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Backgrounder

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BRAC and Per Capita Income

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One of the primary criticisms of the Base Realignment and Closure (BRAC) process is that it devastates communities economically. Aside from the fact that the Department of Defense (DOD) is not a jobs program, these criticisms are simply not true. Most affected communities have recovered nicely from past BRAC rounds, with approximately 90 percent of all jobs being replaced. Indeed, approximately 115,000 jobs have been created through past recovery efforts, and many communities have actually prospered.

To provide greater understanding of the economic impact of BRAC, The Heritage Foundation has analyzed the per capita income of every county in the United States that has had a base closed in past BRAC rounds. Not surprisingly, this analysis shows that after a small decrease, nearly all communities continue to experience strong growth in per capita income.

History and Status of BRAC 2005

On May 13, 2005, Secretary of Defense Donald Rumsfeld released the 2005 BRAC list, which proposes to close 33 major bases and nearly 120 smaller facilities and to realign a great many others. While the BRAC process is aimed at generating efficiencies for the Pentagon, better allocating scarce resources, and ensuring that the remaining infrastructure is appropriate for a 21st century military, many in Congress have been more concerned with the economic impact on their constituents.

After contentious yet successful BRAC rounds in 1988, 1991, 1993, and 1995, the movement to begin

Talking Points

- BRAC is vital for national security reasons and should go forward. It will advance the Pentagon's modernization objective and allow the Pentagon to redirect scarce resources to more important programs and operations.
- In previous BRAC rounds, communities with post-BRAC revitalization plans and strong local leadership experienced economic growth.
- Congress should support the 2005 BRAC Commission and Secretary Rumsfeld's recommended list while simultaneously investigating and facilitating the efforts of affected communities to succeed after BRAC.
- BRAC is not about jobs; it is about national security. A successful BRAC will help the Pentagon to provide national security, and this is the most appropriate contribution that the Department of Defense can make to the U.S. economy.

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a fifth round began in 1997. A fifth round was not secure until Congress passed the 2003 Defense Authorization Act, which amended the original Defense Base Closure and Realignment Act of 1990. However, in 2004, the House of Representatives inserted a provision in the FY 2005 Defense budget to delay BRAC beyond 2005. The Senate refusal to approve such language, and the threat of a presidential veto kept BRAC on track.

In March 2005, the President appointed former Secretary of Veterans Affairs Anthony J. Principi to head the BRAC Commission, and on May 13, 2005, Secretary Rumsfeld announced the proposed base closings and realignments to Congress and the commission. Further efforts to delay the 2005 BRAC process were also defeated in the House. There is some effort to bring legal action from the states regarding the relationship among state governors, National Guard facilities, and the BRAC process, but even this issue seems to be fading.

After detailed consultations, review, and visits to the bases under consideration, the BRAC Commission has until September 8 to send its conclusion to the President, who then has 15 days to accept or reject the commission's report. One aspect of the BRAC process that is slightly different from former years is that recent legislation requires a supermajority of seven commissioners (out of a total of nine) to add a base to the list.

According to Philip Grone, Deputy Under Secretary of Defense for Installations and Environment, bases chosen for closure or major realignment can expect the process to be completed within six years, and a series of policy reforms will enhance the DOD's ability to move forward to close or realign a base as expeditiously as possible to allow economic redevelopment of the affected areas.[1] The Pentagon's Office of Economic Adjustment exists to help communities adjust and make the transition to new opportunities in the wake of BRAC through planning grants and assistance.

Why the Pentagon Needs to Close Bases

BRAC is one of the most important—and controversial—issues affecting the future health of the armed forces, and it is critical to U.S. national security. It balances national defense priorities, supports the Pentagon's military modernization objective, saves the Department of Defense billions of dollars each year, and creates opportunities for private economic development.

