PUBLIC HEARING

MILITARY BASE CLOSINGS DEFENSE BASE REALIGNMENT

AND CLOSURE COMMISSION (BRAC)

Wednesday, May 18, 2005

Hart Senate Office Building, 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.)

WITNESSES: The Honorable Francis J. Harvey, Secretary of the Army, General Peter J. Schoomaker, Chief of Staff Of the Army. Craig College, Chairman of the Defense Business Initiatives Council Executive Directors

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CHAIRMAN PRINCIPI: Good morning. On behalf of my fellow commissioners, I'm pleased to welcome the Honorable Francis J. Harvey, Secretary of the Army, General Peter J. Schoomaker, Chief of Staff of the Army. They are joined by Dr. Craig College, who is prepared to comment on the methodology employed by the Army in arriving at the recommended lists. Today's hearing will help shed more light on the Army's recommendations for restructuring our Army's defense installations and harnessing this process to advance long-term transformation goals.

In support of that objective, we will hear testimony today from the Department of Army's leaders and key decision makers. I know that the Army has poured an enormous amount of time, energy and brain power into the final product that is the subject of this morning's hearing. It is only logical and proper that we afford you this opportunity to explain to the commission, to the American public, why -- what you have proposed to do to the Army's infrastructure that supports joint military operations.

I've said this several times now, but I believe it bears repeating. This commission takes its responsibility very, very seriously to provide an objective, an independent analysis of these recommendations. We intend to study very carefully each Army and Department of Defense recommendation

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in a transparent manner, steadily seeking input from affected communities to make sure they fully meet the congressionally mandated criteria.

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. Dan Cowhig. Mr. Cowhig?

(Whereupon, the witnesses were sworn in.)

CHAIRMAN PRINCIPI: Mr. Secretary, you may begin, sir.

MR. HARVEY: Chairman Principi, members of the Presidential Base Realignment and Closure Commission, General Schoomaker and I appreciate the opportunity to be here this morning to offer testimony on the Army's portion of the Secretary of Defense's BRAC recommendations.

The Army is very satisfied with what has been proposed in these recommendations, especially in terms of how they facilitate transformation of the total force, active, Guard and Reserve.

Because of the dramatic changes that have occurred in the nation's security environment over the past 15 years, the Secretary of Defense has directed the entire department to transform the way it fights and the way it does business.

Transforming our infrastructure is a key element

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of this overall defense transformation. In response to this direction, the Army has aggressively undertaken a comprehensive effort to develop a force that is more expeditionary, joint, rapidly deployable, flexible, and adaptive. We cannot afford to continue to operate as a static overseas base force designed to counter the Cold War era threat. As such, the Army must be organized, trained, equipped and based to most effectively meet the threats that we have and will face in this century.

It is in this strategic context that the Army has taken a very thoughtful, deliberate and thorough approach to the BRAC process, and we have carefully weighed the impact of our recommendations. In all deliberations, our actions have been guided by the highest of ethical standards. Our comprehensive BRAC 2005 strategy and resulting recommendations establish a streamlined portfolio of installations that first creates an infrastructure with a significant enhancement in military value that enables the operational Army to better meet the challenges of the 21st century security environment.

Second, the BRAC recommendations reduce infrastructure that is no longer relevant. Third, provides basing for the forces we are bringing back from overseas. Fourth, significantly reduces the cost of ownership of our installation. And finally, facilitates Army transformation.

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The Army began its BRAC 2005 selection process with a comprehensive evaluation of its installations, including collection of all required data. This resulted in a study list of 97 installations, including 10 leased sites. The Army then determined the military value, the primary consideration for BRAC 2005 recommendations for each installation.

The Army assessed these installations using a common set of 40 attributes which were linked to the four military value selection criteria. On this basis, the military value of each installation was established in rank order from one to 97.

The Army then developed strategy-based scenarios that sought to facilitate transformation, rebasing of overseas units, joint operations and joint business functions. Potential stationing actions sought to move units and activities from installations with lower military value to installations with higher military value, to take advantage of excess capacity and divest of less relevant or less effective installations. Once a scenario had been developed, the Army considered the remaining four selection criteria to determine the impact of these scenarios.

The Army developed and analyzed numerous scenarios and selected candidate recommendations for submission to the

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Secretary of Defense. In addition to the 97 major installations, there are more than 4,000 Army Reserves and Guard facilities.

Full transformation of the Army necessitates transformation of the Reserve component facilities as well. Due to the sheer number facilities and the difficulty of comparing Reserve component capabilities to active component capabilities, the Army invited the adjutant generals from each state and the commanders from the Army Reserve regional readiness commands to provide further information for the conduct of analysis of Reserve components, facilities against military criteria and Reserve operational requirements.

The military value criteria were used to identify existing or new installations in the same demographic area that provide enhanced homeland defense, training and mobilized capabilities. The Army sought to create multicomponent facilities, Guard, Reserve and active and multiservice joint facilities to further enhance mission accomplishment.

The Army then submitted its recommendations to the Secretary of Defense in six broad categories. First, realignment of the operational forces of the active Army, including units returning from overseas. Second, transformation of the Reserve component to realign or close facilities in order to reshape command and control functions

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and force structure and create multicomponent armed forces Reserve centers.

Third, realignment or closure of installations to consolidate headquarters and other activities into joint or multifunctional installations. Fourth, realignment of installations to create joint and Army training centers of excellence. Fifth, transformation of material and logistics to include realigning or closing installations to up-grade critical munitions production, storage, distribution, and demilitarization, depot level maintenance and material management capabilities.

And finally, realignment of DOD research, development, acquisition, test and evaluation organizations to create joint centers of excellence that enhance mission accomplishment at reduced cost.

These recommendations of BRAC 2000 will holistically transform the current infrastructure into a streamlined portfolio of installations with an 11 percent increase in military value, which thereby enables the operational Army to better meet the challenges of the 21st century security environment.

BRAC 2005 recommends closure of 15 installations, seven leased sites, 176 Army Reserve installations, and 211 Army National Guard facilities with the agreement of the

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respective state governors and the creation of seven training centers of excellence, seven joint technical and research facilities and four joint material and logistics facilities.

In terms of cost savings, the BRAC 2005 recommendations create 20-year gross savings of nearly 20.4 billion dollars for a one-time cost of $12.8 billion, and therefore generate 20-year net savings of $7.6 billion. This is 1.2 times the savings from the last four BRAC rounds combined. Recurring savings after completion of BRAC implementation are expected to be 1.5 billion dollars annually, which is 1.7 times the savings from the last four BRAC rounds combined.

The return of forces from overseas under BRAC law generates significant BRAC costs, but the substantial savings generated by these overseas actions are not reflected in BRAC savings. These related but non-BRAC cost and savings would add $800 million to cost, but another 20.4 billion dollars to the 20-year net savings for a total of $28 billion, which is 4.3 times the total of the last four BRAC rounds combined. It would also increase recurring savings to 2.5 billion dollars annually, which is 2.6 times the total of the last four BRAC rounds combined.

In conclusion, the Army's BRAC 2005 strategy and processes optimizes the military value of our infrastructure,

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enhances joint operations and business functions, reduces the cost of facilities, ownership, and advances Army transformation. With regard to Army transformation, it is important to note that these BRAC recommendations, including the rebasing of overseas units, are inextricably linked to the Army Modular Force Initiative because they provide the optimum infrastructure to stand up, train, support, and rapidly deploy our brigade combat teams.

Overall, BRAC 2005 postures the Army in the best possible manner to meet the strategic and operational requirements of the dangerous and complex 21st century security environment, and it clearly maintains our surge capabilities in both the operational force and the industrial base. General Schoomaker and I appreciate this opportunity to appear before you this morning and we look forward to answering your questions. Before your questions, General Schoomaker would like to make a few brief remarks. Thank you.

GENERAL SCHOOMAKER. Chairman Principi and members of the Presidential Base Realignment and Closure Commission, thank you for the opportunity to appear before you today. And I'd like to recognize sitting behind us Lieutenant General Roger Schultz of the Army National Guard, Brigadier General Gary Profit of the U.S. Army Reserve.

As Secretary Harvey has outlined, we are very

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satisfied with what has been proposed in the Secretary of Defense's base realignment and closure recommendations, and believe they will help posture our Army to best meet the strategic and operational requirements of this century.

We have worked closely with our sister services and with the Department of Defense to prepare these recommendations. These proposed changes to our military installations are required by changing times and changing threats.

In addition, the convergence of overseas basing decisions, transformation and force structure changes affords us a once in a generation opportunity to truly transform the Army's combat capability in an enduring way.

We are confident that the recommendations before you will help our Army maintain the infrastructure. And that will contribute to the highest military value and relevance for the future while increasing efficiency, saving tax dollars, and improving joint capabilities.

We look forward to answering your questions. I appreciate again the opportunity to be able to appear before you today. Thank you.

CHAIRMAN PRINCIPI: Thank you, Mr. Secretary. Thank you, General. Is there any further testimony before we proceed to questions? Okay.

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Well, let me begin. I very, very much appreciate your testimony this morning. I'd like to focus my first question with regard to the rebasing of the overseas troops, the reported 70,000.

As I look at the impacts at the various forts around the country, they don't add up to 70,000, plus you have the 13,000 Korea, Germany and undistributed. Can you give me some sense of where all these troops are going to go, other than to Fort Bliss, Fort Sam, Fort Bragg, Fort Sill that are showing some increases? Do they approach the 70,000?

MR. HARVEY: Yes, let me respond to that, Mr. Chairman. The Army component of the 70,000 is 47,000, of which 15,000 is attributed -- have been reported in BRAC from the 1st Armored Division and the 1st Infantry Division moved over to continental United States.

Now, you know that I think your -- we've announced that the 1st AD is moving to Fort Bliss and the 1st ID to Fort Riley. So that's 15,000. Then there are 5,000 troops that will be moving to Fort Carson, part of the 2nd ID coming back from Iraq this fall before implementation of BRAC. So that's 20,000.

Then we have 5,000 troops coming to a combination of Fort Lewis and Fort Shafter, which are not affected by BRAC at all. There's no realignment or closure associated with

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them. And then we have 22,000 troops that are going to be stand-down and reassigned across the complex as we stand up the Army modular force in terms of our brigade combat team unit of actions and our support unit of actions.

So we're going to stand down 22,000 and then reassign them to the new Army modular force structure. We will be more than happy to provide, and I have in front of me a list of every unit that is going to be stand down, and then we can then give you a flavor for where they're going to go in terms of the continental United States.

So this is all part of the force transformation, the Army modular force structure, which will eventually involve 43 active brigade combat team unit of actions, and 90-some support unit of actions, and a number of -- and about 26 headquarters level two and three, we call them the UEX and UEY, but we will name them something in the future.

So that gives you an overview. I don't know if you want some more detail in terms of actual bases. I think Craig can answer that, but we can provide that for the record. So we have accounted for 47 and the remaining, of course, 23 are in other services and we don't have those details.

CHAIRMAN PRINCIPI: Can you give us the timeframes for all of those for the record with regard to the return of those troops?

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DR. COLLEGE: Sir, those decisions have yet to be made as part of the implementation plan that will begin momentarily. We would expect the movement of the brigades to Fort Bliss to take several years, frankly, to ensure the community has the assets, and the installation there itself has done all the kinds of MILCON and other preparation that's necessary to make that happen.

The movement to places like Fort Riley, also while the numbers are smaller, will also take a little bit of time up front to get the infrastructure in place. So exact times are not yet known but certainly it's not going to be very immediate. It will take several years to put all of these into place.

CHAIRMAN PRINCIPI: In that regard, one of the key military value criteria we need to weigh is the availability and condition of land, facilities, associated air space at the receiving station that can accommodate 11,000 at Fort Bliss. Obviously for training purposes, secondary criteria is more on the economic impact, the ability of the receiving location, whether it be the installation or the community to support 11,000, you know, schools, roads, the infrastructure necessary.

I assume that those will be weighed very, very carefully. I mean, you know, talking to some of the experts

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who will soon ask some questions, you know, Fort Bliss has -- that area has water problems. There may be some training problems. Were those weighed very, very carefully in making that determination that you'll put 11,000 troops at Fort Bliss?

