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Regional Hearing of the

2005 Defense Base Closure and Realignment Commission

Regarding the Air Force Institute of Technology (AFIT), Ohio

Presentations by Daniel J. Curran, President, University of Dayton
And John Nowak (Lt Gen, USAF Ret), CEO, LOGTEC, Inc.
Co-Chair Wright-Patt 2010 Committee, Dayton Development Coalition

August 10, 2005

The Dayton Region

Wright-Patt 2010
DAYTON DEVELOPMENT COALITION

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Regional Hearing–August 8, 2005–Monterey, CA
BRAC COMMISSION – FY 2005
COFF: _____ DISPOSITION: Permanent

Air Force Institute of Technology (AFIT)

Regional Hearing
2005 Defense Base Closure and Realignment Commission

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Testimony of Lt. Gen. John M. Nowak (Ret.)

Co-Chairman, Wright-Patt 2010 Committee
Defense Base Closure and Realignment Commission
August 10, 2005

Mr. Chairman and members of the commission, my name is John Nowak. I am the co-chairman of the Dayton Development Coalition's Wright-Patt 2010 Committee, a group of community leaders which supports Wright-Patterson Air Force Base. I am also CEO of LOGTEC, which provides program management and information technology services. Thank you for the opportunity to testify today.

The work of the Air Force Institute of Technology in support of the Air Force and our nation's defense, can best be performed where it is now, at Wright-Patterson Air Force.

Wright-Patterson is the pre-eminent location for Air Force science and engineering. It is the headquarters of the Air Force Research Laboratory and includes laboratories for five of the ten AFRL directorates. About 2,000 scientists and engineers work at the Lab's Wright-Patt site. The lab represents billions of dollars in facilities and equipment—some one-of-a-kind found nowhere else in the world—available to AFIT students and faculty for their research.

In addition, another 1,000 scientists and engineers work at other science-related organizations on Base, making Wright-Patterson the largest concentration of military scientists in the country. This gives AFIT students unparalleled access to some of the best scientific minds in the Defense Department. We're not only Air Force science; we also have a Navy Research Center.

To accompany my testimony, I have included a sample of some of the research links and synergies between AFIT students and the many scientific organizations on Wright-Patt.

Wright-Patterson is also the logical place to provide technical, acquisition and logistics education for Defense Department officers. Wright-Patterson includes the headquarters of the

Air Force Materiel Command which supports acquisition and logistics, as well as science and technology for the Air Force. This gives students immediate access to the expertise resident in the headquarters, all the program offices, planning staffs, and data libraries located at Wright-Patt.

Of the 223 master's thesis and Ph.D. dissertations by AFIT students in fiscal year 2004, about a third were sponsored by organizations on Wright-Patterson AFB. That means the student has the opportunity to meet face-to-face with the experts in the sponsoring office, and in the case of engineering students, to use the sponsors' lab equipment. There is simply no other place that comes close to being able to provide this win-win educational benefit for the student and the Air Force.

The co-location also helps ensure instruction is tightly focused on the needs of the Air Force and provides a wealth of educational resources that cannot be equaled anywhere. There are also considerable benefits to activities located on Wright-Patterson. AFIT operational science students have provided real time support to the commanders and the support agencies located at Wright-Patt. AFIT acquisition studies support the major weapon systems program offices. The experienced faculty consult on multi-billion dollar acquisition and logistics programs.

AFIT is a new campus with state-of-the-art buildings and facilities. Eighty percent of the main campus buildings were constructed or refurbished within the last 20 years—at a cost of $42.2 million. And 40 percent of AFIT's space was constructed in the last 5 years.

AFIT has room to grow. According to the BRAC data used in the military value calculation, AFIT has 47.3 acres available. I might add, by comparison, the military value analysis for the Naval Postgraduate School listed only four acres available. And, I note that in the entire Wright-Patterson Air Force Base, there are 408 buildable acres.

Scientists, faculty and students at AFIT will have even greater access to research opportunities through a landmark Memorandum of Agreement signed just last month between AFIT and the Air Force Research Laboratory. In the works for more than a year, the memorandum clears the path for more streamlined access and resource sharing between the lab and AFIT.