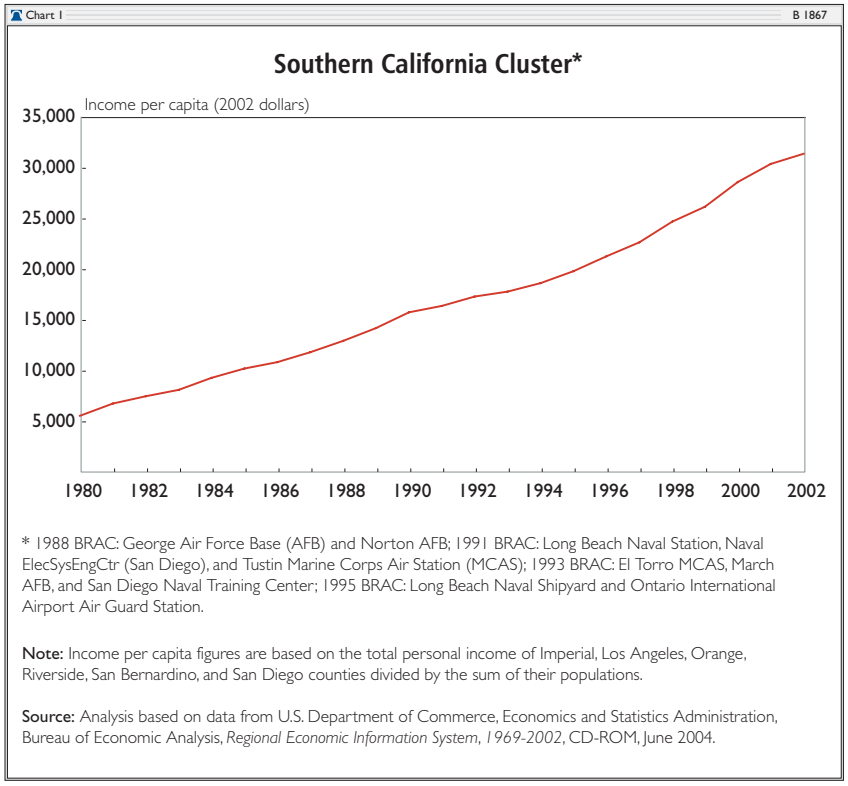
BRAC recommendations are made in conjunction with clearly defined selection criteria. Future mission capabilities and the impact on operations are the list's overriding considerations, but economic impact is also measured. The fact is that conditions change, affecting the utility of many bases and how individual bases contribute to overall national security.

While the BRAC process makes a major contribution to advancing the Pentagon's larger transformation objective, there is no doubt that the closure or realignment of a base, with the accompanying economic considerations, makes for contentious political and public debate. Nonetheless, BRAC is necessary because it:

- **Advances the Pentagon's military modernization objective.** BRAC plays an integral part in recalibrating the U.S. basing infrastructure to reflect America's ever-changing national security requirements. However, BRAC is not just about closing and realigning bases, but also about changing how the Department of Defense supports troops, acquires hardware, repairs materiel, manages its personnel, and fights wars. BRAC helps to focus resources on realigning, training, and upgrading the military's infrastructure to support a 21st century fighting force. To afford these changes, the DOD must eliminate excess overhead and infrastructure and address outdated business practices. Closing and realigning bases further supports the increased drive toward joint utilization of assets among the services, which is one of the DOD's four pillars of military transformation.

1. Samantha Quigley, "Grone: BRAC 2005 Important for Many Reasons," Armed Forces Press Service, April 12, 2005, at *www.defenselink.mil/news/Apr2005/20050412_570.html* (May 13, 2005).

- **Promotes Fiscal Responsibility.** The previous four BRAC rounds have saved a total of roughly $17 billion and are now saving about $3 billion annually. Senior DOD officials estimate that the 2005 BRAC round will generate savings of approximately $48 billion over the next 20 years. The Department of Defense estimates that five BRAC rounds will be saving $6.5 billion per year by 2011.[2] In an environment of increasingly scarce resources, these figures represent significant savings that could be reinvested to support other DOD programs and operations.
- **Creates opportunities for private economic development.** Clearly, the first few years after a base closure or realignment can be extremely difficult for an affected community. However, many communities that have experienced base closings or realignments have adapted through community leadership, planning, and federal assistance and have actually achieved higher rates of job and income growth. With so many post-BRAC successes in diverse communities across the country, any community affected by BRAC 2005 should be able to use the experiences of these communities to develop a strong post-BRAC economic vitalization plan.