DR. COLLEGE: Absolutely. And let the Chief tell you about training, and Craig can comment about water. The Corps of Engineers, unrelated to BRAC, has done a number of studies on the water problems and the water situation out there. So Chief can tell about training areas. He knows a lot about Bliss.

GENERAL SCHOOMAKER: Well, first of all, if I could back up to the broader context. All of this that we're talking about here is informed by the national military strategy, the defense strategy, and our transformation of the Army to meet that strategy.

So within our footprint, we are transforming our Army, as you know, by adding about 10 modular brigades to the active force structure, and up to 34 brigades in the Army National Guard. And all of the associated combat support and combat service support structure that goes with that.

So we're really talking about increasing through transformational efforts up to about 30 percent additional operational force structure with an availability increase of

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over 60 percent for what we're doing.

So as we take a look at a place like Fort Bliss, which was number one in military value because of the available space, because of the -- you know, the potential there, the infrastructure-wise, et cetera, which Dr. College can talk about, training space, proximity to other joint training areas in the southwest part of the United States, access to things our sister services bring together because of the joint nature of the way our brigades will operate, all those were factored in.

And Fort Bliss, as an example, came in extraordinarily high in terms of its value. I might remind you it's not just maneuver space, but it's also such things as unrestricted air space, it's such things as unrestricted radio frequency spectrum because of the way we'll be operating UAV's, much broader bandwidth, much wider range of frequencies in terms of the electronic nature of our training, in our joint training. So it's quite a complex issue.

CHAIRMAN PRINCIPI: The Air Force has sufficient airlift capability to support that increase in the event it's necessary?

GENERAL SCHOOMAKER: Well, of course, that's all part of our transformational things across all of the joint services, and that's being weighed in the QDR and other

things. But if you take a look at Fort Bliss, it has now one of the very finest deployment facilities there in the nation. One of the very finest rail heads. In fact, off the top of my head, I'll tell you in it's excess, I believe, of 300 rail cars a day that we can move through there in proximity to ports in Texas and the West coast.

A deployment facility there to both process soldiers out and in that is world class. So when you take a look at what our footprint will be through this combination of events, base realignment and closure, the global force reposturing, it now gives us the ability instead of being -- have to mobilize and deploy forces through single choke points, let's say like a Fort Hood or Fort Bragg, we now can deploy modular brigades simultaneously from a multitude of installations, take account of the capacity both rail head capacity, air head capacity, port capacity simultaneously and concurrently. And increase our speed and our deployability and our availability by a huge margin. So again, that's a long answer to your question. But it has to be placed inside of a context that is important.

MR. HARVEY: Clearly, we've given a lot of thought to that, Mr. Chairman. If you'd like, Craig can address the water issue at Bliss.

CHAIRMAN PRINCIPI: You can provide that for the

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record, so we can get on with the questions. And my only request is, you know, we're a little bit at a disadvantage in not having all of the data to support the recommendations and it's certainly our hope that the information will be provided to us this week so we can get on with our work in a very limited timeframe. We very much appreciate your taking that message back. Thank you very much, Mr. Secretary, General, Mr. Craig.

General Turner.

GENERAL TURNER: Good morning, gentlemen. And thank you for being with us. I have two questions for you this morning. One is a medical services question, which I will also address with the joint group that we talk to later. The other deals with the closure of the Red River Army depot. And I'll start with that one first.

I guess it's not surprising to see it on the list, given discussions on prior BRAC grounds. But the media has certainly done a good job of highlighting issues related to the -- to problems with some deployed units having adequate protective gear and vehicles.

So the general public at this point in time is acutely interested in topics like this. And with the Humvee being a critical Army vehicle that's been in short supply, you know, you've really leveraged the Red River folks

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greatly to achieve some of your goals. So I guess my question is, why would you choose now to close Red River?

MR. HARVEY: Let me address that, General Turner. We looked at our industrial base, which includes five depots and three arsenals. And determined that we had greatly excess capacity in that complex. And we looked at that analysis from both in terms of what we could surge to in the number of direct labor hours we need to generate across that complex in any given year.

In the last 50 years, the highest number of direct labor hours that have to be generated in these eight -- these eight sites is 25 million direct labor hours. By closing Red River and then reconfiguring it into centers of excellence, and I'll get into that in a second, we have the ability to -- still to surge to 50 million direct labor hours. So we can double the capacity with one less depot.

In our centers of excellence, Tobyhanna for electronics, Letterkenny for missiles, Anniston for ground vehicles, including the Humvee. And part of our restructuring plan there will ensure that that has adequate capacity, and our plans to increase the capacity of that site, and Corpus Christi for aviation.

So we have these centers of excellence along with Pine Bluff, Rock Island and Watervliet, we have the ability to

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generate these 50 million direct labor hours. We also used those -- besides Red River in terms of Humvees, we also used Anniston, we also used Rock Island, we also used Watervliet. So we used the whole complex.

And so we're convinced that we do in fact have the ability to surge, and we have the ability to focus and have centers of excellence and the expertise to be able to repair or produce all the ground/air vehicles that are all part of the Army. So we did a lot -- believe me. We did a lot of thinking about that. That is a very good question.

GENERAL TURNER: My next question deals with medical realignments. And I'm, you know, that's my background. It really jumps out at me. And while I applaud the concept of bringing the DOD medical services, you know, into the 21st century, it does bring up some questions.

I'm generally supportive of the alignments that create the new Walter Reed National Medical Center and the San Antonio Regional Medical Center. However, I've been, as you might suspect, the recipient of many inquiries from active duty, retired, their dependents and other interested parties, but mostly from the people who are presently receiving care in the facilities that are to be realigned, and not just in those two areas.

They've expressed great concern about their

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ability to continue their good access to care in those areas. Now, in the San Antonio area, we have a very unique position in that the realignment removes one of the level one trauma centers in the city. And granted, we're very fortunate we have three. We'll lose one.

But that puts the people in the greater south portion of the city and the county at a loss. And they're wondering, you know, even with the expansion at -- at the BAMC facility, they still feel that loss very much, and they want assurances that, in fact, their access to reasonably immediate trauma care will not be compromised.

And so I'm asking you, as the Army leadership, what reassurances can you offer anyone anywhere who's going to be affected by the realignment of their current access to healthcare, that their healthcare will not be downgraded or degraded or lost?

MR. HARVEY: Let me just address that at a high level, and ask Craig to take that. And I think if I'm correct here, the -- one of the joint cross services group, the medical group will be here to address the details of obviously -- we don't -- I don't know the details of everything, but Craig will address that.

But let me say our intention as part of the strategy of these centers of excellence was to overall

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increase the quality of medicine available to both the soldier in terms of casualties and to the retirees and to all the constituents that we served.

For example, with Fort Belvoir, there will be much more availability because that will be a community hospital. The availability will -- of Belvoir will serve Northern Virginia much better than Walter Reed does today because of its accessibility.

And also, the National Center at Bethesda is much more accessible in terms of transportation. So the intention is to make it as more accessible as possible, but overall increase the quality of medicine, the quality of care both for our soldiers and for our retirees. So that's our objective. Craig, why don't you chime in with some of the details in terms of the San Antonio realignment.

DR. COLLEGE: I believe General Taylor will have a much better answer for you when the joint cross service group is here. But as I understand the work that he and his group put together, they focused very closely on in-patient care and compared actual usage of the in-patient facilities that were available to the capacity that was available, and asked the question, would not patients in the area be better served if we rearrange the in-patient care, made it more efficient, and in so doing, provided additional outpatient care, which is the

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kind of care that's more in demand in these local areas.

And so I believe what you'll see is you'll see shifts of in-patient care responsibilities from one hospital to the next. I believe you'll be told, and I believe it's true, that there's still more than sufficient capacity to handle the in-patient care, but in doing this, we're also going to free up assets to do more of the outpatient care which perhaps we could use some additional capacity in.

And particularly here in the D.C. area, as we work the transition with Walter Reed from its current location on Georgia Avenue to Bethesda, I believe you'll see a very careful set of planning to ensure that at no point during that transition that soldiers and other patients are unable to receive the care that they need, you'll see a tremendous amount of overlaps so that -- when we pass the baton, if you will, to Bethesda and to Belvoir, we won't have disadvantaged anybody in the meantime.

And when we finish that transition, you will have a more modern and a more capable specialty care capability at places like the Walter Reed National Military Medical Center at Bethesda, and you'll also have far more primary and secondary care in a far more accessible place for folks down at the DeWitt Army Hospital at Fort Belvoir. And it's the same kind of principle that's being followed in other

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locations around the country.

GENERAL TURNER: Thank you very much. I think in general I would say that, you know, I have the feeling that the Army is supportive of the plan. But I would say that people I know would say that it looks good on paper. And we'll see where it goes from here. But I will be asking a little more in-depth questions of the --

MR. HARVEY: Of the medical services and capabilities, yes.

GENERAL TURNER: Thank you very much for being here.

CHAIRMAN PRINCIPI: Thank you. Mr. Skinner?

MR. SKINNER: Thank you, Mr. Chairman. I'd like to spend a little time, gentlemen, on the plan for the Reserves and the Guard. General Schoomaker, you and I talked briefly about it before the session began.

It's my understanding that this transformation involves the transformation of the role of the Guard and the role of the Reserve units based upon the threats that we've experienced and the demands that have been put on you.

I notice in your recommendations, most of them in many of our states, you're really consolidating the Reserve units into new Reserve centers. You're closing and consolidating, which, of course, you have the latitude to do.

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And then in many of your recommendations, you put in there that we'd also -- I think you're inferring that we can accommodate the National Guard if they decide to join. In a couple of cases, it looks like the states have agreed already to close some Guard centers.

And I would wonder, if you could, spend a couple minutes just describing the concept in general and how you expect the Guard and the Reserve, looks like to me to work more closely together, to train more closely together, and where the various states are because we're going to be building facilities that will be almost like the field of dreams. We're going to build a first-class, world-class training center and then we're going to hope that the Guard will come. And I wondered if you would share your thoughts on that.

GENERAL SCHOOMAKER: I'd be glad to. The Guard and Reserve components are going to play an increasingly important role in our total force. And I think you already see it with the way that they're stepping up in OIF, OEF, and the other demands we have around the globe. So we truly are looking at an One-Army concept. As has been -- as we've testified numerous times before the congressional committees, we are realigning across active Guard and Reserve ranks over 100,000 spaces.

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We are taking the overstructure out of both the Guard and Reserve and making more whole units. And we are building them into a force generation model for the total Army that gives us better use of the over 1.2 million men and women that we have in uniform.

So the Guard and Reserve and assured access to the Guard and Reserve are fundamental to the way ahead for the 21st century. Now, the Guard and Reserve -- the Guard in particular plays an extraordinary important role here at home as well. As you know for the states, the governors in their state status. And so that has to be balanced. So you're -- you've said it correctly. We are committed to building I believe 125.

MR. SKINNER: 125.

GENERAL SCHOOMAKER: New Reserve facilities. And in the hopes -- more than in the hopes, but in the knowledge that we're looking at about 211 National Guard centers with the concurrence of the states that they would align into these new facilities that would give us better readiness out of our Guard and Reserve, and improve our access to them and mobilization and all of the rest of the things that we would have.

This is -- and I will defer if Roger wants to add anything or Gary, I believe that we have had extraordinary

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support out of the governors and the TAGs in this regard, in the Army. Would you --

GENERAL SCHULTZ: We've been working for two years. Army National Guard. Oh, okay --

MR. SKINNER: You're going to regret you stood up now.

(Whereupon, the witness was sworn in.)

GENERAL SCHULTZ: Sir, if I could just to give you a brief background on the Army National Guard and the process to date. We have for two years been very engaged in the reviews, in the submissions of the proposal before this commission. And in every case, we've had states volunteer their project locations.

MR. SKINNER: Where were you last night? You've got a chair.