I would like to address a question raised by Commissioner Skinner at a community meeting in Dayton last week. At that time, he asked us to analyze the cost of moving NPS to AFIT. Using the COBRA model, we have determined that the move would produce annually recurring savings of $41.8 million with a return on investment after twelve years. A detailed analysis has been provided to the Commission as part of this testimony, in response to this request. However, our community's position is that both NPS and AFIT should remain open and should continue to work together to improve efficiencies and reduce costs. We respect the Navy's view that their graduate education needs are best handled in-house, just as the Navy understands that Air Force graduate education needs can best be satisfied through AFIT.

We also did an analysis of the cost of moving AFIT to NPS, and found that it was not cost effective. The most serious error was the inclusion of a $200 million military construction (MILCON) cost avoidance scored against AFIT which we believe is a case of double-scoring because the MILCON costs are already fully accounted in the Secretary's recommendation to construct new facilities at Wright-Patterson for the Brooks City-Base move. And, I might note, the $200 is significantly overstated—the School of Aerospace Medicine needs less than $50 million in MILCON.

The complete analysis of three COBRA scenarios involving AFIT is included with my testimony along with an analysis of AFIT's military value.

In sum, Wright-Patterson is *the* place to meet the Air Force's critical graduate education needs. Those needs cannot be met nearly as well—if at all— at any other place or institution, government or civilian.

AFIT has instituted a number of cost-saving efficiencies over the years, some internally and some in partnership with the Naval Postgraduate School. We believe that this is the natural course for continuing consolidation and cost efficiencies without dismantling our basic defense graduate education structure which works so well to train future defense leaders.

Thank you for allowing me to testify.

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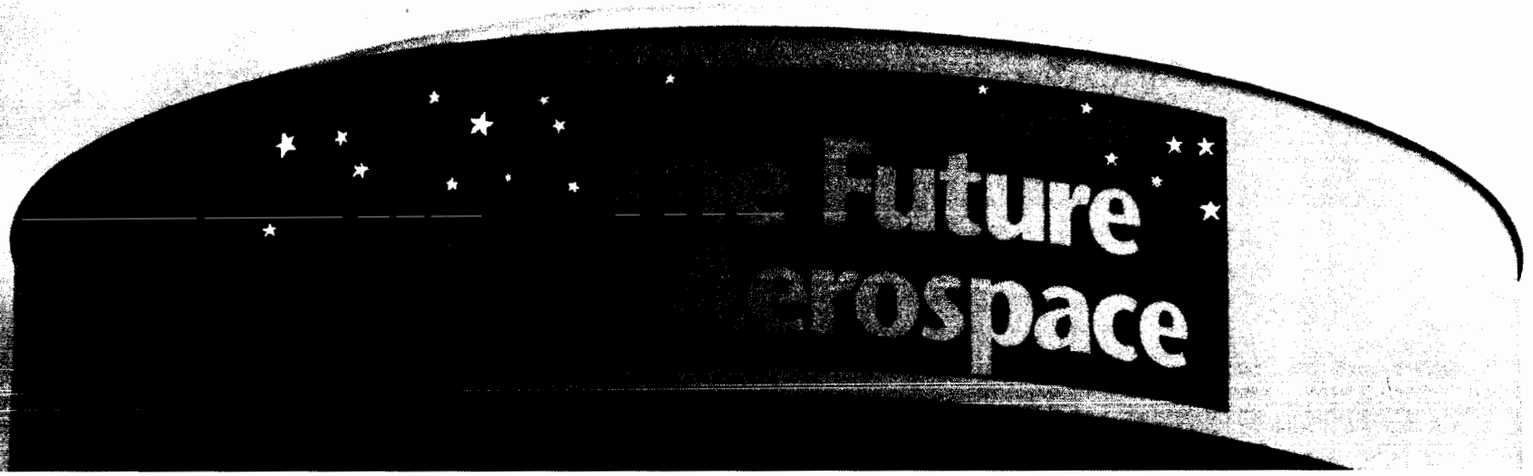

