



REPLY TO
ATTENTION OF

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JUN 23 2003

Memorandum for the Under Secretary of Defense (Acquisition, Technology and Logistics
(USD(AT&L))

SUBJECT: Transformational Options for BRAC 2005

1. References:

a. Memorandum, USD(AT&L), 23 May 2003, subject as above.

b. Memorandum, Headquarters and Support Activities Joint Cross-Service Group (HSA JCSG), 22 May 2003, subject: Request for ISG Assistance.

2. Reference 1.a. asks the JCSGs to provide "key transformational options for stationing and supporting forces and functions that...will rationalize our infrastructure consistent with defense strategy and contribute to increased efficiency and effectiveness." Since the development of a defense strategy for 2005 and beyond is in progress with a draft force structure plan unavailable until October of this year and basing decisions remain to be made, the options provided reflect current strategies and force structure. The bases for analysis options offered by the HSA JCSG are a set of assumptions provided below. It is critical that the Infrastructure Steering Group identifies modifications or additions to these assumptions to bring focus to the work effort as structure and basing decisions solidify.

3. HSA JCSG Assumptions. The following are used as a basis for transformational options.

a. Options result from an expanded look across all missions and functions performed by the Department of Defense (DoD), not just those assigned to the HSA JCSG.

b. Rationalizing DoDs', Services', and Agencies' presence in the National Capital Region (NCR) remains a DoD concern.

c. Security (force protection) will be a primary driver for realignments in the NCR.

d. Moving from leased space to military installations will contribute to security of those functions and can lower sustainment (O&M) costs.

e. Reengineering of common business processes to consolidate service and joint activities will result in more efficient execution of common functions, as well as reduction in the real estate footprint.

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f. Continuity of government will require a level of redundant capabilities within and between the headquarters of some commands.

g. The Services and JCSGs will share the same data for analytical purposes.

h. Certain elements of JCSG and service analysis will overlap.

i. The DoD Business Management Modernization Program (Under Secretary of Defense (Comptroller) memo, 20 May 03, subject: Renaming and Update of the Financial Management Modernization Program (FMMP) and the Business Management Modernization Program (BMMP)) is an effective mechanism to identify opportunities that may result from cross servicing, consolidation, regionalization, or privatization.

4. Suggested Transformational Options.

a. **Unified Commands, Service Component Commands, and Defense Agencies.**

Identify alternative concepts for realigning missions and functions among seven CONUS-based unified commands (USJFCOM, USNORTHCOM, USSTRATCOM, USSOUTHCOM, USCENTCOM, USTRANSCOM, and USSOCOM), component or supporting service commands, and Defense agencies. Analysis opportunities may include:

(1) Integration of functions of appropriate Defense agencies and selected unified commands.

(2) Location of service component commands with unified commands.

(3) Elimination of service component commands.

(4) Elimination of "stand alone" headquarters.

(5) Review and analysis of functions and business processes to identify BRAC implications for headquarters/command facilities.

b. **Reserve Component Headquarters Facilities.** Determine alternative facility alignments to execute Reserve Component (RC) headquarters' (seven National Guard and RC of the US Armed Forces) administrative missions and functions. The focus of the analysis will be on the requirements for and capabilities of facilities and installations supporting Reserve and National Guard administrative and headquarters functions, excluding state owned and/or controlled facilities of the National Guard. Alternatives will include consideration of combining headquarters and/or moving headquarters to operational bases.

c. **Military Joint Construction Projects.** The General Accounting Office (GAO) has recommended to DoD that use of joint construction projects will help improve conditions, reduce construction costs and reduce facilities footprint for Guard and Reserve facilities. (GAO-03-516, Defense Infrastructure-Changes in Funding Priorities and Management Processes Needed to Improve Condition and Reduce Costs of Guard and Reserve Facilities, May 2003.) For example, a joint Armed Forces Reserve Center in Tennessee, which combined construction

projects of the Army Reserve, Army National Guard, and the Marine Corps Reserve into a single project, saved millions of MILCON dollars and lessened the need for additional infrastructure. This principle when used between the Services, as well as between the active force and RC, will give similar savings. This analysis would evaluate ways that BRAC 2005 might facilitate efficient planning, programming, and execution of joint construction projects. Focus may include:

(1) Facilitation of coordination among RC and Service counterparts, and between service components, to program identified military construction projects in the same fiscal year.