GENERAL SCHULTZ: In terms of the locations of armories across the country, none of our sites qualifies for mandatory BRAC review. So for the period now that I'm just mentioning, we said with the Army Reserve and the Guard and active Guard component interest here, we said why don't we consolidate where it makes sense. Why don't we take aged facilities and close them, why don't we realign where the demographic potential seems to allow for better readiness than our overall unit capabilities.

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And so inside of the military value we started really from the field submissions, the reviews of the state's submissions. So when we talk with you about the Army National Guard contribution to our recommendations, they have been line item detail reviewed by the state's leadership. No surprises. Been working with them for some time. So the whole idea is, in the end, we'll have more ready units and they'll satisfy the basic reviews through the military value process.

MR. SKINNER: Okay. And you -- so basically not only there are no surprises, but it looks like you're at various stages of negotiations with various states, as I read the documentation, on their willingness to close facilities and move forward.

GENERAL SCHULTZ: If a general said, I've changed my mind, I want a project to be reconsidered before those lists ever went to the OSD leadership, we took them off our list.

MR. SKINNER: It obviously makes all the sense in the world, and I notice in some of them you're even combining with the other services that are really going to be joint facility training centers. It just takes it to the next level, which is incredibly sound logic.

And I'm just wondering, you know, during this process, we have heard from several governors who have been,

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you know, waving their swords, so to speak, on some legislation and everything else, and obviously that doesn't -- it didn't get down to the level of whether we close an armory or not, but I would assume that this plan would include probably relocating from almost as many armories as Reserve centers. Do you have a number of how many Guard --

GENERAL SCHULTZ: Close 211 armories. And we'll then join with 125 new locations where we'll join with other Reserve components in the Army Reserve in this process. As we talk about the law, Title 32 U.S. code does require that we have governor's concurrence before we remove units from a state. So we're very in tune with the process and the requirements.

MR. SKINNER: And it's mainly, as I understand it, why you are going the be restructuring these units, you're really relocating them, in most cases, within the state. It looks to me like the Reserve centers you are building are all collocated in the state and there may be travel issues, but there also may be some efficiencies. So we're not going to require Guard units to --

GENERAL SCHULTZ: That's correct. We were very sensitive to the travel distance soldiers currently drive.

MR. HARVEY: Let me add here that the intention -- and the ones that have been planned, the location been

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selected in the same demographic area. So within a 50-mile radius. We are sensitive to that. Not within the state, but within the same demographic area as the original Guard armory was.

MR. SKINNER: All right. It's an exciting concept, having been both a member of the Guard and the Reserves, I can tell you it can make all the sense in the world to share facilities, share equipment, share training, maybe even share overall personnel. So it should be applauded for it and obviously anything the Commission can do to facilitate it, I'm sure we would be more than receptive to consider.

GENERAL SCHOOMAKER: Sir, I'd like to just add two other points here. One of them is the obvious opportunity here to improve both recruiting and retention because of these improved facilities and because of the improvement in the way that we will maintain our readiness, training and access to the most modern aspects of the force.

The second is, as we take a look at this movement, as you said, the field of dreams concept of attracting this movement out of 211 divested facilities which the states own and can do with what they want, in those communities, to these 125 more modern ones, we would expect to see divestiture from the Army's perspective. And the funding would then be

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directed away from the 211 as the states did with what they wanted with these old facilities. And we would direct our funding into the maintenance and readiness of these 125.

MR. SKINNER: It's true transformation, and you should be complimented for it. The second question I have is there's been a lot of debate, as you know, about the size of the Army. And the needed size, as we go through the next 20 years or next 10 years anyway. And we have quadrennial assessment coming up. We've got a force structure.

I'd be interested in your thoughts, if in fact, a decision is made by the Congress, the administration that we're going to increase -- let's take a number that's been floated by some -- of 30,000 people, where -- active duty personnel. Where would you put those people? And does your plan that you presented here accommodate, have room to accommodate a force increase of 30,000?

GENERAL SCHOOMAKER: The answer is yes. As you know, we are already growing the Army by 30,000, that the Army modular force that we're talking about accommodates that. And so a short answer is yes to your question. We don't have a problem. And I think we should --

MR. HARVEY: Let me also add that when you talk about increasing the size of the Army, you must divide the Army into two parts. The operational Army and the

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institutional Army, as you may well know.

We are growing the size of the operational Army. And by the presidential temporary directive to grow that 30,000. At the same time, we have a number of business transformation initiatives which the Chief and I started that is intended to make the institutional part of the Army more efficient and effective, which would then tend to decrease the size.

It's the operational Army that counts here. So you could actually be standing up the operational side, decreasing the institutional side and the overall Army number doesn't change. That's a very important element in this discussion.

And so we are -- we are increasing the size of the operational Army 30,000, but we are decreasing the institutional Army by somewhere between 10 to 30,000. The results of that transformation are in the initial stages of planning and implementation. So we can't really tell you a specific number, but we intend to make a more efficient and effective institutional Army.

MR. SKINNER: I understand. And I guess the only question isn't -- that you're redeploying and reformatting. But if in fact, the requirement is to grow and the demands especially on active duty as well as Reserve personnel, and restrictions on deployment over a period of time, you become

more permanent than temporary in this 30,000, you know, window, we'd want to make sure that you had the facilities to house them and to train them.

So that was my question because right now 30,000 we've got a huge base in Iraq and Afghanistan, but if we had a force structure that was at that size and they weren't all there --

MR. HARVEY: Yes, that's part of our surge analysis, which, you know, Chief, you may want to comment also, but we took that into account. And the real key element there is maneuver space and training space. And if you look at the details, the maneuver and training space, given all the realignments and all the closures, is just about the same as it was prior to this, and has plenty of surge capability to accommodate that 30,000. So we looked into that in great detail.

MR. SKINNER: I'm sure there will be questions from some of the other commissioners about your maneuver space. But thank you very much.

CHAIRMAN PRINCIPI: General Newton.

GENERAL NEWTON: Thank you, Mr. Chairman, and gentlemen, thank you very much for your testimony this morning. We certainly appreciate the great service which you're providing for our nation.

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There's been lots of conversation with other testimony as well as among the commissioners here about jointness. And I'm sure that was a large part of your considerations as well. Can you share with us, please, the activities that you expect out of this that will take us forward? And the impact that will have on tomorrow's Army with reference to making it better?

MR. HARVEY: Chief, why don't you take the force side, and I'll take the business side of it.

GENERAL SCHOOMAKER: Take the which side?

MR. HARVEY: The force side. I'll take the business side or I'll --

GENERAL SCHOOMAKER: I'd be glad to. Actually, the jointness is built in across this entire piece. From the institutional side of the Army, when you go to Fort Sam Houston, you take a look at the joint training for our combat medics. You know, currently we're putting 40,000 combat medics through Fort Sam Houston a year. And now we're going to pull in and bring Air Force and Navy combat medics through that kind of facility, as an example.

Two, the fact that we are building an Army now that is designed to be part of a joint force. So it has to train that way, which means that we have to be able to link on our training sites, let's say the National Training Center,

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with our Air Force brethren and Navy and Marine Corps brethren from the air, UAV's, et cetera.

We also have to be able to do that from home station training to build it. So the proximity of the installations to other joint service, sister service capability, our proximity to our joint National Training Center capabilities that we have, and the -- as I mentioned before, the air space radio frequency spectrum, ground maneuver space, proximity to water space when we want to do that all was taken into consideration. And I think it's fundamental to the whole concept that we have here, and I feel very, very comfortable about the direction we're going.

MR. HARVEY: Yes, just to add on to the force side. As you know, we're moving the 3rd Army to Shaw Air Force Base to be with its Air Force component in CENTCOM. We're also moving the southern special forces group to Eglin Air Force Base as great examples.

On the business side, let me start out with the training side. We are forming some joint centers of excellence for training. The culinary school at Fort Lee and the transportation school, joint transportation school at Fort Lee. The medical services training center at joint training center at Fort Sam Houston. And then as you look --

GENERAL SCHOOMAKER: Can I just interject? Don't

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forget 3rd Army is going to Shaw Air Force Base to locate with Air Force, and component of Central Command as an example.

MR. HARVEY: Then as we look across the business side of the house, as I mention, we are going to have these centers of industrial and technical excellence at Tobyhanna for communication electronics. And we do that for more than the Army, for sure. For combat vehicles in Anniston, which would include the Marines and ready aircraft at Corpus Christi and tactical missiles at Letterkenny.

And then we're going to have five joint munition centers. We're going to have three joint manufacturing and technology centers, the line Army tank plant at Rock Island and Watervliet.

So we're -- we are having these centers of excellence, many of which have a joint aspect to them besides the rebasing on the operational side. So those things will certainly -- will certainly enhance and spark jointness, and again in the R&D side, somewhat related to that, we're going to have our ground vehicle center of technical excellence at Detroit, aviation at Redstone, guns and ammunition at Pickatinny. And at Aberdeen, we're going to have our command control communications and information system center of excellence and a soldier center of excellence.

So as we look across our responsibilities in the

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Department of Army, we're going to form these centers of excellence, many of which are joint in nature.

GENERAL NEWTON: Very good. Thank you. The numbers which I think I heard this morning from your testimony of what this may cost for this huge amount of movement, of both people and equipment and so on. I think -- I thought I heard something along the line of $860 million.

Two questions. Does that include the cost of moving that number, 47,000 that you mentioned that's coming back from overseas, is that included in those numbers? Number one, do I have the numbers right? Number two, is that included? Number three, is there are many times -- obviously we've done some planning in the past and then as we've got down the road and looked back, we found that we needed some more. Either we closed the base that we needed to have some time later and so on. Do we have enough conservatism in this such that you can handle everything in the future that will --

MR. HARVEY: Well, certainly in theory we do, General. Let me just tell you the numbers, and then I'll ask Craig to fill in the details.

The number that I mentioned in my opening statement is $12.8 billion, which includes -- which would include the moneys required at Bliss and at Riley. And then what I said was to close the bases in Germany would take

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another $800 million. So that's the total there.

Now, as far as what that includes, there are -- there is approximately 3.5 to 4 billion dollars to those numbers that are devoted to bringing back the troops from overseas. Craig, you may want to chime in here on more detail.

DR. COLLEGE: Yes, sir. When we did the analyses, although several of these overseas costs don't count under BRAC law, and so you won't see them in the actual numbers, we had to take those into account to ensure that the recommendation itself made sense and that we had fully captured not just the cost but also the operational considerations.

And we've put that all together and we believe that within the six-year period that's permitted under BRAC, that all of this will be able to work so that we can complete all of the closures and realignments that are being proposed to the commission.

The costs are inclusive. We do not just MILCON. We do personnel relocation costs, we capture things like differences in base allowance for housing and that sort of thing. We've picked up all the standard cost elements that you've seen in previous BRACs and frankly have refined some of those algorithms that we've done an even better job with

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including those costs than had been the case in the past.

The other benefit of working with our Guard and Reserve colleagues so closely was we are also able to look very carefully about the need -- the potential need for training enclaves. If you remember in the '90s, the Army was criticized by GAO and others for claiming that we were going to close a post and then reopening up an enclave to support Guard and Reserve training. By integrating that with the Guard and Reserve from the very beginning, we've been able to avoid that. We would not expect us to have to come back to a place that was closed and then try to reopen some sort of a training complex.

GENERAL SCHOOMAKER: If I could just add, I just wanted to re-emphasize, the numbers, you know, we go through them awful quickly here, but I think what's really impressive to me, as we think about the numbers, is the leverage we're getting for the additional $800 million. Less than a billion dollars, we are getting another $20 billion in net savings.

So we take our net savings from 7. -- I think 6 billion to 28 billion for that additional $800 million that is involved in our global force reposturing. It's really big.

And so I think, you know, that $800 million you caught that a minute ago, but there is a significant up front cost here in the deal, but by the time it's over, really good

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news for us.

GENERAL NEWTON: Real fine. Thank you very much. I stopped listening before you stopped talking there, Mr. Secretary. So I'm sorry about that. Chief, I think we may have got Bragg and Pope correct this time. We finally got those two together. So we appreciate that.