Wright-Patterson Air Force Base: The WRIGHT Place for AFIT

Regional Hearing of the

2005 Defense Base Closure and Realignment Commission

Regarding the Air Force Institute of Technology (AFIT), Ohio

Presented by John Nowak (Lt Gen, USAF Ret), CEO, LOGTEC, Inc.
Co-Chair Wright-Patt 2010 Committee, Dayton Development Coalition

August 10, 2005

The Dayton Region

Wright-Patt 2010
DAYTON DEVELOPMENT COALITION

Wright-Patterson: The WRIGHT Place for AFIT

The work of the Air Force Institute of Technology (AFIT) to provide defense-focused graduate and professional continuing education and research to sustain the technological supremacy of America's air and space forces ***can best be performed where it is now, at Wright-Patterson Air Force Base***.

Air Force Research Laboratory Organizations at Wright-Patterson Air Force Base

1. Headquarters, Air Force Research Lab (AFRL)
2. Air Vehicles Directorate (AFRL/VA)
3. Deployment and Sustainment
4. Human Effectiveness Directorate (AFRL/HE)
5. Materials and Manufacturing Directorate (AFRL/ML)
6. Power and Propulsion Directorate (AFRL/PR)
7. Sensors Directorate (AFRL/SN)
8. Wright Research Site (Det 1 AFRL/WS)

Other Science and Engineering Related Organizations at Wright-Patterson

1. National Air and Space Intelligence Center (NASIC)
2. Navy Health Research Center Toxicology Detachment
3. HQ Aeronautical Systems Center (ASC)
4. Aerospace Engineering Directorate (ASC/EN)
5. Engineering Standards Office (ASC/ENOI)
6. Major Shared Resource Center (ASC)

Examples of Logistics and Management Related Organizations at Wright-Patterson

1. HQ Air Force Materiel Command (AFMC)
2. Development and Fielding Systems Group (AFMC/DFSG)
3. HQ Aeronautical Systems Center (ASC)
4. Contracting Directorate (AFMC/PK)
5. Financial Management Directorate (AFMC/FM)
6. Acquisition Center of Excellence (AFMC/AE)
7. Air Force Security Assistance Center (AFSAC)
8. Defense Information Systems Agency
9. Acquisition Environmental, Safety & Health (ESH) Division (ASC/ENV)

WPAFB Sponsors of Focused Research at AFIT (Fiscal Year 2004)*

Sponsor Organization	Master's Theses	PhD Dissertations
National Air and Space Intelligence Center	5	1
Air Force Materiel Command	11	
Aeronautical Systems Center	8	
Air Force Research Labs/VA	8	3
AFRL/HE	5	
AFRL/IF	9	
AFRL/ML	6	1
AFRL/PR	10	
AFRL/SN	15	
DAGSI	1	

*Partial List. Complete list included as attachment to testimony

Benefits of Colocating AFIT with HQ Air Force Materiel Command and Aeronautical Systems Center

- Operational science studies provide support to combatant commanders and support agencies.
- Acquisition studies support major weapon systems program offices.
- Students have immediate access to all the program offices, planning staffs and data libraries on Base.
- Headquarters staff have easy access to the students
- Experienced faculty are available to consult on the services' multi-billion dollar acquisition and logistics programs.

AFIT State-of-the-Art Facilities (Main Campus)

Gross SF	***Description***	***Amount***	***Date***
134,054	Faculty/staff offices, classrooms, lab spaces, student support spaces; used primarily by Graduate School of Engineering and Management	$4M	1964
	Current construction (interior renovation)	$13M	2005
82,718	Faculty/staff offices, classrooms; Academic Support administrative offices; used primarily by Graduate School of Engineering and Management and the Center for Systems Engineering	$3.5M	1977
102,498	Administrative space, Command section, library, student support spaces, computer labs, and a large auditorium	$12.8M	1989
53,594	Faculty/staff offices, classrooms, labs spaces, student services support, and an auditorium; used primarily by School of Civil Engineering and Services	$5.5M	1994
26,622	Laboratory space, clean rooms, high bay space; used primarily by the Graduate School of Engineering and Management	$7.4M	2000
399,486	Total	$46.2M	
316,768	Total in last 20 years	$42.2M	