(2) Examination of ways to employ the DoD-established budget structure and/or BRAC resources to fund high priority joint construction projects.

d. **Defense Mobilization.** Identify alternative concepts for realigning mobilization facilities DoD-wide. This analysis will focus on requirements for and capabilities of facilities and installations in the active, Reserve, and National Guard components of all Services to mobilize, prepare, train, deploy, and sustain forces committed to combat operations, whether overseas or in the US. Alternatives to consider include:

(1) Establishment and consolidation of mobilization sites at installations able to adequately prepare, deploy, and train service members.

(2) Establishment of joint pre-deployment (e.g. personnel processing) centers.

e. **Department of Defense Headquarters and Support Activities in the National Capital Region (NCR).** This analysis would focus on the Office of the Secretary of Defense (OSD) Staff and activities; Joint Staff and activities; service headquarters staffs and their field operating agencies; staff support activities; and direct supporting units, service commands, and Defense agencies and their missions, functions and facilities, owned or leased in the NCR. Analysis opportunities may include:

(1) Assessment of the need for the presence of these activities in the NCR and options for realignment out of the NCR.

(2) Elimination of all leased space in the NCR.

(3) Examination of the potential for consolidation of joint and service activities in the NCR as a base cluster.

f. **US-wide Elimination of Leased Space.** This option broadens the above alternative (e.) to analyze the elimination of all leased space occupied by DoD organizations within the United States. Growing concerns for force protection, in addition to lease costs, make this an emerging issue and important framework for review. Several types of agencies, i.e. recruiting offices, could be excluded from the analysis.

g. **Office of the Secretary of Defense, Joint Chiefs of Staff, and Military Departments' Headquarters Consolidation.** This analysis would focus on restructuring the organization of the DoD "executive departments at the seat of government" (OSD and military department's headquarters' staffs) and the organization of the Joint Chiefs of Staff (JCS) to eliminate administrative management overhead; reduce redundant layering in decision-making processes; modernize the operational chain of command; establish single oversight of business functions; and establish an enterprise architecture with a common operating environment. A reevaluation of Title X responsibilities would be required as part of this analysis process. A reexamination of duties would also be required to ensure headquarters focus on core, corporate-level tasks rather than program management and day-to-day management of subordinate activities; strengthened focus on long-term strategic program and financial planning; and elimination of unnecessary overlap, complexity, and redundancy in tasks. (GAO/NSIAD-00-72, Defense Management, July 2002.) Execution of this alternative would result in significant reduction in facilities space requirements.

h. **Military Air Traffic Control (ATC).** This analysis would identify BRAC implications for military ATC facilities. Possible analytical frameworks include:

- (1) Transfer of the function to the Federal Aviation Administration.
- (2) Establishment of a single executive agent for military ATC.
- (3) Regionalization and/or consolidation of ATC.

i. **DoD Lodging Management.** This analysis would look at BRAC implications for DoD lodging management. Lodging management is defined as the management of transient billeting provided for those on temporary duty, as well as arriving and departing personnel and their families. Possible analytical frameworks include:

- (1) Elimination of transient lodging, which would result in dependence on the private sector.
- (2) Consolidation of lodging operations between Services.
- (3) Establishment of a single executive agent for military lodging operations and management.
- (4) Transfer of ownership of lodging assets to the private sector for operation and management (privatization).

j. **Defense Acquisition Management Process.** This option would examine best practices in commercial acquisition to determine if fewer people, organizations, and or facilities could be used in the DoD process. The GAO reported in February 2002 (GAO-02-469T Sourcing and Acquisition, 19 March 2003) that it is important for DoD to adopt business practices that will

enable it to acquire the systems and services to allow it to operate effectively in a resource constrained environment. One analysis area could be examining the feasibility of streamlining the acquisition process through DoD/Federal enterprise-wide contracting managed at the "Centers of Excellence" level and executed at the local level. Execution of a streamlined acquisition process would result in a reduction in infrastructure requirements.

k. **DoD Infrastructure – Utilities and Energy.** This analysis would consider BRAC implications for the divestiture of DoD-owned utility and energy systems. Frameworks that could be investigated include:

(1) Establishment of a single subject matter expert and executive agent for all DoD utilities privatization efforts.

(2) Establishment of a joint approach toward utilities privatization. Consideration that proposals including adjacent, related systems might prove attractive to industry.