GENERAL SCHOOMAKER: There will be plenty of 130s to be jumping out of.

GENERAL NEWTON: Absolutely. Thank you gentlemen very much, and thank you, Mr. Chairman.

CHAIRMAN PRINCIPI: General Hill.

GENERAL HILL: Mr. Secretary, Chief, delighted to have you, and thanks for coming and sharing this data with us. I want to say to you, and I pick up on what General Schoomaker said earlier.

As I waited for this to come, because of my background, there were things I was looking for because I agree with General Schoomaker that this is really a once in a generation -- comes along if we can get this right. And we've been trying to do so many of the things that are in your proposal for so many years. For a variety of reasons, we didn't do it. And so I applaud you on that.

I'd also like to point out in a public forum for the commission and for everybody else, we have worked for many

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years in the Army to be a total Army, to really look at this as a whole with the active, the Guard and the Reserve. And I was delighted to hear General Schultz talk about the cooperation that they've had with the TAGs and with the governors in all of these issues because I think it's vital for the force. And it hasn't been easy.

And I'd like to publicly recognize General Schultz for leading the way in that for so many years. In that regard, let me -- there's a couple of questions. One is you've got Pope and Bragg right. Why didn't we get McChord and Lewis right in the same way?

You are -- you transferred the property from the Air Force to the Army at Pope and Bragg, but we're having this joint basing. And I had this discussion yesterday with General Jumper. I'm having a hard time understanding the semantics between the two. Why isn't Pope and Bragg a joint base? And what's the difference between what you did at Pope and Bragg and Lewis and McChord?

DR. COLLEGE: Let me try to answer that for you. The key difference is the Air Force's intended use of Pope Air Force Base. They, as I understand it, will be vacating Pope in a very large way and leaving behind only a very small unit.

Because of that, it didn't make sense to have some sort of a joint basing arrangement, particularly if when the

Army was able to use Pope Air Force Base to move some of our headquarters units down to Pope. So it makes a tremendous amount of sense, as you pointed out, to make Pope and Bragg into a individually single post, if you will, under Army control.

McChord and Lewis was a little different -- a little different situation. The Air Force mission at Lewis -- I'm sorry. The Air Force mission at McChord will continue. Very large mission, very large Air Force presence. In some ways, a very different kind of a mission and world than what the Army executes at Fort Lewis.

So what the department thought was the smart thing to do there was to maintain the two separate identities, but ask about how we provide the base operating support and the sustainment and the repair and the maintenance support to the facilities in both areas.

And you'll hear from one of the joint groups later, but the concept here was that it makes a lot of sense in these places that sit side by side or very close to each other to have a single provider. To have a single person who is purchasing supplies and services, who's then providing SRM and base operating support on post to reduce the costs in this case for both the Army and the Air Force.

So we did look very carefully at whether or not

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these posts should become single posts or not. There were other issues with regard to UCMJ and then mission issues that had to be addressed. So the initial step, which in itself was a fairly large step said let us keep many of these places as separate places, but let's think about having a single provider to have more effective and more efficient services.

GENERAL HILL: Okay. Makes sense. Thanks. The issue of Bliss. And I understand that there is a finite number of installations that you can move people to. And I have appreciated and I've looked at the numbers as you move people around.

Infrastructure-wise intuitively I don't see any issue with Bliss minus the water, and I would like to hear from Craig on the water issue at Bliss.

Maneuver space, though, while there is a great deal of maneuver space at Bliss, we had trouble in the past because of environmental issues. And I'd like to have a discussion of that. As you move in a large maneuver force, did you take -- I'm sure you did take into account but I'd like to hear a rationale of that a little bit.

GENERAL SCHOOMAKER: I can let Craig talk specifically about the detail of the environmental issues, but one of the things I mentioned earlier on this, Tom, is the proximity to other maneuver space.

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And one of the things that for years we've looked at White Sands for instance as a test facility and have not really considered it as a training facility. And you know the proximity of the two. And so we took that into consideration along with the fact that Holloman's up -- not Holloman. Up in Albuquerque, the Air Force Base in Albuquerque.

GENERAL HILL: Kirtland.

GENERAL SCHOOMAKER: Kirtland. I'm sorry. And so, you know, that whole enclave there. And then of course, Yuma, the proximity to the National Training Center at 29 Palms. So this is, you know, adds to the National Training Center, another one. Adds to the value of Bliss, quite frankly, and I think Craig may be able to talk more specifically to the exact environmental issues, but they were minimal in my exploration of it.

MR. HARVEY: Craig, you can talk water also.

DR. COLLEGE: Sir, we looked at two things. We looked very carefully at the infrastructure and the environmental issues at Fort Bliss, and frankly, all of the other locations that we looked at. That was criterion 8 under the selection criteria.

In our view, when we looked at the issues at Fort Bliss, we understand that there will be some conformity determinations, some other kinds of reviews and whatnot that

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will have to be taken into account. We believe that will be part of the standard implementation process that will go on, not just at Bliss but at all the other locations as well.

According to our analysis, when you move the air defense artillery school out, move the four brigades in, which will be at Bliss, take into account the use of the training lands at White Sands missile range and other locations, we believe there will be some issues to resolve, but this is more in the lines of sitting down and understanding the nature of the actual resolution as opposed to any sort of an issue we would see as a show stopper.

We believe these will be issues that have to be worked as part of the normal business that one would do with the environmental and the other kinds of folks who look out for cultural issues, environmental issues and so on.

The water issue is another good one that will have to be looked at again. As you may be aware, the installation and the local community have recently signed a deal and have begun to put into place a desalination plant which will have a fairly large effect, a fairly large increase on the amount of water that's available out there. My understanding is that provides a little bit of a hedge. Certainly enough to handle some of the initial increases that will occur as these units begin to show up. But as they work through the

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implementation, they'll have several years here during the BRAC period to work any additional issues that might arise from the water perspective.

GENERAL HILL: Okay. I have one other question, and I apologize up front, Mr. Secretary, I'm going to put you on the spot on this. As we have with gone through this process, and we got this data just on Friday like everybody else, and as we've done our hearings, we've all gotten better at asking questions, and we should have asked this question in the first hearing --

MR. HARVEY: I wish I would have been first then.

GENERAL HILL: With the Secretary, but we didn't. But you're here so I'm going to ask it. You don't have to come to the BRAC commission with the lease issues. You could have terminated these leases and moved around people and units as you wanted to. Why did -- why have you come with all the leases to the commission?

MR. HARVEY: The 10 leases, I think Craig can answer that the best.

DR. COLLEGE: This was a deliberate strategy on the part of the department. The issue here is you have a series of authorities and analytical opportunities under BRAC that are very difficult to put in one place without that BRAC -- without those BRAC authorities.

And so it wasn't just leases that were brought into this. We also -- here within the Army decided that we would once again revisit the temporary stationing of the 10 brigade combat teams that you've heard about. We did that as a part of BRAC. We didn't want to do that separate from the analysis that said where should we put the brigades coming back from overseas? It made sense to work those issues at the same time.

While you're working those issues, it made a tremendous amount of sense to also work the joint issues, both on the operational side and on the business side. And if you're going to take on all of those issues, the high costs of lease space and the way that lease space that -- had grown up over time indicated here was another very important topic to be looked at not just on its own, not just in a serial fashion, but as part of a comprehensive look at how the Department of Defense's infrastructure, and not just the Army, but the entire department, how that infrastructure worked together to support the transformation of the joint team.

And how that works is not just the operational side but it's also lease space, it's materiel logistics, it's research and development, it's the whole panoply of support things that have to work well to ensure that the Army, Navy, Air Force and Marine Corps of the 21st century will continue

to have the kinds of capabilities that it needs to do the work that needs to be done.

So what we saw here was not so much a question of well, gee, why did you have to do it under BRAC? We thought it was, BRAC is appropriate. BRAC is precisely the tool that ought to be used to look at all these issues in a comprehensive way and try to make a great leap forward instead of small steps over a much longer period of time than what BRAC will permit us to use.

GENERAL HILL: Thank you. That's a great answer, and at this point I'm glad I asked it. Because it does in fact give us a better -- a more complete understanding of what the Secretary said in the very beginning, that this is an all interwoven piece and a total look at the force structure. So thank you very much.

MR. HARVEY: General. I'm glad I answered that.

GENERAL HILL: I thought did you a great job.

MR. HARVEY: We have a great transformational joint mindset and that's all part of it.

CHAIRMAN PRINCIPI: Commissioner Hansen.

MR. HANSEN: Thank you, Mr. Chairman. You know, you folks have got a lot of problems, and one of those that I see that the Army has is getting rid of things. And as you look at the chemical problems that you have, the obsolete

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chemical warfare that is always staring you in the face, and as you put the dollar sign to it, you're looking at a huge amount of money.

In Tooele you have the one demil'ing facility, probably the first one in the 48 after Johnson Island is gone. And now you've got what, Tooele, Yuma, and Anniston about finishing up. The governor of Alabama said Anniston's about ready to go right now.

MR. HARVEY: Anniston is, I believe, certainly it's been constructed, it's been commissioned, and I think it's about 25 percent into the mission, but it's doing quite well.

MR. HANSEN: So you look at Lexington, Aberdeen, Pine Bluff, Tooele, Pueblo, Indiana, all of those areas and you start adding that up, that's a chunk of money. That's an awful lot of money to get rid of those things.

As I look at Deseret Chemical which is on your list to close, everyone just shrugs and says so what, everybody knows it was going to close any way because the thing was in the law.

Once it was done, you would tear down the building. Congress giveth, and Congress taketh away. And changing that probably wouldn't be the most difficult thing in the world to do. It kind of amazes me in a way, and I haven't

heard any comments from anyone on it, from the governor of the state or anybody from the Army, but it amazes me because I still remember sitting through a lot of testimony where people from the Marines and the Army were both saying we have other things to get rid of just besides chemical stuff. There's ammunition and there's equipment to get rid it of.

And it didn't seem to us it was very logical to go in and build these huge things, and the one out in Tooele, as I recall, was over $1 billion to build and then getting rid of what's sitting out there which was 43 percent of all of the obsolete chemical stuff, and to then tear it down.

And I'm kind of amazed that you're closing it. I guess I'm the only one in America that cares, but it kind of amazes me because still I could go back and my 22 years listening to these kinds of things in the Armed Services Committee, it seemed like we were always getting the idea, well, we have to get rid of stuff. And that kind of amazes me. I would like somebody to respond to that.

I'd also be curious to know as I look at how you dispose of excess property. I went back and looked at the '91, '93, '95 rounds of BRAC and there were just a lot of things that came along and said when this becomes declared excess by the Army, it will go to the XYZ college or the city or something such as that. It seems to me there's quite a lot

of sweetheart deals that are going on. And I personally feel a lot of these things should go to the highest bidder, so the money could come back to the treasury and the taxpayers should get some benefit out of the thing, rather than to just give it away to somebody just to give it over to pacify somebody who's bent out of a shape a little built.

MR. HARVEY: Let me start off with your last observation. I can't agree with you more. Craig can follow in from history. I think we have examples of where we disposed of something and we've made some money for the treasury, just like you say, and then examples of kind of getting coerced into, you know, give it to us for free type of thing, which I'm a businessman by heart and I hate to give anything away for free.

But I think Craig can chime in in a second to give you some examples where we have made money and where we still have property I think we're pretty far into the first four BRAC rounds in terms of disposing of it. Some profitably. Some not.

Now, in terms of the munitions, our strategy there is to have joint -- these centers of excellence for munitions, which will have the production, the storage, the distribution, and the demilitarization all at one site. So that we can get the economies of scales of doing that. We have five centers

to do that.

In terms of Tooele -- and Craig, again you may want to chime in. My understanding is the -- for all the nine sites and you mentioned all of them, the atoll, Johnson Island of course is done. Tooele is done.

But my understanding was that these were contracts intended to -- to get rid of the chemical weapons and dispose of the buildings. You have to dispose of the building. So you build a building, you operate a building, you dismantle and destroy the building. And you know, it's kind of green land and it's over. I'm not familiar with the fact that there's reuse of these. So I may be behind the eight ball here on that.