Unrestricted Buildable Land Near Schools

(According to Military Value Calculation)

WPAFB:	47.3 acres
NPS:	4 acres

Total Buildable Land at WPAFB: 408 acres

Wright-Patterson: The WRIGHT Place for AFIT

"This [Memorandum of Agreement] solidifies the long-standing relationship and common goals that both organizations share, and allows us to more fully leverage our resources. Both organizations have a critical role in creating the Air Force of the future and together we can solve future challenges."

— Major General Perry Lamy, Commander
Air Force Research Laboratory

NPS-to-AFIT Move Costs

Consolidate AFIT and NPS PDE functions at AFIT	One-Time Costs	Steady-State Savings	ROI Years	20 Yr NPV	Mil Con	Implementation Costs/Savings
Original Defense Department Scenario	$428.6	-7.3	100+ yrs	+310.9	231.7	417.0
Corrected Scenario	$424.1	-41.8	12 yrs	-87.7	231.7	348.8

AFIT-to-NPS Move Costs

E&T-0022v2, Consolidate AFIT and NPS PDE functions at NPS and relocate all other functions of AFIT to Maxwell AFB	One-Time Costs	Steady-State Savings	ROI Years	20 Yr NPV	Mil Con	Implementation Costs/Savings
Original Defense Department Scenario	$119.1	-24.5	Immediate	-392.9	79.2	-164.8
Corrected Scenario	$126.5	3.0	Never	175.2	79.2	152.8

Conclusion: Wright-Patterson is the Wright Place for AFIT.

Thank you for your time and attention

Wright-Patt 2010
DAYTON DEVELOPMENT COALITION

The Dayton Region

Testimony of Daniel J. Curran, Ph.D.

President, University of Dayton
Before the Defense Base Closure and Realignment Commission
August 10, 2005

Chairman Principi and members of the Commission, thank you for allowing me to testify. I am Dan Curran, the President of the University of Dayton, the number one university in the State of Ohio for Department of Defense sponsored research and the number two university in the United States for materials research. I am also a member of the Board of Trustees of the Dayton Development Coalition.

My purpose in testifying is to make the case that privatizing the Air Force Institute of Technology (AFIT) is counter to the interests of the Air Force and to our long-term national security goals. A defense-focused graduate education that can tailor courses to meet defense-specific requirements can provide significant educational benefits to students and research benefits to the Defense Department that could never be achieved at a civilian university.

AFIT is a fully-accredited graduate school that offers masters degrees in engineering, management, and logistics, and Ph.D. degrees in engineering. Since resident degrees were first granted in 1956, AFIT has warded more than 15,000 graduate and 300 Ph.D. degrees.

First, I want to make the point that privatizing AFIT is not worth the initial cost. Our analysis of the COBRA model shows that privatizing AFIT will yield minimal operating savings. Because of the significant one-time costs, the scenario for privatizing AFIT's graduate functions will take more than 100 years to produce savings.

In 1997, AFIT took a survey and asked a number of civilian institutions how much they would charge to provide the same military specific courses and research activities as AFIT. The

results demonstrated that civilian universities would cost about the same as performing the work at AFIT. This was not a theoretical model, as the COBRA run is—this was a real market test.

A formal, independent study the following year concluded the cost and benefits of AFIT were more favorable than privatization. This study was requested by Congress in response to the Air Force's decision to privatize AFIT in 1996. This study looked at the cost of tuition and benefits to the Air Force. Again, it concluded that the benefits of AFIT were worth the cost.

AFIT student research is focused to fill specific Air Force and defense needs In fiscal year 2004, AFIT students conducted research estimated to be worth $29.6 million. That is how much it would have cost the Defense agency which sponsored the research if it had to pay. If Air Force graduate students went to civilian universities, the focused research would be lost. This is not accounted for in the COBRA model.

