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# IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE 2005 DECISIONS

HEARING

BEFORE THE

READINESS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

FIRST SESSION

HEARING HELD
DECEMBER 12, 2007

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# IMPLEMENTATION OF THE BASE REALIGNMENT AND CLOSURE 2005 DECISIONS

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
READINESS SUBCOMMITTEE,
*Washington, DC, Wednesday, December 12, 2007.*

The subcommittee met, pursuant to call, at 10:07 a.m., in room 2118, Rayburn House Office Building, Hon. Solomon Ortiz (chairman of the subcommittee) presiding.

## OPENING STATEMENT OF HON. SOLOMON P. ORTIZ, A REPRESENTATIVE FROM TEXAS, CHAIRMAN, READINESS SUBCOMMITTEE

Mr. ORTIZ. Good morning. This subcommittee will come to order.

We want to welcome all of you to the first hearing that will look critically at the way base closure decisions are being implemented across the nation. The critical look is long overdue by the United States Congress.

We are not doing anything today that could or would reverse the 2005 Base Realignment and Closure (BRAC) decisions, although I wish we could do that. We are here to talk about the BRAC process and to better understand how the Department is implementing the BRAC's 2005 decision.

The BRAC 2005 planning process, in my opinion, was flawed. It did not obtain realistic data upon which to base sound business decisions, and it was tainted, again, in my personal opinion, by politics that were supposed to be removed by the authorizing legislation.

But most importantly, the 2005 BRAC round was carried out at a time when base closure was a profoundly bad idea. We were and at the same time were prosecuting a war on two fronts and unsure of what infrastructure would be needed for involving homeland security needs.

At the end, the BRAC commission kept all their bases open and closed newer bases that were specifically positioned for the defense of our country. A prime example is Naval Station Ingleside in south Texas. Naval Station Ingleside is a new base, 9 years old now, with tremendous, extraordinary double-decker piers and buildings and facilities located on the Gulf of Mexico with over 1,000 acres of land and a future to expand.

By closing Naval Station Pascagoula in Mississippi and Naval Station Ingleside, the Nation will be left without a single naval base on the entire Gulf Coast of Mexico. The gulf is a very strategic trade corridor and our energy pipeline. And in the aftermath of BRAC, it is now our soft underbelly.

To underscore that point, just days after BRAC ordered the closure of naval bases on the Gulf of Mexico, Hurricane Katrina blew her deadly destruction straight into Pascagoula. It was assets from Naval Station Pascagoula—wounded, but not down—and Naval Station Ingleside that responded first and immediately, while East Coast assets, steaming as quickly as they could, arrived several days later.

So today we are focusing on a more limited agenda to review how the Pentagon is implementing the BRAC law. I have always understood that costs are up and savings are down, but I had no idea how much BRAC 2005 execution has changed since the BRAC commission completed its review.

After reading the Government Accountability Office (GAO) report, I was initially pleased to see that, over 20 years, the Department expects to save something like $15 billion. However, I was surprised to find that this is a 58 percent decrease from what BRAC commission estimated.

Also, this committee was left to believe that BRAC was about reducing infrastructure, but we did not reduce any infrastructure in 2005. We just moved it to other locations. And I was equally concerned to learn that the Department hasn't figured out how to implement some of its own BRAC recommendations.

Again, this subcommittee is not here today to overturn any decision already made. Communities with bases closing should continue planning, and communities with new bases assets coming should continue to prepare for that event to happen when it is due. We will look today only at how the Department of Defense (DOD) is or is now complying with the law.

Before I move forward with the normal order of business, I wanted to welcome our new ranking member, Congressman Randy Forbes. Randy, I am so happy that you are with us as a ranking member. And he has been a valiant supporter of the military. He has individually worked to ensure that servicemembers and their families receive the training and support necessary to best complete their mission.

I look forward to working with you on improving the readiness of our servicemembers. And now the chair recognizes my good friend, the distinguished gentleman from Virginia, Ranking Member Mr. Forbes, for any statement that he would like to make.

**STATEMENT OF HON. J. RANDY FORBES, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, READINESS SUBCOMMITTEE**

Mr. FORBES. Thank you, Mr. Chairman.

I would like to thank the chairman just to say that I am honored to serve as his ranking member on this important and influential subcommittee. There is no chairman with whom I would rather serve than the honorable gentleman from Texas, who has a long and distinguished record of leadership as both chairman and ranking member of the Readiness Subcommittee.