DR. COLLEGE: Sir, there are two halves to the discussion about the chemical demilitarization sites. According to the treaty, the facilities themselves when their mission is complete must be destroyed. That's without regard to BRAC. That's with regard to the treaty itself.

What we've done in BRAC is we've asked the question when these missions are complete, are there further missions that the Army, Navy, Air Force, Marine Corps should wish to complete at those installations?

And so at places like Anniston and Tooele, there are additional missions that the Army will wish to continue to

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do at those installations. So those installations have not been proposed for closure.

But at places like Deseret, Newport and Yuma, Tooele, the decision was when that demil mission is complete and the facility is closed down, there isn't any other mission for the department to complete there, and so what we are doing under BRAC is requesting the authority to close down the installation when the mission is complete. So that's the BRAC piece of what's going on with the demil sites.

The other question you asked about had to do with generating fair market value in the transfer of these installations. In the '90s the Army did have some good experiences with that. Particularly in Cameron Station. We did get some revenue out of that transfer. The Army in the '90s predicted it would get about $1.5 billion in revenue. The actual numbers were closer to $150 million.

Part of that was due purely and specifically to a policy from the administration in which they decided on purpose not to pursue fair market value with thought that simply a transferring these facilities as an economic conveyance to the local community would do a much better job of helping them with their economic recovery from the activities at the installation being closed down.

The current law as passed by the Congress is quite

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specific that when it's appropriate, we should be trying to pursue fair market value. And my understanding from talking to the folks who will be doing the implementation is that they are seeking very, very carefully the right tools and methodologies for making that happen.

I believe you'll see far more of that here in the 21st century than you did back in the '90s. There will continue to be some issues. There will continue to be discussions with the local community and their political leaders about who could afford to pay fair market value, if they should be forced to pay that fair market value. How that works out remains to be seen, but my understanding is the department will be following the letter of the law and will be looking for ways to pursue fair market value in the transfer of these properties.

MR. HANSEN: If I may just comment on that for just a second. Right now the House is marking up the defense authorization bill today. And in that legislation, I understand the chairman of that committee would very much like to put language in that says all excess properties will be sold for fair market value, fully knowing as we all do that that in effect says, all right, Senators and Congressmen, now, if you want to haggle over it, then you get something in somewhere along the line that says this is a good deal for

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this city or this university or whatever it might be.

And it would seem to me if you laid that out and you had that in there, everybody was of knowledge of that, it would be a lot easier than just having all of these guys fighting, scrapping and wrestling over who gets what and trying to make some political points of it.

You know, one of the things you folks have got in there is environment. One of the biggest parts about environment is the 1973 Endangered Species Act. That, to me, has caused more grief to the military than anything I've seen. I could give you instances where people have picked up a desert tortoise and carried it and put it on some property.

No matter how careful you are, some extremist comes along. The Spanish Owl that they had, we closed up hundreds of acres of valuable property, not because anyone found it, because somebody heard it. And they recorded it on some tape and played it at one time.

And I couldn't believe that Fish and Wildlife did that and we had a hearing over it. So as I look at all of the great stinks and all of these talented people I've been sitting with, there's some obstacles there that are totally unbelievable.

If I was the United States military, and who am I to counsel you, I'm nobody, but I would push to do away -- to

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repeal in the 1973 act, the property owned by the United States military of the Endangered Species Act. It would sure make your life a lot easier. Thank you, Mr. Chairman.

CHAIRMAN PRINCIPI: Admiral Gehman.

ADMIRAL GEHMAN: Thank you, Mr. Chairman. Mr. Secretary and Chief, like my fellow commissioners, I want to thank you for coming over today. It's enormously helpful to this commission to hear personally your views at this level on how we got to where we are in this BRAC, because we're going to analyze a lot of data and we're going to listen to a lot of witnesses, but to hear from you is enormously helpful. So thank you very much.

I have a number of questions here which may be characterized as my anticipation of the kind of questions we'll get as we go out and hold regional hearings. And a lot of them may be -- the answer may be in the data you provide, so I apologize.

So the first one is, I notice just by going through this book very roughly that there are a fairly significant number of what I call in the Army double moves. By that I mean, Fort Knox you're moving 3,000 people in and 11,000 people out, at Fort Sill you're moving 5,000 people in and a thousand out, in Fort Bliss you're moving 15,000 in and 5,000 out. At Fort Hood you're moving 9,000 in and 9,000 out.

Are you -- are you ready to -- and can you justify all of those moves? And would it be unfair -- or can you defend the proposition that in some of these cases, the Army is taking advantage of BRAC to fix some Army structural problems?

MR. HARVEY: Let me start out, and then I'll pass it over to the Chief. And specifically, let me address the moves at Fort Knox and the moves at Fort Sill. Again, underlying our strategy here is to facilitate transformation. And I can't think of a better way that we're going to do that combine the armor school with the infantry school. And it's appropriate we do that at Fort Benning because it has -- it has the facilities and the maneuver space to do that.

At the same time, in conjunction with that, as you -- as somebody noted previously, we have major recruiting challenges today. And we have our accessions command kind of all over the place. We have some in Fort Monroe, we have some in St. Louis. We have some here, there and everywhere.

And we wanted to get our accessions command, which includes recruiting and basic training all in one place under General Van Antwerpen in this case. When you look at -- when you look at where these things ought to be located, you like to -- because it's a continental United States thing, we like to locate somewhere, you know, between the east and west

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coast, and Fort Knox is an excellent place to do that.

So that's kind of our thought process there. In Sill we wanted to get, you know, the air defense artillery and field artillery together to form a net fires school, and that was our thought behind forming this again this center of compel lens.

So it looks a little bit like we're doing this and we're doing that, but behind that, we've given it a lot of thought. And I think -- let's let the Chief comment because the force restructuring and what we're trying to do in terms of having a spectrum of brigade combat team unit of actions and appropriate headquarters structure to manage that, that was kind of behind our thoughts at Hood, Bliss and Riley. So let the Chief take it.

GENERAL SCHOOMAKER: I think the Secretary accurately hit on the main point. And that is that what we're doing is structuring our footprint to facilitate the future organization. The organization we're transforming to.

And so instead of having separate armor and infantry maneuver centers that are differentiated only in the fact that it's Bradley-centric at Fort Benning and tank-centric at Fort Knox, that by putting them together and creating a maneuver center because that's the way we fight or likewise at Fort Sill bringing together a net fires centers,

with air defense and field artillery and the other things that are much more representative of what we're doing with the Army transformation, it just makes sense.

And so that really is -- we're really -- what we're doing is organizing the function. Not functioning to organization. And taking advantage of it.

ADMIRAL GEHMAN: Thank you. Thank you very much. I personally have been to Bliss and Hood many times and have been very impressed with the facilities there to facilitate getting out of town rapidly. I am not familiar with Knox and Sill. Again, you're putting some very important forces far, far away from their strategic transportation hubs. Are they -- are the facilities there? Or if not do you include in the price tag of the move the getting what I call getting out of town facilities?

GENERAL SCHOOMAKER: Well, first of all, Fort Knox is not a major -- I'm sorry, Fort Sill is a school center. Our major deployment hubs are really Fort Lewis and the fact that you have got McChord Air Force Base up there, Fort Bliss which has got tremendous airfield. Very large MOG, you know, max on the ground capacity there in rail head and proximity to both west coast and Gulf ports.

Fort Hood, which has got a great Army airfield, which is a former SAC base, tremendous capacity there. And a

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huge rail center and access to all of the Gulf ports. Fort Campbell, Kentucky, with a very large airfield, a huge deal there. Fort Bragg --

ADMIRAL GEHMAN: Excuse me. Excuse me, Chief. I may have misunderstood, but aren't you moving a significant air defense artillery from Bliss to Sill?

GENERAL SCHOOMAKER: We're moving the school.

ADMIRAL GEHMAN: Ah, that's where I was mistaken --

GENERAL SCHOOMAKER: But there will be a brigade, a support brigade at Bliss.

MR. HARVEY: Knox also has a nearby -- Louisville isn't too far in terms of that platform. We are going to have one brigade, the 25th, at Knox but that has good rail head and also has good -- has fairly nearby high projection platform for deployability.

ADMIRAL GEHMAN: Thank you. In the depot issue, I anticipate and I just from reading newspapers and things that the Army probably has a backlog of vehicle rework after Afghanistan, Iraq and you're very, very high tempo deployments. I assume that this mountain that's out there in the future has been taken into account in your depot loading.

MR. HARVEY: Yeah. Absolutely. As I mentioned in answer to the chairman's question, we've done a very careful

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analysis of that complex. And have concluded that we can surge to 50 million direct labor hours with one less depot organized along our product lines.

And as I mentioned, next year it will be 25 million which will be unprecedented in the history of that complex. This year it's 19. The year before it was 12. So we're going 12, 19, 25. And we think that's kind of the -- between 25 and 30 is kind of the max in terms of this.

And as you mentioned, when -- if and when the insurgency tones down and the troops come back depending on conditions and decisions by the president and the Secretary, then we'll have a couple of years of reset. But we're fully capable -- two years of reset, but we're fully capable in that complex of doing that. That in conjunction with private industry also.

GENERAL SCHOOMAKER: If I could add just one thing. Just to put it in perspective, next year will be the highest in record, right, $25 million --

MR. HARVEY: $25 million.

GENERAL SCHOOMAKER: $25 million direct labor cost. This year we're at 19 direct labor cost. In the last 18 months, actually in the last 16 or 17 months, we have produced 42,000 armored wheeled vehicles. 42,000. We went from 237 armored wheel vehicles in our inventory in CENTCOM to 42,000.

So it gives you an idea, when you start talking about what 50 million direct labor hours in terms of capacity is when we did that down around 19.

MR. HARVEY: We used about five other outside companies to do that. So between our own internal capabilities and that of the private sector, we feel very good about our ability to keep our force ready from an equipment standpoint and also to surge in case of any unforeseen incidents.

ADMIRAL GEHMAN: Thank you. I'm sure when we hold our regional hearings, we'll hear more about that. I've been a long admirer of the Department of Defense's ability to phrase things. I think somebody has a really good writer.

And I noticed that the Pope Air Force Base justification in here says that they're going to robust up the airlift by going from 30 to 16 C-130s. Are you -- are you content that the airlift necessary for the 18th Airborne Corps on a habitual daily night -- more often nightly -- that it will be there, and that they're not building a hurdle that we need to jump over here?

GENERAL SCHOOMAKER: The answer for me is yes. And as you might remember, it's not just the C-130s that are stationed there, but the C-5s and C-17s and 141s that come -- that have a transient sense, from TRANSCOM that really also

adds to the --

ADMIRAL GEHMAN: Good. A couple of very quick questions for both the Secretary, but mostly for the Chief. I've always been an admirer of the Guard/active association system that you have with Guard units and Reserve units and active duty units. Does all this moving around do any damage to that or are you looking at that? Is that an old -- is that an old philosophy or --

GENERAL SCHOOMAKER: We used to have round up and round out relationships. We transitioned to what we call 15 enhanced separate brigades. We are now taking that enhanced separate brigade concept and actually robusting the National Guard for instance in the brigade combat teams into as much as 34.

So this is a huge move because it puts your active Guard and Reserve into a force generation cycle that gives us predictability of ready forces, a predictable pool of ready forces on a cyclical -- on a cycle.

That allows us then to -- if we have to accelerate the generation of forces not go through some of the machinations we've had to go through getting the forces out of there. This is a result of what we've learned from our experiences.

ADMIRAL GEHMAN: I always thought there was an

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enormous professional gain by Guard senior officers having habitual personal first-name relationship with a counterpart in the active division brigade or corps. Is there some way to keep that alive?

GENERAL SCHOOMAKER: I think the answer is yes, but it will be kept alive in a different way because what you'll now have is a habitual association of your National Guard and Reserve forces with the forces that are on the same cycle in the force generation.