A complete list of research contributions from fiscal year 2004 is included with my testimony.

My second point is that even if the cost of tuition at a civilian institution is slightly lower than the cost of an AFIT education, there are numerous benefits to maintaining AFIT that cannot easily be quantified. However, these benefits are very real and have great value to the Air Force and the Defense Department.

AFIT provides graduate programs that are specifically tailored to meet Air Force requirements. All programs are subjected to periodic program reviews by Air Force organizations which use AFIT and by senior Air Force leadership.

AFIT can offer coursework in classified technology. For example, AFIT was able to teach about stealth technology to Air Force officers who went on to develop and operate stealth aircraft. These courses were so secret that most AFIT faculty members were unaware of their

content. That could only happen because the technology was being developed in the classified laboratories at WPAFB. The newly renovated AFIT building 640 contains classified laboratories and classroom facilities which will open up more opportunities to faculty members to use classified material, data, and analysis.

AFIT can develop and implement new courses quickly. This can be done within weeks or months. This responsiveness is critical in a military environment and would be lost if the work were privatized. Civilian schools cannot respond as quickly, without considerable additional costs. I know something about how civilian universities operate, and while I am, obviously a strong supporter of them, I know their limitations.

Half of all AFIT faculty members are Air Force officers holding Ph.D. degrees. No other educational institution can provide this unique, military-focused knowledge and experience base Though this cannot be quantified, it is a true benefit which enhances the education of Air Force officers and makes them better suited to perform their duties.

Third, I want to point out that AFIT students do already take courses in the private sector when a defense-critical focus is not required, such as introductory courses. This can be done through the Dayton Area Graduate Studies Institute (DAGSI), which includes my school—the University of Dayton—and Wright State University. This increases opportunities for AFIT students and helps cut down on redundant course offerings. DAGSI is a model of a government-private partnership which takes advantages of the strengths of all of its partners.

I am, of course, very proud of the University of Dayton and its outstanding record in engineering. The affiliation with AFIT through DAGSI has many mutual benefits. Wright State University also has fine engineering and medical schools which further compliment AFIT's offerings and broader synergies with Wright-Patterson.

My final point is that AFIT provides extraordinary value to the Defense Department. It ranks among the great engineering schools of our country. Its faculty, facilities, reputation, and defense focus could not be duplicated at a civilian school. AFIT is an educational diamond. It is foolish to throw it away because we think we can only afford rhinestone. It would be a terrible, irreversible mistake to dismantle this powerhouse of intellectual talent that is focused on training the next generation of Air Force leaders.

In conclusion, I would like to read part of a letter sent yesterday to Chairman Principi by former Air Force Secretary Whit Peters:

> Moving AFIT out of the Dayton community would destroy the unique opportunities AFIT students now have to learn from and work with leaders in the Air Force scientific and procurement communities, with no conceivable offsetting gain in educational value... It is therefore inconceivable to me that there would be a cost savings associated with privatizing AFIT that would offset the value to the Air Force of having its own program, tailored to Air Force needs, and supported by and supporting the Wright-Patterson community."

I ask that the full text be included in the record. Thank you.

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Benefits of AFIT to the National Defense

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The Dayton Region

Wright-Patt 2010
DAYTON DEVELOPMENT COALITION

AFIT Benefits the Future of our Nation's Defense

- AFIT provides a defense-focused graduate education that can tailor courses to meet defense-specific requirements and offers significant educational benefits to students as well as research benefits to the Defense Department that could never be achieved at a civilian university.

