BRAC it a -- Sea Swap it a little bit, and get down to about 260 ships. You could take that 375 force that I talked about, if you were able to BRAC -- Sea Swap virtually everything, you could get it down to about 325. And I say "about," because you -- there is still work to be done. But General Hagee and I are working on -- can we do this on LPDs and the expeditionary strike groups?

And so, frankly, as soon as the Marines -- by the way, General, you said you wanted a marine alongside; I've got my marine alongside -- my number-one joint partner is General Mike Hagee, and we are working on these kind of concepts for the future. We know they're going to make us better, but we did not take advance infrastructure savings on this until we have all the operational analysis -- so far, I've run experiments in -- you know, for a couple of years. And I have two more going on right now.

Chairman Principi: Thank you.

In years past, there's been consideration to closing down Monterey Post-Graduate School and consolidating at Newport. Was it considered in this BRAC round? And I might add -- was there consideration given to consolidating all of the senior post-graduate schools, war colleges into a joint war college?

Secretary England: Mr. Chairman, there was a discussion about Monterey, Carlisle, and also the Wright-

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Patterson base, Air Force. In fact, we had a lot of discussion about this, because, frankly, you could save a lot of money in the case of Monterey. But I'll tell you where we ended up on this. Where we ended up is, professional military education is hugely important to us, probably more than ever, and we have a lot of professional military education for people from other countries. And we have a lot of military officers from some other countries that participate in those schools with us. And that is hugely valuable in this world. This building bridges with our friends and allies in this kind of war, frankly, may be more important than a lot of equipment and a lot of the other things we do. And so, we were, frankly, afraid to take the chance that the value we had built up in those institutions -- we were afraid we could not replicate that. So, on a cost basis, we could say, "Sure, move that from here and set it up as some university, wherever you wanted to pick." I mean, we've got a lot of places you can go do this. But this has such value to the nation, to have all of these future leaders -- and, by the way, you look around the world today at all the people we deal with, invariably they came to school here at those military institutions, and they -- not only did we get to know 'em, but they got to know each other. So around the world today I know there are CNOs at different navies around the world that know each other

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and know us because they all went to school together. And so, while we talked about this a lot, frankly -- and I felt sort of strongly about this -- at the end, said I didn't think we should do this, because this was a case where we save money, but my concern was there was too much value going forward for the nation, more value now, in this kind of war, than ever in the past. So, we decided not to pursue it. It was just too long a leap. It wasn't worth the money.

Admiral Clark: I'll just piggyback. We looked at outsourcing, just sending them everywhere. We looked at outsourcing en masse to a site. We looked at splitting the outsource, put some of it at the -- we looked at all kinds of things. In the end, fourth-generation warfare, you're going to -- this is a battle for ideas and ideals.

Chairman Principi: I'm glad you're not consolidating West Point and Annapolis.

[Laughter.]

Chairman Principi: Thank you very much. Further questions?

General Hill: Yes. I just have one question. As I've listened to the discussion over the last couple of hours, I think that we have touched on, if I'm not mistaken, all of the major base closures, minus Ingleside and Pascagoula. And what I'd like to do in the public and on the record,

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could you discuss the rationale for the closure of both of those and either alternatives that you looked at -- and I know you'll get it in the data, but for the record?

Thank you.

Admiral Clark: Well, in Pascagoula, we had -- with some decommissionings that have -- are scheduled, some taking place, some scheduled to take place -- the size of that force had shrunk considerably. Again, a -- this is about -- think about tough choices -- a relatively new base that has matured nicely, but when you got the military-value piece of it, with this -- the shrinking force set and I've got 288 ships in the Navy today, that was a driving factor.

With regard to Ingleside, we've all -- we have addressed the movement of the mine warfare structure, and we're -- actually, this is part of the -- again, military value at the top of the list, then looking at -- since we've put that base in place, I now have my mine warfare assets postured around the world in a totally different way, with home ports -- and actually we're swapping some of those crews now.

And then you look to the future and Littoral Combatant Ship delivers, and we're going to a more and more unmanned vehicle, unmanned under-the-water, unmanned on-the-surface, and unmanned air, and those are going to be in other ports, and we thought that military-value piece weighed heavily

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with the synergy, with the helicopter movements, and so forth.

General Hill: Okay, thank you.

Chairman Principi: General Newton?

General Newton: Madam Secretary, I was just thinking about, What considerations did you give to critical skills as we do the various moves, realignments and/or closures? Obviously, critical skills are becoming an important subject that we're talking about around the country, both in the military and in industry. Can you share with us what considerations you might have given to brain-drain at various locations?