ADMIRAL GEHMAN: Thank you. My last question. In most of the other service briefings that we received, one person or another bragged about the payback and how much money you were saving, but this thing costs us money. There's -- is this a bill for the institutional Army for years and years and years? And if so, are you going to pay for it? Or is -- is there an OSD wedge which is big enough to pay for this? I mean, I heard $12 billion.

MR. HARVEY: 12.8 billion. Yes, that's right. Craig --

ADMIRAL GEHMAN: Who's going to pay for that?

DR. COLLEGE: The one-time costs to the Army during the first six years are $12.8 billion. The savings that we will begin to generate by the end of the six years will cut that net cost almost in half. So we will begin to pay that

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off with the savings that are coming from all the BRAC actions that will be occurring in the United States.

We are looking to coordinate with OSD on this so-called BRAC wedge. Like everyone else we have more good things to do than money available. So it would be helpful if we had a piece of that to help with the one-time costs. And we would expect to get some piece of that in ways yet to be discussed within the department.

But the bottom line is by the time you get to the end of the BRAC execution period, the Army will be generating about a billion and a half dollars in net savings that it would not be able to generate on an annual basis without BRAC. And if you include the overseas savings that the Chief and the Secretary referred to, it's more like two and a half billion dollars a year.

What that does for us is it permits us to do another two and a half billion dollars worth of important programs without having to find more money to be appropriated for us in some other fashion. So there are real savings here, whether you count them inside BRAC or you add the overseas savings or not, there is a period up front where we have to move some money around to make the investments.

ADMIRAL GEHMAN: And as a member of this commission, I'm not exactly sure in my own mind how to -- how

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to understand a portion of this very complex plan, which becomes unfunded. I mean, I don't know the whole thing unravels. I don't know that.

MR. HARVEY: I think you view it -- my view of it, and there's been a lot of analysis done in terms of the time phasing of all the various and sundry projects, and as Craig mentioned, there's a BRAC wedge, there's an availability of that money on a time-phased basis over the period of performance we're talking about.

And from my own experience in industry, this is very similar to a cap ex program. In a capital expenditure program, in any given year, there's so much money to spend, and that's the end of it. So if you don't get it, you know, come back next year. And that's the way -- so it's a manageable from financial management point of view, this thing can be managed.

But between the BRAC wedge, the money that we have set aside ourselves, and the savings that will be generated during the time period, we've done a lot of thinking, and, in fact, I put Craig through a little torture on that one, and I'm convinced that it is very manageable, and we'll be able to do within that time period the projects that we've laid out here.

But it's -- importantly, you know, you can't go to

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the bank so you've got to control this thing, and you have to manage it properly. And believe me, I will be heavily involved in management of that.

CHAIRMAN PRINCIPI: Yes, Mr. Coyle.

MR. COYLE: Thank you, Mr. Chairman. Secretary Harvey, General Schoomaker, Dr. College. Thank you very much for your testimony today. We've noted earlier in these hearings that this BRAC round is different in a number of ways from the past four BRAC rounds. Not the least of which is -- this is a BRAC round which is being conducted at a time of war where the past BRAC rounds were at a time when we were talking about the peace dividend.

Another important factor is this is a BRAC round being conducted at a time when the defense budgets consistently going up, whereas the past BRAC rounds were the defense budgets were going down. This round is being conducted in a post-9/11 environment whereas we could hardly imagine 9/11 at those earlier times.

And from the point of view of the Army, this BRAC round is being conducted at a time when the Army is being expected to grow, which it was certainly not in those earlier years, 10 or 15 years ago.

So first I wanted to ask you, what did you do differently because of these factors? How were your

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recommendations different because of these factors than they would have been if we were enjoying peace and great security?

MR. HARVEY: Well, let me start out by saying, as I outlined in my opening statement, we followed the fundamental process of establishing military value, which takes into account the capability of the infrastructure to train, ready, deploy, its condition, its quality, its quantity, its ability to surge, mobilize, the cost of this operation.

So underneath the whole analysis, we use military value. And that was done in the strategic context which we outlined what our strategy was and what our imagined end state was. I think one of the key differences here is that we are in the middle of transforming the Army to be better able to meet the challenges that you talked about of the 21st century.

And I think as you can tell from -- I hope you can tell from some of our answers that we looked at deployability, we looked at readiness, we looked at training, we looked at our ability to surge, we looked at our ability to mobilize, and we looked at the cost of ownership.

So we took all of those factors into account, and I think to establish a portfolio of installations that will facilitate this transformation that will be able to accommodate the overseas rebasing, and most importantly,

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improve our capability to meet the challenges of the 21st century.

GENERAL SCHOOMAKER: Mr. Coyle, I think this is hugely important to our transformation that we take advantage of this. And I agree with everything the Secretary just said. There is momentum, there's movement, there's velocity to the pace of our Army today at war.

And there is a need for this transformation now. Because we must get more out of the 1.2 million plus soldiers in uniform to contribute to the long war that we find ourselves in. In answering Admiral Gehman's question, I said in the past we had 15 enhanced brigades for instance in the National Guard. What I didn't say there were 38 brigades in the National Guard in those days. That meant 23 of them were paying the price for the 15 that were ready.

And when we called up elements of this Guard organization for the current fight, we found ourselves having to aggregate four and five truck companies to make one. We had as many as 20, 21 states involved in forming one unit because of the hollowness of that Cold War force that we were going to -- we were going to fill out, you know with the great -- strategic warning scenarios that we had and all the rest of it.

So this is a huge difference in our Army. This is

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an Army that has real campaign qualities but must also have a lot of expeditionary capability in there to be able to move globally in a different way, in a different kind of world than we faced.

And therefore, we must posture ourselves and have the facilities because these facilities are, in fact -- I mean, they're like aircraft carriers to the Navy. These are our launch platforms. This is our force generation bases. You know, for this force.

So I am very, very optimistic that, first of all, we can do this. Secondly, I am highly encouraged that we -- you know, we're having this opportunity to do it because I think it's absolutely essential. And if we don't take advantage of this opportunity and the advantage of the movement that -- the motion that the Army is going right now, this will be very difficult to accomplish once it comes at rest.

And the last thing I tell you, I think we must anticipate that in the years we're talking about, there will be great pressure on the top line of defense. We have some opportunity today to set the force the way we want it to be for the future. Not resetting it to the way it was, and then go through the inertia problem that we've experienced in the past, in past rounds.

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MR. HARVEY: Let me just add because this is so important to us and the Army that -- and the Chief referred to it, but we are going to have the capability to address this global war on terrorism like you've never seen in your life in terms of rapid deployability and flexibility.

The brigade combat team unit of action, and we talked about that several times today, is an ingenious design that brings functionality from the division down to the brigade. And then it has a structure that is appropriate for all the stability and reconstruction operations that we can plug and play functionality to fit the scene, whether it's an insurgency or whether it's something more peaceful like Afghanistan or something like Kosovo and all the things we find.

So we have an organizational element we call the brigade combat team unit of action. And then the baseline plan is to stand up 77 of these and the Chief talks about a rotational model. One of the questions that we often get is, what are you doing to reduce the stress on the force? What we're doing is this Army force generation model which will -- which we can predictively say in the baseline says we will have 20 deployable units of action or potentially units of action, like we have today, between the Guard and the active and the Reserves will be able to generate 14 or so active.

One, so we can say to a soldier, you're going to be deployed one year, and two years at home station. And guardsman, one year deployed, five years at home station. And the Reserves that provide the combat service and combat service support functions, one year and five.

So we're going to get to predictability. We're going to get rapid deployability, expeditionary. All the things, all these adjectives we use are going to become a reality in this Army force transformation. And it's important that we have the infrastructure to do that.

So we're very -- the Chief and I are very excited about this. That we'll get an Army that we believe is responsive across the strategic and tactical spectrum that we see coming up in this 21st century.

MR. COYLE: Thank you. Another way in which this BRAC round is different is the huge number of affected locations, 845 or whatever the number is. And the way the books -- the first volumes that we've received are organized, the Army lists some of its actions, the joint cross service groups list others.

The Army does not mention in some of its materials of action of the joint cross service groups. I had expected that the Army would address all of its facilities, all of the facilities for which it had responsibility regardless of who

made recommendations about it.

MR. HARVEY: I think we have. Craig can provide that detail, I think.

MR. COYLE: And there are some that are not mentioned at all in the state-by-state summaries, even though if you dig deep enough, you can find them in the narratives.

DR. COLLEGE: When OSD gives us the clearance to be able to share our Army BRAC report with you, I think you'll see that it's a very carefully integrated story that talks about all the different actions, whether they started in the Army or in a joint group to tell the same story we've been describing this morning about how we transform the Army.

Within the Army we treated the joint groups as just an extension of the effort within my own study group. All of the business functions, all of the nonoperational stuff, we worked through the joint cross service groups. Our report, the other materials that we'll make available to you when we're able to do so, frankly don't distinguish between what was a joint group idea and what was an Army idea because, frankly, we built them together.

MR. HARVEY: So the numbers that I provided this morning, we're providing for all recommendations whether they be Army, generic or joint cross service. For example, Red River is an example of the joint service.

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DR. COLLEGE: When we talk depots, when we talk Red River that from an OSD perspective that originated within a joint cross service group, you'll find it in the Army section of the OSD report because it involved the closure of an Army installation.

In other places you'll find realignments that touch RDA kinds of activities, that touch other materiel logistics activities. All of our realignments within the training and doctrine command, the establishment of the net fires center, the maneuver center, the combat service support center.

Those you'll find in the joint cross service group portion, because of the rules OSD used to try to keep some organization in how the material was being provided. But when we provide you the Army report, we will tell what you we believe the Army's transformation story within BRAC. And that would include not just the stuff that's within the Army section of the OSD report, but all the other stuff that we found valuable and important in our transformational effort.

MR. COYLE: I guess I still don't understand why some didn't appear in the state-by-state listing. It almost looks like they fell through the crack.

DR. COLLEGE: The state -- there's a peculiarity in the blue top. What I believe my colleagues in OSD tried to

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do was to capture all of the locations that experienced realignments or closures or gained personnel.

When you look at the changes that are occurring at places like Watervliet, for example, when you look at some of the materiel and logistics workload that's moving to places like Pickatinny and other locations, what you see is you'll see that workload is moving but there are no personnel shifts.

And since there are no personnel moving, as I understand it, they didn't show up in the blue top, because they would have been just a series of zeros. And so in some cases, you're moving workload because it's the right thing to do to support the military in the future. But if there are no personnel moving, which is sort of under BRAC, then it appeared not to be necessary to put it in those state-by-state listings.

MR. COYLE: Thank you. A Question about Fort Monmouth. Fort Monmouth is an acquisition and research center. Do you agree that Fort Monmouth possesses highly-skilled specialists? And are you concerned that highly trained technology expertise will be lost in the move of these important Army functions?

MR. HARVEY: Let me respond to that. Certainly there is a concern, and I won't sit here and tell you that we expect all the people from Fort Monmouth to move to Aberdeen

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Proving Grounds. However, it does go without saying that they are reasonably close to each other.

I think there's been some examples in the past that Craig can address where we moved -- in one of the BRAC rounds, we moved some facilities in regards -- I think from St. Louis to Redstone Arsenal in the aviation area. And there were some people that decided to move, some people decided not to move.

But at the end of the day, we were able to replace that capability and get the mixture in the workforce and the techno skills we needed.

Now, you know, that's the negative side of it. The positive side of it is, again, we're going to have a technical center of excellence in this command control communication information systems, which is extremely important to the future Army. And our plan is to take that type of technology, the networking technologies and spiral that into our Army modular force design, and then enhance that capability further.

In order to do that, we need to have communications on the move, and we need to have nonline of sight communications between units. So if we have a company or platoon out on patrol, the command and control vehicle has to have communications on the move, it has to have nonline of

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sight.

We have to test and evaluate that. And we need maneuver space to do that. And Aberdeen Proving Grounds gives us that maneuver space, gives us that testing capability, so that we can simultaneously evaluate the networking technology and its efficiency and effectiveness. And start to develop and start to help the TRADOCs of the world to develop doctrine and techniques, tactics and procedures that take most advantage of that.