BRAC and Per Capita Income

To understand the economic affects of BRAC on individuals more thoroughly, Heritage Foundation analysts undertook a detailed analysis of per capita income levels in the years before and after the past four BRAC rounds, to the extent allowed by the data. While they analyzed the incomes from every county that experienced a base closure in the past four rounds, this report will look at three "clusters" of base closures in the nation. The three clusters were chosen based on past BRAC activity; current military presence; urban, rural, or suburban environment; Army, Navy, or Air Force concentration; and geographic location.

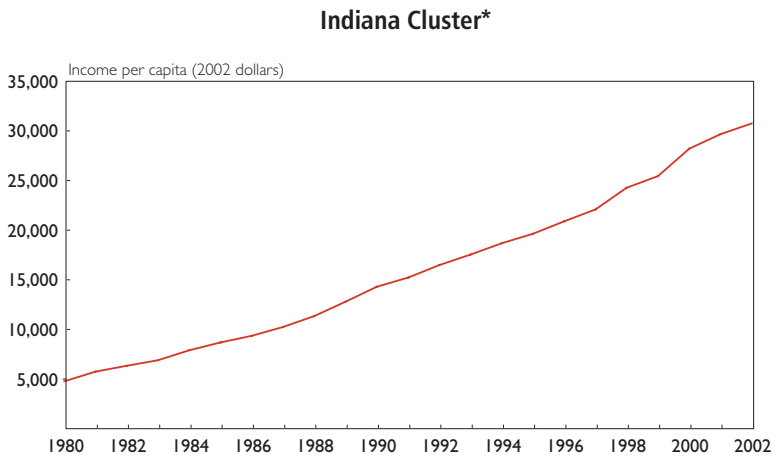
Using these parameters, the following results were obtained for these representational clusters. As these charts show, despite the different local conditions, the result is the same. The data demonstrate that economic survival and growth is the norm for post-BRAC communities.[3]

Southern California. Southern California has a significant Navy presence, is located on the West Coast, is urban, and has both past and current BRAC relationships.

Indiana. Indiana has a significant Air Force presence, is located in the Midwest, is less populated, and has both past and current BRAC relationships.

2. Business Executives for National Security, "Why Close Military Bases?" at *www.bens.org/what_BRAC_why.html* (May 27, 2005).
3. The complete data set is available from The Heritage Foundation upon request.

Chart 2 B 1867

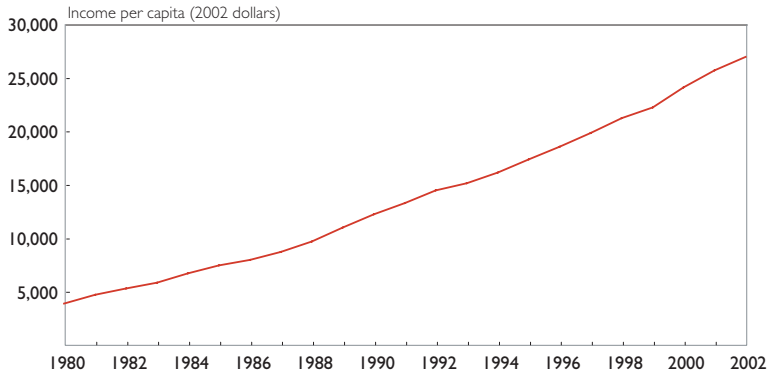


* 1988 BRAC: Indiana Army Ammunition Plant and Jefferson Proving Ground; 1991 BRAC: Ft. Ben Harrison and Grissom Air Force Base; 1993 BRAC: Fort Wayne Naval and Marine Corps Reserve Center and Terre Haute Naval Reserve Center; 1995 BRAC: Indianapolis Naval Air Warfare Center.