Mr. Chairman, I look forward to working with you.

Since we have two panels of witnesses and many members present who wish to speak, I will keep my remarks brief. Even so, I must say at the outset that I am disappointed at the great in-

crease in costs associated with this BRAC round, and particularly concerned about the lengthy payback period reported by the GAO in its testimony.

I was one of 40 members who voted against BRAC when it was first voted upon several years ago, and it is particularly disappointing because many of the concerns cited there and here today could have been predicted and were predicted ahead of time. I wrote about many of them in a USA Today op-ed as far back as July 30, 2001.

And I understand that the authors of the implementing legislation, suspicious of the fleeting nature of BRAC savings, deliberately required that the Secretary of Defense certify that this 2005 BRAC round would generate savings in six years in each military department as a prerequisite for conducting the round. In fact, the Secretary of Defense did certify that the Departments of the Army, the Navy and the Air Force would be each into the black by 2011, not 2017, a full six years later, as reported today by the GAO.

Let me be clear that this subcommittee is quite concerned that the department failed to achieve a legally required Secretary of Defense-certified objective by six years.

I understand that, in the conduct of the BRAC round, military value, not cost, was the primary criterion prescribed by the implementing legislation. I realize that the costs of construction have increased dramatically due to worldwide competition for materials, that the Army and Marine Corps are leveraging the BRAC process to reset their forces, and that the whole department used the BRAC round as a transformation enabler.

While I support these transformational efforts and the increases in the Army and Marine Corps, it is still disappointing that more savings will not be realized. Nonetheless, the BRAC process was approved in 2005, and so this is a hearing on the implementation of BRAC.

And as the chairman has emphasized, there is no intent to change or undue the BRAC recommendations. The communities affected by BRAC deserve to know that Congress is committed to seeing the BRAC process through. The worst thing we could do would be to change course in midstream. However, we should take this opportunity to learn how to more effectively manage this process in future rounds. According to the GAO, BRAC is still expected to save $15 billion. Since the savings are coming late in the process, we will be watching closely to be sure the much-touted military value of this BRAC round materializes.

Mr. Grone's testimony reinforces the complexity of executing this round, which I can appreciate. Even today, the Army has not announced the final locations of additional brigade combat teams, the Army's major combat unit. Without that knowledge, military construction costs cannot be budgeted, nor can local communities accomplish the necessary planning for schools, roads and other amenities needed by an expanding population.

I want to once again thank the chairman for scheduling this hearing and for selecting a broad cross-section of witnesses who can address all important aspects of this process from the point of view of the Department of Defense to both gaining and losing com-

munities. And I look forward to hearing from our witnesses. And, Mr. Chairman, thank you, and I yield back the balance my time.

Mr. ORTIZ. Thank you.

I know that we have received a few inquiries from Members outside the subcommittee to address the witnesses. And after consultation with the minority, I now ask unanimous consent that Members outside the House Armed Services Committee be authorized to question the panel members at today's hearing. These Members will be recognized at the conclusion of questioning by the members of the House Armed Services Committee.

No objection? We will just do that. Okay.

Now, today we have two panels of distinguished witnesses representing the Department of Defense, the Government Accountability Office, and other organizations that have been affected by BRAC.

And without objection, the witnesses' prepared testimony will be accepted for the record.

On the first panel, we have the principal architect of the BRAC's 2005 implementation process, Secretary Phil Grone, and the Government Accountability Office, Mr. Brian Lepore.

Secretary Grone, it is so good to see you. You and I have had a great relationship. We appreciate the loyalty not only to the services, but to this country, and your outstanding work. And we have known each other for a long time, and we are just happy that you are here.

And I understand that you are leaving us. And I know that your expertise and your experience will be missed, but I hope that we can continue to consult with you.

Secretary GRONE. Yes, sir.

Mr. ORTIZ. We can begin by—Mr. Secretary, you can come up with an opening statement. And just feel free to make your statement this morning. Good to see you, Phil.

## STATEMENT OF PHILIP W. GRONE, DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

Secretary GRONE. Thank you, sir. Thank you, Mr. Chairman, Mr. Forbes, members of the subcommittee, other distinguished members of the House.

I am privileged to be here in my last week of service to the Department to discuss the 2005 round of base closure and realignment and the implementation thereof.

As the chairman and the ranking member have indicated, the size of this round is extraordinary by any means compared to prior rounds of base closure and realignment. This effort touches over 800 separate locations across the Nation, with 24 major closures, 24 major realignments, and 765 other actions.