AFIT Benefits the Future of our Nation's Defense

Privatize PDE at AFIT – Corrected Scenario

Grad-Ed Scenarios	One-Time Costs	Steady-State Savings	ROI Years	20 Yr NPV	Mil Con	Implementation Costs/Savings
E&T-0003Rv3, **Privatize PDE function at AFIT; relocate all other functions of AFIT to Maxwell AFB**	$62.3	-19.5	Immediate	-353.7	39.6	-172.9
Corrected Scenario	$59.9	-1.4	100+ yrs	69.1	39.6	86.8

AFIT provides more benefits to the Air Force at less cost than privatization

1997 AFIT Privatization Survey — Annual Cost per Student
Real Market Test of AFIT Privatization

University "A"	$38,000-$62,000
University "B"	$52,000
University "C"	$50,000
University "D"	$34,000
University "E"	$40,000
University "F"	$25,000-$40,000
University "G"	$40,000

Estimated annual cost of AFIT student: $31,000 - $38,000

Booz Allen Hamilton Graduate Education Program Cost/Benefit Analysis (1998)

"The primary contributor to AFIT's extreme benefit is its ability to focus on unique technologies that are key to the evolution of the USAF's warfighting capacity. In analyzing the benefits of a program such as the [Graduate Education Program], the multisource or single-source alternatives cannot provide the unique benefits to the extent that a restructured AFIT can...Of the alternatives evaluated, a restructured AFIT provides the most cost-effective solution."

AFIT Benefits the Future of our Nation's Defense

Estimated Cost Avoidance Value for AFIT Student Research

FY 2004	$29.6 million
FY 2003	$23.6 million
FY 2002	$19.4 million
FY 2001	$23.4 million
FY 2000	$26.9 million

AFIT Benefits the Future of our Nation's Defense

Research Assessment Questionnaire Results (FY04)

Estimated total cost avoided for all theses and dissertations sponsored	$29.6M
Average cost avoided per thesis/dissertation by the sponsors	$118,283
Average man-years of effort saved by the sponsors	.73
Percentage of thesis work judged by sponsor to contribute to a current Air Force or Defense Department project	97 Percent
Percentage of thesis work judged by sponsor to have some significance	100 Percent

Examples of AFIT Programs Tailored for Specific Air Force Needs

- AFIT tailored its Nuclear Engineering program to meet needs of AF/XOS, Army, Defense Threat Reduction Agency, and AFTAC in Chemical, Biological, Nuclear, and Radiological Explosives.
- AFIT created a Measurement and Signature Intelligence program to support scientific, technical, and operational activities of military intelligence for National Geospatial Agency, National Air and Space Intelligence Center (NASIC), civilian and other DoD intelligence organizations.

Examples of AFIT Programs Tailored for Specific Air Force Needs (Cont.)

- AFIT tailored fourteen Masters programs to the needs of field grade officers for Intermediate Development Education.
- AFIT developed two new graduate education programs, Aerospace & Info Ops and Space Systems Engineering in response to requirements of Air Force Special Projects Center and National Reconnaissance Office.

Examples of Current Classified Classes at AFIT

- **OPER 676 Information Operations Research** — Awareness and Integration of relationships of IO and Warfare. Classified Modeling.
- **OPER 595 Issues in Defense Analysis** — classified seminar on current modeling, warfare simulations, and operations.
- **OPER 596 Applying Analysis to Defense Decisions** — classified seminar on information systems and their support to operations and combatant commanders.

The newly renovated AFIT building 640 contains classified laboratories and classroom facilities which will open up more opportunities to faculty members to use classified material, data, and analysis.

Examples of AFIT Responsiveness to Air Force Immediate Needs

- AFIT was tasked to completely revise graduate program in Systems Engineering in June 2002. Forty students began the revised program in October, with all revisions completed by March 2003 and graduates in March 2004.
- AFIT initiated a military meteorology program to meet needs of the Air Force Weather Service. The program was built, faculty hired and students entered within one year.
- AFIT created, in under a year, an Information Assurance program to meet specific needs of the National Security Agency (NSA).

AFIT Benefits the Future of our Nation's Defense

DAGSI Benefits to the Air Force

- Increasing course offerings for AFIT students
- Cutting down on redundant course offerings
- AFIT faculty collaborating on research programs
- Educating skilled engineering graduates for the Air Force

- $51M from the State of Ohio to DAGSI since 1996
- Line item for AFIT in State Budget

AFIT Benefits the Future of our Nation's Defense

Dayton Area Graduate Studies Institute
(DAGSI)

Members:	AFIT, Wright State University, University of Dayton
Affiliate Members:	The Ohio State University, University of Cincinnati
Associate Member:	Miami University

"Joining forces to provide world-class graduate engineering education"

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AFIT Benefits the Future of our Nation's Defense

Report on Air Force Institute of Technology (AFIT) for Senate and House Armed Services Committees (2002)

"AFIT will continue to identify future AF and DoD needs in curricula development, research and consultation efforts. For instance, AFIT's research efforts have kept pace with emerging scientific and technological trends. AFIT has also built appropriate support curricula in state-of-the-art fields including information operations and space operations."