Ms. Davis: Certainly within our process, as you might imagine, in looking at operational closures, the majority of the folks that we are dealing with are Active Duty military, who, frankly, go where the Navy and Marine Corps send them. And so, that notion of brain-drain internally to -- in our internal analysis, we were concerned about the ability of places to absorb the force, but we didn't have quite the same issue as was discussed, and discussed pretty heavily, within the joint cross-service groups.

I know, from our interplay with our representatives in the JCSGs, that particularly in discussion on depot maintenance and in the technical arena, that became a key aspect of their deliberations on what recommendations to

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move forward to the IEC, to make sure that if moves were contemplated, that they had looked hard to make sure that there were folks either willing to move, just given the nature of the discipline, or that there was sufficient potential on the other end for the right skill sets to be employed.

General Newton: Okay, thank you.

Chairman Principi: Mr. Skinner?

Mr. Skinner: Well, first of all, I know I speak on behalf of all of us, thank you very much for all your hard work. I know this is a lot of long hours, and you've got other things to do that are so important, so I think we all appreciate the very thorough and complete job.

Admiral Clark, I think one of the initiatives that you've put into place that will be long remembered and will be of real value is the Sea Swap Program. I think it basically changes the way, in its new thinking, that it's got incredible benefits to the -- especially the human-resource issues that you face. Do you perceive that, as we redesign ships and make facilities available to accommodate the Sea Swap, that it'll give you additional flexibility as to where you can train and where you can deploy? It appears to me it could go -- it goes well beyond just not having to move the ship back and forth and duplicate movements and what it does for the families, but it also appears to me

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that it opens a lot of opportunities. I'd just be curious on your observations there.

Admiral Clark: I absolutely believe so. In fact, you know, transformation is an overused word maybe today. This is probably more. This is probably a revolution. I believe it will change the Navy forever in character, content, and responsiveness. What I also believe is that -- LCS and roll-on/roll-off and plug-and-play -- it will never be the same. And what, fundamentally, will -- I do believe, ultimately, bases will be redesigned.

Now, they're not -- I don't have that plan yet, because, remember, I have been at this for three years, but I -- it's been an experiment, a real-world experiment. I've got two destroyers doing it now on the East Coast this year, and our next task is to go bigger. What will happen is that we will ultimately have -- we'll do multi-crewing for ships. So, I don't know the number, but I think it's about eight crews for five ships. This year, our top priority is, we're building a 21st-century human-capital strategy, which is a zero-based challenging view of all the assumptions we ever made about the way we invest in the growth and the development of people. This is going to -- this, on top of what we're doing here, is going to change everything. The delivery systems for growth and development are going to change. And, you know, that's a bumper-sticker. It is

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about the delivery systems. And technology is going to allow us to do this in different ways, which will change the nature of the waterfront and the base itself. We'll put it on the waves and on, you know, the technology, on the IT, and so forth.

So, I believe that, yeah, this is a precursor and a feeder of future change that is going to be revolutionary.

Mr. Skinner: It's great to see that passion. I teach a course in leadership at Kellogg, and passion is one of the things I teach about leaders, and you've certainly got it on that.

So, what has the reaction of the sailors been?

Admiral Clark: Well, let me tell you, this has had high interest, and you can imagine, from all the different parties and communities. We had CBO to a study on this. But I had my -- the commander of the surface forces was a guy named Tim LaFleur. He retired recently. And LaFleur -- their analysis shows that one of the four crews on one of the ships was right at the average Navy retention. By the way, I said it's higher than it's ever been in history. And three of the crews were above the average, they are in a deployed posture, so you understand what that pressure is all about. And, let me tell you, it was amazing, though. Do you know what the biggest issue was? The name on the ball cap. Unit pride. Young people, about team-building.

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So, I believe this was step one. Step two or three or four will be about dividing that crew into a series of 20 teams, all led by an officer, a petty officer in charge. And now you'll move teams independently. But you can't do that until you can now train in totally different ways with synthetic and simulation trainers. So, this is going to change everything.

Mr. Skinner: Well, it's very exciting. Congratulations.

Chairman Principi: Thank you.

Mr. Secretary, Admiral Clark, General Hagee, Secretary Davis, thank you so much for your time, your responses, and your testimony this afternoon. Very, very helpful to the Commission.

Secretary England: Mr. Chairman, again, we don't appear before you, but all of our resources are available, all of our data. And, just ask, you will find us very, very responsive.

Chairman Principi: Thank you.

[Whereupon, at 3:50 p.m., the hearing was adjourned.]

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