(3) Consideration of taking a regional (and Joint) approach to the provision of energy to installations in the State of Alaska. Implementation of recommendations could result in the closure of one of more central heat and power plants at Army and/or Air Force installations. Effort could capitalize on ongoing study being done by the Department of the Army.

l. **Defense Business Management Operations.** This analysis would examine DoD's business management operations to include the complex network of finance, logistics, personnel, acquisition, and other management processes and information systems that are used to gather the financial data needed to support day-to-day management and decision-making. The processes and their supporting networks were not designed, but rather evolved into an overly complex operation including little standardization across DoD components; multiple systems performing the same tasks; the same data stored in multiple systems; manual data entry into multiple systems; and a large number of data translations and interfaces which combine to exacerbate problems with data integrity. According to the GAO, the conditions that lead to previous attempts at reform remain largely unchanged today. (GAO-02-497T, DoD Financial Management, 6 March 2002.) A possible outcome would be a reduction in systems, data entry personnel, and facility support infrastructure as a result of establishing enterprise business rules for business processes that use a framework of DoD-wide common data standards.

m. **Identify and Determine Alternatives for Providing Non-core Functions.** This analysis would accelerate the efforts of the Senior Executive Council and the Business Initiative Council to identify non-core functions that DoD and the Services do not necessarily need to perform in-house. A range of alternatives for provision of functions may include function transfer, cross-servicing, consolidation, regionalization, privatization, or elimination. The recently revised OMB A-76 Circular would need to be evaluated to determine its impact to the effort.

n. **DoD Infrastructure – Unique Properties such as Prisons, Historic Properties, and Museums.** This analysis would identify all DoD unique properties/facilities such as prisons, historic properties, and museums to determine which properties/facilities could be turned over to an appropriate agency, business, or foundation for continued operation.

o. **DoD Infrastructure – Installation Management.** Breaking down cultural resistance to change, overcoming service parochialism, and setting forth a clear framework for a reduced defense infrastructure are key to avoiding waste and inefficiency. Infrastructure is defined as those activities that provide support services to mission programs, such as combat forces, and primarily operate from fixed positions. Therefore, this analysis would identify the potential to reduce installation operating costs through interservice agreements, consolidations, and elimination of duplicate support services where military bases are located close to one another or where similar functions are performed at multiple locations. Examples of these services are MWR, public works, public safety, childcare services, housing services, and buildings/grounds/roads maintenance. (GAO Report High Risk Series – Defense Infrastructure, February 1997.) Possible areas of focus follow:

(1) Each Service maintains its own facilities and capabilities for performing many common support functions and, as a result, DoD has overlapping, redundant, and underutilized infrastructure. Significant reductions in excess infrastructure requirements in common support areas could come from consolidating workloads, sharing assets, and restructuring functions on a cross-service basis. An analysis would examine ways to consolidate functions; eliminate duplication of efforts; and recommend organizational reforms, reductions in management overhead, and streamlined business practices. It would be important to resolve the policy issues that have had limited cross-service consolidations in the past.

(2) Determination of what extent (1) DoD medical infrastructure is needed to meet war-fighting requirements and (2) capacity exceeding those requirements will be retained for use by military dependents and retirees.

(3) Determination of what extent OSD and JCS will emphasize joint basing in the future as they increase joint training and operations.

(4) Assessment of the potential for the increased sharing of bases on an interservice or intraservice basis to maximize the use of available training ranges and other facilities.

(5) Determination, to the extent practical, whether (1) overseas basing is likely to continue at the current level or be reduced and (2) contingent capacity for basing in the US needs to be retained. (GAO Report – Military Bases – Lessons Learned from Prior Base Closure Rounds, July 1997.)

p. **National Guard Divestiture and Reorganization.** This analysis would evaluate a divestiture of mission involving support of active duty military contingencies, a reallocation of assets used in support of such missions to reserve or active duty units, and a reorganization based on mission as determined by the state governor.

q. **Evaluation of Staff Functions.** This analysis would determine the feasibility of physical consolidation, functional consolidation, regionalization, and/or privatization of staff functions such as the Medical Corps, Judge Advocate General Corps, chaplains, legislative liaisons, public affairs, and safety.

r. **Military Barracks.** The military barracks footprint is large. Barracks are costly to build and maintain. All services continue to invest heavily in barracks. Several Services are considering looking at privatization as a feasible and cost-effective approach to permanent party single service member housing (PPSSMH). A collaborative, rather than independent service, approach could minimize duplication. (GAO Report – Military Housing – Opportunities that Should Be Explored to Improve Housing and Reduce Costs for Unmarried Junior Service Members – June 2003.) Other analyses that might be considered for PPSSMH as part of BRAC 05 include:

(1) Elimination of single service member mandatory assignment to barracks/dormitories for all Services.