AFIT Benefits the Future of our Nation's Defense

"I can assure you, in this increasingly complex and technical world, your education will prepare you to meet the challenges of the future, The skills you have learned here have armed you with the tools needed to meet these challenges head on. To succeed, you must be innovative, technically competent and creative -- in other words -- using all the capabilities that come from the solid education you received here at AFIT."

— Air Force Secretary James G. Roche to the AFIT graduating class in March 2004

AFIT Benefits the Future of our Nation's Defense

"AFIT has met the changing needs of the Air Force over many years in an exemplary fashion. An institution like AFIT, that is Air Force-run, is more adaptable to the changing academic needs of the Air Force than are civilian institutions."

— General Robert T. Marsh, commander of Air Force Systems Command from 1981 - 1984

AFIT Benefits the Future of our Nation's Defense

AFIT: World-class, defense-focused education for tomorrow's Air Force leaders

Wright-Patt 2010
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The Dayton Region

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A Review of the COBRA Cost Study Results
For the Privatization of the
Graduate Programs of the Air Force Institute of Technology (AFIT)
SUMMARY

This scenario abolishes the Air Force Institute of Technology (AFIT), Wright-Patterson Air Force Base, Ohio Graduate School of Engineering and Management and realigns the rest of AFIT (Civilian Institutions Division and the continuing education schools of Engineering and Services and Systems and Logistics) to Maxwell Air Force Base, Alabama.

	Original BRAC Results	**Corrected COBRA Output**
One Time Costs:	$62.3M	$59.9M
Steady State Savings:	$19.5M/yr	$ 1.4M/yr
Return-on-investment	Immediate	100+ years
20 Year Net Pres Value	-$353.7M	$69.1.M
MILCON required:	$39.6M	$39.6M
Net Cost – Savings (6 years)	-$172.9M	$86.8M

The major changes in this scenario involve correcting the starting AFIT manpower numbers and elimination of the one-time savings credit assuming Brooks City-Base organizations occupy vacated AFIT facilities.

1. A key to this option is the savings from eliminating AFIT staff. The COBRA inputs assume that 226 staff move to Maxwell AFB and that 527 positions are eliminated—for a total AFIT staff of 753. The problem is AFIT only has 544 staff. The correction is to remove the savings that result from eliminating 180 staff that don't exist.

2. The second major correction occurs in both options where AFIT is closed. The model states the following in the input data notes: "One Time Unique Savings FY 07: $200 million MILCON cost avoidance for the school of aerospace medicine to occupy existing square footage at AFIT for Medical JCSG." Because the MILCON for this move was already scored against the cost of moving missions from Brooks City-Base to Wright-Patterson, it is incorrect to be considered in this scenario also, and it has been eliminated in this revised COBRA run.

Not included in this estimate, but highly relevant, is also the loss of defense-focused research, which was estimated to be $29.6 million in fiscal year 2004 in cost avoidance.

CONCLUSION

By correcting the initial staff numbers, the annual savings drop considerably to only $1.4 million. Additionally, without the one time large savings from Brooks, the payback on this option exceeds 100 years.