Note: Income per capita figures are based on the total personal income of Clark, Jefferson, Marion, Miami, Montgomery, and Vigo counties divided by the sum of their populations.

Source: Analysis based on data from U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis, *Regional Economic Information System, 1969-2002*, CD-ROM, June 2004.

Chart 3 B 1867



* 1988 BRAC: Alabama Army Ammunition Plant, Coosa River Storage Annex, and Salton Sea Navy Base; 1993 BRAC: Gadsden Naval Reserve Center/Armed Forces Reserve Center, Naval Station Mobile, and Montgomery Naval Reserve Center; 1995 BRAC: Ft. McClellen and Huntsville Naval Reserve Center.

Note: Income per capita figures are based on the total personal income of Calhoun, Etowah, Madison, Mobile, Montgomery, Shelby, and Talladega counties divided by the sum of their populations.

Source: Analysis based on data from U.S. Department of Commerce, Economics and Statistics Administration, Bureau of Economic Analysis, *Regional Economic Information System, 1969-2002*, CD-ROM, June 2004.

Alabama. Alabama has a significant Army presence, is located in the South, is more rural in nature, and has both past and current BRAC relationships.

Being Proactive: The Key to Post-BRAC Economic Vitalization

In the past, many communities across the country have pursued innovative post-BRAC vitalization plans. With BRAC 2005 well underway, the communities that will be affected by this round should consider beginning their community vitalization process early. They can avoid much of the economic hardship predicted by BRAC critics by learning from past BRAC successes and proactively developing economic response plans.

It is of vital importance for them to act proactively. They should not wait for the Pentagon, the federal government, or any other agency to tell them what to do. Instead, they should develop their own plans and tell the Pentagon and other government agencies what to do. The following are 10 examples of innovative approaches that communities used to exploit past BRAC rounds successfully and ensure economic survival and growth:

Williams Air Force Base (BRAC 1991: Mesa, Arizona) is now Williams Gateway Airport, an international aviation and aerospace center and designated foreign trade zone.[4]

Fort Devens (BRAC 1991: Ayer, Massachusetts) gained dozens of new tenants ranging from high-tech start-ups to Gillette and Anheuser-Busch.[5]

Charleston Naval Shipyard (BRAC 1993: Charleston, South Carolina) is now home to over 100 private, local, state, and federal organizations.[6]

Glenview Naval Air Station (BRAC 1993: Glenview, Illinois) is being developed into an upscale master-planned North Shore community called The Glen.[7]

Pease Air Force Base (BRAC 1988: Portsmouth–Rochester, New Hampshire) is now the Pease International Tradeport. Pease likes to take credit for "helping to write the book" on economic conversion.[8]

England Air Force Base (BRAC 1991: Alexandria, Louisiana) allowed local planners to take advantage of England's varied assets to diversify the local economy.[9]

Bergstrom Air Force Base (BRAC 1991, Austin, Texas) is now Bergstrom–Austin International Airport, serving approximately 7.2 million passengers each year.[10]

Kelly Air Force Base (BRAC 1995: San Antonio, Texas) was developed into a major logistics and distribution center and foreign trade zone.[11]

Reese Air Force Base (BRAC 1995: Lubbock, Texas) is now the Reese Technology Center, a "world-class research, education, and business campus."[12]

Alameda Naval Facilities (BRAC 1993: Alameda, California) are currently occupied by nearly 85 industrial, recreational, and entertainment businesses.[13]