The only way you can do that is maneuver space, Aberdeen has that, and that was a big thought. So we have R&D, test, evaluation, acquisition, all in one spot. But there is -- there is a concern and a risk, and again, it's a compromise between those two things.

DR. COLLEGE: In 1997 when we moved the aviation research and engineering development center to Redstone we also moved PEO aviation and the aviation management group. Something like 26, 27 percent of the employees made that move from St. Louis down to Redstone Arsenal.

What the Army did back in the '90s was they did surveys, they worked with the employees, they began to figure out very quickly who would be moving, who would not, who might be willing to move on a temporary basis. They figured out what their hiring plan needed to be. They designed that very

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quickly. They worked with the civilian workers there to ensure that they understood both the costs and the benefits and the programs that were available to help to ease their transition.

Frankly they got out ahead of the issue. They figured out what they needed to do, they planned for it, and they executed as quickly as they could. And now just a few years later, you've got a very nice, very effective life cycle management center for aviation and RDA, T&E down at Redstone.

We would expect the commands that would move to Aberdeen Proving Grounds to learn that lesson and do the same thing here. We would not expect all of these very capable individuals to move. We would expect a number of them to do so.

We would tap into the very strong labor market in the D.C./Baltimore/Aberdeen area very early to begin to fill out the positions that might become empty as we move the unit from Monmouth down to Aberdeen Proving Grounds.

But the bottom line is as the Secretary of the Army has addressed, if you wish to build a beginning to end RDA T&E kind of a facility, you need the people at Fort Monmouth to be a critical part of that activity. But the facilities at Monmouth were insufficient to the task, and from a military value perspective, it appeared to the department that it made far better sense to move those very capable and

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very important activities to Aberdeen Proving Grounds rather than to leave them at Monmouth.

MR. COYLE: I have a similar sort of question about the movement of the night vision lab from Fort Belvoir up to Aberdeen. I've seen the work that's done at the night vision lab, and I don't think anybody would question that the night vision capabilities that the U.S. Army has are the wonder of the world, and the work that's done at that laboratory has had tremendous leverage.

And again, I think we should be concerned about the technical capabilities that exist at that laboratory and take a hard look at whether or not you might lose those capabilities in the process of trying to move them to Aberdeen.

MR. HARVEY: We'll certainly be very sensitive to that, but again, the move of the night vision lab is all part of this -- having this end-to-end RDA T&E capability. And let me just add from my own personal experience, because I spent a good deal of my own corporate career in running technology-based -- large technology-based organizations. I was also the Chief technical officer at Westinghouse, and so I'm a life-long techie.

And I found from my own experience if you want to develop, transfer, productize technologies in the most

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efficient and effective way, you've got to have people together. I spent so many years fighting the transfer of technology from one facility to the other. And at the end of those experiences, as you say, if I had all those people together communicating, talking, interacting, getting to know each other, getting to see the big picture, this would cost a lot less and take a lot less time.

And that's the thought -- one of the major thoughts that's behind our centers of excellence, not only at Aberdeen, but at Detroit, at Redstone and so forth, and Pickatinny. That we have that end-to-end capability that we can develop, transfer and productize technologies which, you know, again all play together for the benefit of the big Army and the benefit of our soldiers.

So that's why we moved the night vision lab, because it's all part of that whole ensemble of C4ISR, as we like to call it.

MR. COYLE: Thank you. I have no further questions right now.

CHAIRMAN PRINCIPI: Mr. Bilbray.

MR. BILBRAY: Thank you. Last again. We have a joke going. Whoever is last can't think of anything to ask. First you get shot down real quick.

I also was concerned about Fort Monmouth. When I

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looked at the numbers, most of the movement of troops, you know, you have large amount of military personnel. You just tell them you're moving from here to here, and they're good soldiers and they move.

But in the case of Fort Monmouth, you have 620 military personnel, but you have 4,652 civilian personnel. And you were mentioning at 26 percent the last time moving down to Redstone. We've heard numbers of 10-15 percent of these highly technical people that will move.

And you may be right, Mr. Secretary, that over a long period you can redevelop this -- this kind of personnel that have this kind of background. But it seems to me that to have this many people that you have to move, 4,652, and if you only get 500 or 600 of those, you're going to lose tremendous R&D capability.

And you know, I understand companies want to move everybody together, but if you lose that kind of technology, how many years is it going to take to redevelop that kind of tech -- that kind of background from personnel?

MR. HARVEY: Well, again, that is a concern. I won't sit here and tell you that that's not a concern. I think maybe we'll owe you a number here. Our numbers say, and we'll have to reconcile this. We have a total of 2,569 skilled employee positions from Fort Monmouth. That's the

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number we have in our database. Not 4,600.

And as you note, the military are more -- they're used to that. And the civilians have a choice to make there. So we should reconcile our numbers, but having said that, that is always a concern, and it's -- it's a judgment call here in terms of the gain versus the potential risks here.

And we'll only know how many people will decide to move or decide to do -- come down on Monday morning or go back on Friday night. And that depends on how close they are to either retiring or changing or whatever.

So that, as Craig indicated, one positive in that negative scenario is that we've had experience doing this, and the geography here is a little bit different than St. Louis versus Redstone. And so we'll certainly try to manage that carefully and trying to encourage our key technical people to move and be part of this, and try to convince them of the benefits that I just outlined of having this -- this focus and this technical center of excellence for a technology that is extremely important to the future for us.

MR. BILBRAY: Anybody else have a comment on that? That would be my concern, Mr. Secretary, is the fact that even private industry, if you were to take -- you'd like everybody together. And in an ideal world, that works fine. If you started there and you have rebuilt. But I can see that

it's going to take years to re-establish the capabilities that you have at Monmouth at Aberdeen. And in the long run, fine.

But you know, at a time when we're in crisis, I mean this country's in crisis over what's going on in Iraq, the war on terror, we're not in a peace time kind of mode where we can shape these things slowly and hey, five years we'll be back to where we are right now. And that's my concern.

MR. HARVEY: Well, remember this is now R&D so that's the more strategic activity. It's not operational in that sense. And I agree with you this is a concern. We're going to manage it carefully. We have six years to do this, and to ensure that we don't damage for sure the people, and as I say, I've managed technology all my life, that people are critical and we're not going to do this -- we didn't do this, you know, just arbitrarily.

We did it because we believe that this is going to give us that benefit of end-to-end capability at one spot to -- in the end, what we will be able to develop and transfer and commercialize technologies a lot quicker than we used to, which is, by the way, one of the biggest criticisms that we have is that we do good work, but we, you know, a dollar a day late and we have to do everything we can structurally and process-wise to reduce the cycle time of idea to capability.

And so that's what we're trying to do across the complex. And there are clearly, as you articulated, there are clearly risks involved in that, and it's our job to try to manage that risk. It's to get that capability, and I guess personally I've been involved where I've had people look around for Mr. Right for two or three years rather than hiring a bright guy out of a great technical school and giving him six months and saying, wow, he really knows what he's doing.

And so there are people, there are young people out there that surprise you, and quickly get up to speed. So it's a balance between those two things. It's life I guess -- I guess what I'm saying, life's a compromise. And this is a balancing act to take advantage of that center of excellence.

MR. BILBRAY: Well, I disagree with that decision, but let's go on to question two. Let's talk about Hawthorne Army Depot. You're closing down certain Army depots. And of course, it's not in my old district, but it's in Northern Nevada. I'm just curious what the rationale -- I know you go out there and you see pillboxes after pillboxes -- not pillbox, but storage facility after storage facility. Do we have the capability to store munitions like we do at Hawthorne and other areas?

MR. HARVEY: We have significant excess in munition storage in the complex. And again, what we're trying

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to do is to get production and storage distribution and demilitarization all in a couple of places. And we have these five joint munition centers that we are going to do that in Crane, McCleeser, and Pine Bluff.

So we have significant excess capacity and Hawthorne was simply a storage facility. It had no active production, no active demil, no active distribution.

MR. BILBRAY: Let's talk a little about the Forts McPherson, Gillem and Monroe. What was the logic behind the closing of those?

MR. HARVEY: That, again, is to -- that's a move to get -- to get multiuse sites and to get out of bases that are confined and have -- that are in urban centers that really don't have a lot of military value in that sense.

So what we wanted to do was to go from basically installations of low military value to ones at higher. And if you look at the list of military value of those, Fort McPherson, Gillem and Monroe, they were on the low side. And then as we migrate, we get -- we get the synergies and the cost of ownership that is associated, for example, taking FORSCOM to the Bragg -- to the Bragg/Pope complex. That was the thought there.

DR. COLLEGE: The smaller single function installations from a military value perspective, one of the

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things that we looked at was not just what was the installation doing today, but what was its capabilities for new or increased missions in the future?

And at places like Monroe and McPherson and Gillem, there's not very much ability to expand and perform new missions in the future, and yet you have relatively large overhead accounts to be able to run those posts to the standard that the Army needs to achieve.

So it made a lot of sense to us to put them on multifunction, larger posts with other organizations that they would work with, and to have buildable acres and other capabilities potentially to pick up new missions as their part of the Army's mission that evolves over time.

So it's really a combination of how do you transform the installation side of the house so that the Army is more effective in the future than it is today? And at the same time you generate efficiencies by getting out of some of the overhead of the running the smaller installations that frankly could close and we could still get the mission accomplished somewhere else.

MR. BILBRAY: In discussions amongst ourselves, on this commission, in looking at the amount of troops coming home, many of us felt like maybe the Army rushed in the last BRAC to close too many bases. And that when the military

comes home from Europe, the 70,000 or 42,000 --

MR. HARVEY: 47.

MR. BILBRAY: You may need another Fort Orde or something like that to be able to handle these kind of troops. So have you thought about the future? Again, you were talking about how you were going to split these all up. But the fact is, if you're increasing your Army by 30,000, you're bringing 42,000 people home.

It seems like to me that we shouldn't rush into closing down facilities that we may need in the future, even if it's 5, 10, 15 years, because it's going to be very difficult in the future to obtain military bases. As you well said, the ranges, the training facilities that you cannot get, and you go back today and try to open a military base and it's going to be damn hard on the Army to ever open a base that has the adequate facilities.

DR. COLLEGE: And I believe that's why you'll see in our list that we've not closed any facilities that are large enough or have sufficient training ranges or maneuver space to be able to give us that kind of support if we need it for additional brigades and other maneuver units in the future.

The places that we are closing tend to be small administrative in nature or they intend -- or they expect to

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be ammo plants or chem-demil sites. Frankly, these are not places that would be good receiving sites for the kinds of combat forces that we worry about perhaps being in larger numbers in the future.

On the other hand, we still have retained places like White Sands Missile Range, Dugway Proving Grounds, other places that frankly perform a surge capacity for us if we need to bed down additional units in the future in permanent locations. Those locations provide for us that additional capability that we might need in the future.

MR. HARVEY: Yeah, I think -- and we can provide that detail. Craig and his group have went through very detailed surge analysis, capability analysis. And if you look at what we're closing down, these are much smaller, like Fort McPherson, hundreds I think it's about four, five hundred acres and it's surrounded by urban setting. It can't be expanded.

You couldn't -- you couldn't put a brigade there. You couldn't put a brigade at Fort Gillem. You couldn't put a brigade at Fort Monroe. You couldn't put a brigade at Fort Monmouth. So we feel confident that we have sufficient capabilities to take into account and to provide the infrastructure for what you indicated that's coming back and expansion of the force.

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MR. BILBRAY: I did my basic training at Fort Ord. I have a nostalgia and I wish you hadn't closed that down.

MR. HARVEY: I had nothing to do with that. That wasn't my recommendation. I live near there, sir, and I pass it all the time. The golf courses are still there and they're still as tough as ever.

MR. BILBRAY: I was just a young recruit, and believe me, I didn't get to the golf course. But I have a question, just for my own knowledge. When I was on the Armed Services Committee and on the MILCON, we talked about closing bases in Germany, and the kind of formula that we used.

You came up with the $800 million cost of shutting down. I remember a formula which they -- we had to clean it up. We had to do the things, but the Germans would then pay us for the buildings and other materials that they would take over. And we kind of thought there would be an offset that would mean it wouldn't cost us much of anything to be able to close down a base in Germany. Is that formula not used anymore?