Those decisions resulted from a laborious, legally mandated process that took us from 1,200 candidate recommendations within the Department of Defense to 222 recommendations that the Secretary ultimately made to the independent commission.

The commission then, considering all evidence before it, both provided by the Department and provided in field hearings and other sources of information, which the Department did not have access or could not provide under the terms of the statute, made changes

to the Department's recommendations, supported, in the case of—35 percent of the department's recommendations were changed in some way, large or small, by the commission, which is a greater change rate than in all prior rounds of BRAC combined, where the change rate was 15 percent.

So the commission very actively considered the Department's recommendations, considered all of the evidence, and made a significant number of changes.

Forty percent of what resulted from that process resulted from the Joint Cross-Service Group process, including some of the recommendations that are of interest to Members in this room today. The Department had been criticized over four rounds of base closure and realignment for things that we did not do.

The Department was criticized for its inability to adequately get at joint processes and joint arrangements. And as part of that process, the criticism, including from some of the criticism from our friends in the Government Accountability Office, was that those efforts were too narrow.

The Department responded to those criticisms by doing two things. First, it created Joint Cross-Service Groups with broad mandates. Rather than looking merely at military medical treatment facilities, we looked at the medical functions of the department broadly.

Rather than looking merely at depots, we looked at industrial capability. Rather than merely looking at laboratories, we looked at technical capability, as well as examining other what we called back-office functions, headquarters and support activities among them, that had never been addressed on a joint cross-service basis before.

And we gave those groups real authority to make recommendations to the senior leadership. These were not Office of the Secretary of Defense (OSD)-mandated requirements. They were jointly arrived at decisions that worked their way through the senior leadership, exercising their military judgment based on the data and the strategies that were available at the time.

I understand the comments made by my friend that I have worked with so many years, the chairman, gentleman from Texas, on the complexity of this managing BRAC in the context of the global war on terror and broader force transformation.

But as the Secretary said at the time and as the Administration continued to assert, this was precisely the time and the moment for us to re-look at the national military infrastructure because of the nature of the missions that we are being asked to undertake and the nature of force transformation ongoing within the Department of Defense.

The Army is the principal exemplar of that. The Army is currently involved in the broadest force transformation, broadest reset, most complex installations transformation since 1942.

Our ability to establish maneuver centers of excellence, fires centers of excellence, and other things that are necessary to support the force, even in advance of decisions to grow the Army, could not have been accomplished without a Base Realignment and Closure round. And in that sense, they were necessary to the mission of today and the mission of tomorrow.

I am also very sensitive to the questions of the increasing costs that have appeared in the round. As we extensively discussed with all four oversight subcommittees earlier this year, the budget justification documents in February provided the detail for the increases in those costs.

As I said then and I will say again today, those costs basically fell into three broad baskets: $2 billion of the $8 billion, $8 billion-plus of increase is derived from taking then-year dollars that the Cost of Base Realignment Actions (COBRA) model provided and putting it into an implementation plan over a six-year spread. Natural inflation causes $2 billion of increase.

An additional $2 billion was caused by other changes that resulted from site survey work. At certain locations, Fort Knox being among them for the human resources center of excellence, when we actually got people on the ground beyond COBRA to do siting work, the notion of renovating disconnected facilities with a very sparse Information Technology (IT) backbone and infrastructure was very difficult, so we substituted new construction for mere renovation to give us the transformational capability that the recommendation intended.

And $4 billion, nearly half, approximately half of the increase, was due to an Army package of enhancements that was brought forward in that particular program review. Some of those items were items that had been omitted in earlier parts of the planning; some of them were enhancements for additional training ranges at places like Fort Benning; and others were enhancements for quality of life.

Some of those may serve a dual purpose. Some of those may support parts of the force beyond the question of BRAC. But all of them support aspects of the BRAC realignment. And the decision of the leadership was to provide full cost visibility on all aspects directly and materially affected by BRAC. And they were included in the package.

The question of savings is an important one. We and the Government Accountability Office have had a longstanding disagreement on the question on personnel savings and what they mean, in terms of savings in this process. Our view is that, to the extent that you are realigning manpower and forces or taking force structure out, that is the cleanest.

But to the extent that you are avoiding having to pay for additional recruitment of military or civilian personnel or contractors in an inefficiently aligned system, those cost avoidances need to be counted as savings, and we have.