4. Williams Gateway Airport, "History," at *www.flywga.org/history.asp* (May 27, 2005).
5. U.S. Department of Defense, "Economic Renewal: Community Reuse of Former Military Bases," April 21, 1999, at *defenselink.mil/pubs/reuse042199.html* (May 27, 2005).
6. U.S. Department of Defense, Office of Economic Adjustment, "Base Reuse Success Stories," January 2002, at *www.oea.gov/OEAWeb.nsf/A30DA1AD7F2685A485256E8300517F2C/$File/Success%20Stories_02Jan.pdf* (May 27, 2005).
7. Kasia Yuska, "Behind a Successful Base Closure: Opportunity and History Join Hands," *Illinois Municipal Review*, September 2003, p. 9.
8. Taxpayers for Common Sense and Christopher Hellman, Center for Defense Information, *New Beginnings: How Base Closures Can Improve Local Economies and Transform America's Military*, October 2001.
9. U.S. Air Force, Real Property Agency, "Fact Sheet: Air Force BRAC Success Stories," updated May 5, 2005, at *www.afrpa.hq.af.mil/factshts/success.htm* (May 27, 2005).
10. Sergeant First Class Doug Sample, "BRAC Turned Out to Be Good News for Texas Capital," *North Texas e-News*, March 16, 2005, at *www.ntxe-news.com/cgi-bin/artman/exec/view.cgi?archive=9&num=24363* (May 27, 2005).
11. KellyUSA Web site, at *www.kellyusa.org* (May 27, 2005).

What Congress Should Do

As difficult as it may be in the current political and economic environment, Congress should keep in mind that BRAC is first and foremost about national security. To that end, Congress should:

- **Hold a set of hearings on how communities have successfully overcome past base closures.** The more Congress does to build confidence in communities across the country that there is life after BRAC, the greater will be the service that it provides to the nation. Many of the problems with BRAC are the result of communities assuming the worst and taking a defensive approach. They end up wasting valuable resources fighting inevitable closings because they believe that they have nothing to lose. It would be far better to use those resources to develop post-BRAC plans.
- **Support the BRAC Commission's 2005 BRAC list.** Congress should support the Pentagon and the BRAC list. This is what is best for the nation and, in the long run, for their constituents. Instead of making promises about fighting specific closings, Members of Congress should explain why BRAC is important and how they will help their communities to respond. This will ensure that local communities are better prepared for their base closings.
- **Coordinate communication between communities on the 2005 BRAC list and communities that have been on past BRAC lists.** Congress could do constituents a wonderful service by facilitating communications between current BRAC-listed communities and past BRAC communities. This would assist in learning lessons and developing ideas that might apply to their own situations.
- **Avoid undue politicization of the BRAC process.** So far, the BRAC 2005 has been as apolitical as anyone could have hoped. Neither the President nor Members of Congress should attempt to use political pressure to change outcomes. It is legitimate for a community to question the Pentagon if it believes that the Pentagon made a mistake—which does happen—and should change the list to correct some national security oversight. However, changing the list through political pressure is very unhelpful. As it stands, every Member of Congress can blame the Pentagon for the decision to close a base, and that is good for everyone. Just one politically motivated change would open the floodgates to other changes, undermining the entire BRAC process.

Conclusion

History shows that most communities quickly recover from BRAC. Although this does not mean the transition will necessarily be easy, good leadership and a sound economic vitalization plan can help to ensure a successful process. It is essential that communities that find themselves on the BRAC list begin taking the initiative now to develop plans of action. While the Department of Defense will be available to assist, it is incumbent on each affected community and its leadership to develop an economic plan that reflects its unique nature.

Nevertheless, BRAC is not about jobs—nor should it be. It is about national security. The Pentagon has too much infrastructure, and much of what it has is outdated and unnecessary. A successful BRAC will help the Pentagon to provide national security, and this is the most appropriate contribution that the Department of Defense can make to the U.S. economy.

—Jack Spencer is Senior Policy Analyst for Defense and National Security in the Kathryn and Shelby Cullom Davis Institute for International Studies at The Heritage Foundation.

12. Reese Technology Center Current News, "Planned for Success," March 1, 2003, at *www.reesecenter.com/news/publish/news_18.html* (May 27, 2005).

13. U.S. Department of Defense, "Base Reuse Success Stories."