A Review of the COBRA Cost Study Results For the Realignment of Air Force Institute of Technology (AFIT) Graduate Programs with Graduate Programs at the Naval Postgraduate School (NPS)

SUMMARY

This scenario abolishes the Air Force Institute of Technology (AFIT) at Wright-Patterson Air Force base, Ohio, by transferring all graduate programs to the Naval Postgraduate School (NPS), Monterey, California, and realigns the remainder of AFIT's functions (Civilian Institutions Division and the continuing education schools of Engineering and Services and Systems and Logistics) to Maxwell Air Force Base, Alabama

	Original BRAC Results	**Corrected COBRA Output**
One Time Costs:	$119.1M	$126.5M
Steady State Savings:	$ 24.5/yr	-$ 3.0/yr
Return-on-investment	Immediate	Never
20 Year Net Pres Value	-$392.9M	$175.2.M
MILCON required:	$79.2M	$79.2M
Net Cost – Savings (6 years)	-$164.8M	$152.8M

The three major corrections include:

1. Much like the privatization option, this option overstated the initial staff at AFIT. The COBRA inputs assume 158 staff moves to Maxwell AFB, 141 move to NPS and that 383 positions are eliminated—for a total AFIT staff of 682. However, AFIT only has a maximum of 544 staff. The correction removes the savings that result from eliminating slots that don't exist.

2. The second major correction occurs in both options where AFIT is closed. The model states the following in the input data notes: "One Time Unique Savings FY 07: $200 million MILCON cost avoidance for the school of aerospace medicine to occupy existing square footage at AFIT for Medical JCSG." Because the MILCON for this move was already scored against the cost of moving missions from Brooks City-Base to Wright-Patterson, it is incorrect to be considered in this scenario also, and it has been eliminated in this revised COBRA run.

3. The model does not consider the significant increase in student housing allowance that moving from Dayton to Monterey produces. Each student will see an increase in BAH of $1210 per month, or $14,520 per student per year in added DOD cost. The steady-state cost for the 1097 student BAH increase exceeds $15 million per year.

CONCLUSION

By eliminating the savings of 138 non-existent personnel, adding in the increased BAH cost and eliminating the misplaced Brooks savings, the option actually eliminates annual savings and produces an annual net cost, so the return on investment becomes negative.

A Review of the Cost Study Results for the Realignment of Naval Postgraduate School (NPS) with the Air Force Institute of Technology (AFIT) at AFIT

SUMMARY

This scenario consolidates the Air Force Institute of Technology (AFIT) at Wright-Patterson Air Force base, Ohio, and the Naval Postgraduate School (NPS), Monterey, California, Professional Development Education (PDE) functions at AFIT.

	Original BRAC Results	**Corrected COBRA Output**
One Time Costs:	$428.6M	$424.1M
Steady State Savings:	$7.3/yr	$41.8/yr
Return-on-investment	100+ years required	12 years
20 Year Net Pres Value	$310.9M	-$ 87.7M
MILCON required:	$231.7M	$231.7M
Net Cost – Savings (6 years)	$417.0M	$348.8M

Major corrections required on this option involved the number of personnel moving from NPS and expected savings in student Basic Allowance for Housing (BAH).

1. In the baseline option, the Navy proposes to move all of their civilians and most of their military as shown below to support 1731 students.

Transfers From NPS (Monterey) to AFIT (Dayton)

	2006	2007	2008	2009	2010	2011	Total
Officer positions	0	0	0	14	45	0	59
Enlisted positions	0	0	0	7	21	0	28
Civilian positions	0	0	0	248	499	0	747
Student positions	0	0	0	433	1298	0	1731

This appears excessive since in the AFIT to NPS scenarios, the Navy eliminates 259 of 354 AFIT civilians (73%), yet eliminates none of 747 civilians at NPS. Using the AFIT-to-NPS model, it was determined that 250 civilians was a reasonable number to eliminate, so only 497 civilians are transferred.

2. The model does not consider the significant savings on student housing allowance that moving from Monterey to Dayton produces. Each student will see a reduction in BAH of $,1210 per month, or $14,520 per student per year in savings. As a conservative estimate, we assume only 65% receive BAH to produce annual savings of $16.3 million.

3. There were many other items that were questionable—moving costs, TRICARE, and MILCON calculations, but inadequate data was available to accurately predict the cost savings.

CONCLUSION

The net impact of these two simple changes is to produce an option that saves $41.8 million in annually recurring savings and yields a payback in 12 years.