(2) Establishment of consistent assignment policy across the four Services, e.g., Army's mandatory assignment policy is E-1 thru E-6, while the Navy's is E-1 thru E-4.

(3) Consolidation of assets and effort; establishment of a single executive agent for PPSSMH.

s. **DoD Service Contracts.** This analysis would determine the feasibility of consolidating contracting for services. DoD spending in service contracts approaches \$1B annually, but according to GAO, DoD's management of services' procurement is inefficient and ineffective and the dollars are not well spent. GAO recommended that DoD's approach should provide for an agency-wide view of service contract spending and promote collaboration to leverage buying power across multiple organizations. Possible impact would be a reduction in personnel and office space through possible consolidation of function. (GAO Report – Best Practices – Improved Knowledge of DoD Service Contracts Could Reveal Significant Savings - June 2003.)

t. **DoD Information Technology (IT).** This analysis would review the efforts of the Business Management Modernization Program and all other information technology studies being conducted by OSD and the military departments with a goal of determining opportunities for transferring, consolidating, or privatizing all or part of information technology services and systems. Possible analytical frameworks include:

(1) Establishment of an ubiquitous DoD enterprise network with regionalized management vice a network of networks owned and operated by the Services and Agencies. This approach could reduce installation footprint, redundancies and duplications of effort, and operational overhead. It would also enhance security and information assurance, as well as increase interoperability as a result of standardization and integration. Guard and Reserve Component would also merge into the larger DoD enterprise enhancing interoperability and reducing redundancy.

(2) Establishment of a DoD or Joint level CIO responsible for providing the Services and Agencies with the strategic IT support required to operate and maintain a worldwide enterprise network for installations and that can be extended to the tactical networks supporting the warfighter. This framework treats information technology services like a utility at the installation level and allows the Services to focus on tactical extension of the DoD enterprise network service required to support warfighter missions.

(3) Consolidation of all DoD, Service and Agency email systems into regional web-based mail services similar to that provided by America On Line (AOL), and or Army Knowledge Online (AKO). The creation of a DoD enterprise portal supports the development of a global enterprise information service and taxonomy for the sharing and delivering of information across one network vice stove piped systems.

(4) Expedition of the merging of all voice, data, and video communications on to an Internet Protocol (IP) network to reduce infrastructure requirements and sustainment costs.

(5) Mandate the hosting of all applications and mainframe operations at centralized DoD processing centers, such as Defense Enterprise Computing Centers (DECC). The use of these facilities will reduce footprint requirements and implement economies of scale cost reduction. This centralized hosting and processing enhances the global enterprise information taxonomy.

u. **Human Resources Management.** This analysis and reengineering effort would look at human resources management processes across DoD. Possible analytical frameworks include:

(1) Consolidation of military personnel agencies at one location.

(2) Consolidation of civilian personnel agencies at one or several locations.

(3) Joint regionalization of civilian personnel agencies.

(4) Development of automated personnel profiles that capture complete employee history to include pay and benefits history, training, and medical records. This would alleviate fragmented records, multiple records and data entry points, and reduce supporting personnel requirements and facilities infrastructure.

(5) Privatization of components of the human resource management function, or of the function in entirety, as it pertains to civilian personnel.

5. The HSA JCSG suggests OSD solicit input from the following:

a. Logistics Management Institute

b. RAND Corporation

c. ManTech Advanced Systems International, Inc.

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- d. Business Research in Information and Technology Research Institute
- e. Center for Naval Analyses
- f. National Defense Industrial Association
- g. National Academy of Public Administration

6. The HSA JCSG requires additional resources as described in reference 1.b. to proceed with the BRAC 2005 process. While we have made some progress since the referenced memorandum, the ISG needs to holistically address resource (personnel and funding) of the JCSGs as entities. Otherwise there will likely be an episodic or ad hoc approach to individual JCSGs. The impact of delays in manning the HSA JCSG will result in less than optimal preparation for the first capacity data call.



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