DR. COLLEGE: That formula is still used. We do have, however, contractual arrangements with the local nationals. And so the exit costs of getting out of some of those can be quite prohibitive. I've forgotten all of the specific details, but depending on when you go to the unions

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and try to pull out of a contract, you owe these people something like -- these workers something like 400 days of pay even though you've closed the location and moved on to somewhere else.

So the extraction costs are relatively large, even though we don't have to pick up the environmental and some of those other kinds of costs that we would have in the United States.

MR. BILBRAY: I remember we took -- when the Spaniards said we had to close down Torreon, I remember that we were very mad on the committee because all of that came into effect. But even though they told us to leave, we had to pay for their employees for years, and all the costs. And the military told us -- the Department of Defense, it wasn't our fault. State made those agreements. Not us. Thank you.

MR. HARVEY: Thank you.

CHAIRMAN PRINCIPI: Mr. Secretary, I would like to follow up with a question about the transformation of the Guard and Reserve components. You made a very strong case for the enhancements to military value by better realigning -- aligning our Reserve and Guard components of the total force together, and the positive impact on training, operational readiness and military capability.

And I'm certainly echoed by General Hill and Mr.

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Skinner. And I certainly would agree with it. But I want to ask you about what I'm concerned about, and that is the potential short-term cost of this realignment. Am I correct that you propose to construct 125 new Reserve and Guard centers?

MR. HARVEY: That is correct.

CHAIRMAN PRINCIPI: And you plan to close 387. 176 Reserve centers and 211 --

MR. HARVEY: Correct.

CHAIRMAN PRINCIPI: So about a third, you're going to replace the 387 with about a third. Now, take a state like Alabama, the first state that's obviously on the BRAC impact by state list, and in Alabama you're proposing to close 10 Reserve and Guard centers across the state from Mobile to Montgomery to Tuskegee. And replacing them, if the percentages hold true, with about a third.

Now, that impacts a small number of full-time people, about 227, but certainly there are thousands, maybe tens of thousands of Guard and Reserve personnel who drill at those 10 bases that are going to be replaced with a third.

The Guard and Reserve in my mind are performing so extraordinarily well. I mean, certainly in my lifetime, I've never seen a greater contribution to our armed forces, especially those I met in Iraq and Afghanistan over the years.

Incredible, incredible job.

But the strain, the strain on them, I understand we're having recruiting problems in the Guard and Reserve because of that strain. And now we're going to close seven of 10 or six of 10, which is going to require those who want to stay in the Guard and Reserve to travel longer distances. I don't know how else you can describe it.

And I remember I was one reservist after my active duty days, where maybe I'm not typical, but I couldn't travel by virtue of my schooling and my work. What impact is that going to have in terms of how many people do you expect to lose if you're closing 2/3 of those bases, or Reserve centers, armories, Guard stations?

MR. HARVEY: Let me start out, Mr. Chairman, and just respond to that in a high level way. This is -- there's no question this is a concern, but here's my understanding of where we are, and Craig, you can chime in on if you want to on Alabama.

But if you look at the 125 centers, 77 -- 77 of those sites have already been identified and selected. And they are within the demographic area of where the original site is. So my understanding is that, let's say, we have -- we have an armory at site A and we're moving that -- an armory at site B, 15 miles away.

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So there's going to be half -- a certain fraction of the people are going to say, wow, that's terrific. I have 15 less miles to travel. And somebody at the opposite extreme will say, hey, now that's not 49 miles away. That's 64 miles away. That's a hardship for me. If that then with all those movements that individual ends up in another demographic area, he has the ability to choose to go to the other center if he would so desire to do that.

So that's kind of in a microscopic way, the way I understand this works. And the intent is for the remaining 48 -- 77 were chosen, the remaining 48 sites, the intent is to keep those sites within the so-called demographic area, which was this 15-mile radius. So there will be plus, minus, gains, losers, and hopefully statistically it will all work out, and that we won't inconvenience a whole bunch of people, by trying to take into account if they move out of that area, that we'll be able to accommodate them somewhere else.

GENERAL SCHOOMAKER: Mr. Secretary, let me -- I think an important point here is the total population is over 4,000. We're only talking about a very small --

MR. HARVEY: 10 percent.

CHAIRMAN PRINCIPI: 4,000 Reserve centers?

GENERAL SCHOOMAKER: Reserve centers and Guard armory. So you're talking about --

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CHAIRMAN PRINCIPI: So you really are talking about what 10 percent.

MR. HARVEY: And again, these were, if you look at it, these were at the request of the adjutants general and the Reserve center commanders in order to try to increase the military value from what you said, Mr. Chairman, readiness and all these -- deployability, mobilization and all those benefits that we like to see in the Reserves.

So we've given this a fair amount of thought and again, there are -- your concerns and hopefully by not moving large distances, but by intentionally maintaining these new centers within the demographic area that we won't inconvenience a lot of people.

DR. COLLEGE: I think it's also important to remember that the character of the facilities that we're creating will be far different from the ones that will be replaced.

CHAIRMAN PRINCIPI: In what sense?

DR. COLLEGE: Well, the ones that are being replaced are often 40 and 50 years old. They do not have the appropriate information technology capabilities that we need to provide home station mobilization and various kinds of distance learning and other kinds of training.

They tend to be too small for the units. We have

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seen examples where what's supposed to be the assembly hall most of the time is the place where we store all the equipment because there isn't anyplace to store the equipment. In other cases, we go out to the maintenance bays, and again, before you can do any maintenance, you have empty the bays to be able to get the unit in, to get the vehicle in to do to the maintenance.

So we have -- and then also, we have places that are now largely encroached. They were built out in the suburbs, if you will, 30, 40, 50 years ago and now they are completely surrounded by the local town. That's a good thing for convenience. It's a bad thing for force protection.

We have one particular armory whose front door is right on the street. And just a few months ago they had a privately owned vehicle come barreling through their front door and knock down the front door of their armory.

What we would like to do is we would like to replace these substandard not up to the mission kinds of facilities and put one in the very same area that, one, is large enough, two, is modern enough, and three, permits units not just from the Guard or not just from the Reserves but from both. Maybe even the Navy and the Air Force, the Coast Guard even, to work together in a joint facility so that we end up building a larger facility that's sufficient to the task, but

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still a facility that would be smaller than if I had to build five or six separate facilities, all of which would have the same, let's say, back office capability that this larger place will have.

CHAIRMAN PRINCIPI: But you'll only be doing that in a third of the places. I mean, if you're closing 387 and building 125, you're not going to be replacing every facility obviously. And that's -- I'm saying, fine, so if you have one at Tuskegee, and you're closing it down, you may not build another one in Tuskegee. It may be in Mobile. I mean --

DR. COLLEGE: I do not believe that that's a fair characterization. What the adjutant generals gave was they looked area to ask and asked, what are the 5 or 6 Guard and Reserve sites that are in the area, what's there with the Navy or the Air Force, where would it make sense to build a single organization -- a single facility that would permit those organizations to share that facility and work better together. And do so in a way that I'm still in the same demographic area and frankly giving them the asset they need, which will permit them to recruit and retain to a far higher standard than they are able to --

MR. HARVEY: Mr. Chairman, if you'd like, General Profit can come up and make a few comments, if you'd like, in answer to your question.

(Whereupon, the witness was sworn in.)

GENERAL PROFIT: Sir, if I could just give you some perspective. Let's take Alabama for example because you raise that issue. In the case of Birmingham, for example, we're closing three Guard armories and one Reserve center, and building a new center in Birmingham. In the case of Mobile, we're closing three Guard -- two Guard centers and one Reserve center and building a new center in Mobile. So I think that --

CHAIRMAN PRINCIPI: What about the other locations?

GENERAL PROFIT: Sir, in the case of I think you mentioned Tuscaloosa, we're closing a Guard armory, a Reserve center and a Reserve center in Vicksburg, realigning one in Tuscaloosa and building one in Tuscaloosa.

CHAIRMAN PRINCIPI: Distances would not be far for someone to travel to get to -- the nearest Reserve center?

GENERAL PROFIT: No, sir. Local commanders were very cognizant of the demographics of these proposals.

CHAIRMAN PRINCIPI: Thank you. Can I just ask you a quick question. Is MILCON a concern of yours? If you can build 125 of these super Reserve/Guard centers, 125 times I don't know 25, 50 million at the low end, you know, you're now in the billions of dollars. Is that -- is that going to be of concern to you?

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DR. COLLEGE: It's not a concern in the sense that we don't know where the money's coming from. We're scared of that sized figure. That's about a sixth of the money that the Army, as we briefed earlier, the 12.8 billion in one-time costs. We think that's a part of the program. We think given all the discussions we've had about the contributions of the Guard and Reserve, they have to be as much a part of this transformation as the active force.

CHAIRMAN PRINCIPI: Well, I couldn't agree more. I'm just asking the questions about the short-term impact at a time of war on our Guard and Reserve people. And obviously, dollars are limited. That's why we're going through this BRAC process is to ensure that every dollar that's allocated to Defense is used in the best manner to save a soldier's life and improve our modernization. Thank you. Any of my fellow commissioners wish to follow up on questions? Yes, General Turner.

GENERAL TURNER: One brief question. I'm going to throw you a yes or no question. You can do with it as you wish. It regards new construction costs. Specifically dormitories at the new centers of excellence and the construction of state-of-the-art ambulatory care facilities where they're going to occur.

Obviously, this is going to require a very large

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bucket of real money. And I'd like to know if it's your sense that the dollar figures that we've been provided to this point include those particular construction costs. Thank you.

DR. COLLEGE: Yes, ma'am. The cost estimates that you're receiving from the services and from the joint cross service groups are inclusive of all the MILCON, the other one-time costs, personnel costs and so on that we were able to gather and estimate through the costing model.

Similarly, when we talk about standing up new hospitals or moving education centers as a part of training command, we've looked at the barracks, we've looked at the administrative headquarters, we've looked at the relatively higher cost of producing a medical military construction. So I believe we've done a pretty good job of estimating the cost that we will expect to face as we execute these actions.

MR. SKINNER: I have one question on training. We'll probably get into this this afternoon. It's joint training. You've recommended training all your drill instructors at one place, at Fort Jackson. What about any thoughts you gave for combining your training facilities, we train at three facilities now for basic and financed infantry, and have you given any thought about cross service training at the very entry level?

GENERAL SCHOOMAKER: Well, the most striking

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example that I can think of is Fort Sam Houston in the medical training for the combat medics, which was exactly what we're doing.

MR. SKINNER: What about consolidation of just recruit training?

MR. HARVEY: Well, we're moving the basic training out of Knox. And we're putting that into Benning. So we are -- we are consolidating basic training. And we have, of course, at Benning today we have one unit training there, and then basic training is -- but is also at Fort Leonard Wood. We have four sites, I think.

DR. COLLEGE: We did look at the possibility of putting all the basic training in one place. There were some operational issues with that, but I think the most important concern was within the Army we have basic training and one station unit training at most of these locations.

GENERAL SCHOOMAKER: Craig, just a second. We also have advanced individual training that follows basic training. And in many cases at the same location. Or nearby.

MR. SKINNER: I'm getting the impression that you have basic training -- did have it at four and you're going to three. Is that what I got from your --

MR. HARVEY: Yes.

MR. SKINNER: Is that right? Jackson, Wood,

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Benning and Knox?

MR. HARVEY: Jackson, Wood, Benning, that's correct. That's the basic and then --

MR. SKINNER: So you'll be doing three at Jackson, Wood and Benning. And you'll do AIT at those three facilities as well?

MR. HARVEY: And other facilities as well. For example, Rucker in terms of aviation.

MR. SKINNER: Thank you.

CHAIRMAN PRINCIPI: Well, thank you very, very much, gentlemen. We very, very much appreciate your testimony, your time, Mr. Secretary, General Schoomaker, Secretary College, and we'll stand in recess until 1:30. Thank you very much.

(Whereupon, the hearing was recessed.)

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