Even after implementation, we are still expecting $4 billion in annual recurring savings on an annual basis beginning in 2012. Implementation is complex. And one of the ways in which this committee and this Congress can help us in implementation is by addressing what has been one of the more disruptive aspects of implementation than in any prior round of BRAC.

We are now in the 27th month of implementation. Fourteen of those 27 months have been constricted, constrained in some way by the inability of the Department to either access funds, through notice and wait or other limiting provisions, or through the inability to have full appropriation as requested by the President.

For the last two years, we have been operating under continuing resolutions which have affected the management of this account. The budget request for the current fiscal year to implement the round—we are in a third of six years of implementation—is $8.2 billion. We are operating in the continuing resolution environment that gives us a piece of last year's appropriation of $5.6 billion.

The department cannot effectively implement the round unless it has access to the resources that are necessary to implement it. So, Mr. Chairman, we urge you—and we have always had your strong support and the support of the gentleman from Virginia and others—to work with us and with the Appropriations Committee to ensure that we can access the funds that are necessary to implement the round.

I know there is always a question of whether or not we can make their legally mandated deadline of September 15, 2011. I am not yet prepared to concede that that is not achievable, but time is rapidly working against us, and our inability to secure the necessary funds works against us.

Oversight is important. The dialogue with the committees has been very, very critical to us in helping shape aspects of the implementation plan. But our ability to work together and our ability to complete the mission on time—for the good of the Army, the good of the forces, the good of the department, good of the country—is dependent on our ability to effectively implement in a timely way. And for that, we urgently need your support.

Thank you, Mr. Chairman.

[The prepared statement of Secretary Grone can be found in the Appendix on page 81.]

Mr. ORTIZ. Thank you, Mr. Secretary. As always, you have always been very eloquent, and we certainly appreciate your testimony this morning.

And now we will go to Mr. Lepore. Thank you so much, sir, for joining with us. And you can begin with your testimony, sir.

**STATEMENT OF BRIAN J. LEPORE, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE**

Mr. LEPORE. Thank you, Mr. Chairman.

Mr. Chairman, Members of the subcommittee, and invited Members, I am delighted to be here today to testify on implementation of BRAC 2005. This is the largest, most complex, and costliest BRAC ever. Unlike previous rounds, the Secretary of Defense saw this round as an opportunity to transform DOD, promote jointness, and save money. Thus, BRAC 2005 focuses more on business process reengineering and base realignments, rather than closures.

Today in my testimony, I will address GAO's role in BRAC and how the estimated costs and savings have changed since 2005. My testimony is based on our reviews of DOD's process for developing its recommendations and our reports on its implementation.

Now I will turn to my first topic: our role in BRAC. We were required by law to monitor the process that DOD uses and did use in developing its recommendations. We issued our report on July 1, 2005, and concluded that DOD's process was generally logical, reasoned, and well-documented, but we also raised an important

caution. That is the extent to which DOD achieved the savings it estimated was uncertain because of, one, the way in which military personnel reductions are counted; and, two, the fact that many of the recommendations focused on business process reengineering on transformation and, as a result, many of the savings were not validated and much would depend on how the recommendations were implemented.

We also pointed out that DOD and the commission used the cost of base realignment actions, or COBRA model, to evaluate the recommendations. But we reported in both 1995 and in 2005 that, while COBRA is a useful tool for developing data to compare against candidate recommendations, it is not intended to and consequently does not produce budget-quality numbers.

Thus, DOD's budget request is likely to be different than the COBRA numbers. Once the recommendations become binding, we evaluate the efficiency and effectiveness of implementation just as we do other Federal programs, which brings me to my second topic.

Yesterday, we issued our latest report on BRAC implementation and concluded that the costs have gone up from the 2005 commission estimates of about $21 billion to the President's fiscal year 2008 budget submission number of about $31 billion.

Here is why: Construction and operations and maintenance is expected to be higher. In addition, inflation and environmental restoration costs are not included in COBRA but, in fact, are included, of course, in the President's budget submission.

Conversely, net annual recurring savings are likely to be lower. In 2005, the commission projected net annual recurring savings of about $4.2 billion. As you know, it is now about $4 billion. DOD attributes much of the savings to no longer operating closed bases and from military personnel reductions.

These reductions generally consist of disestablishing organizations and transferring military personnel from one location to another, but maintaining the current end strength. So DOD still pays the salary and benefits while also claiming this as a savings.

We do not believe this generates funds that can be spent on other defense priorities, since the individuals are still getting paid. Without these savings, projected net annual recurring savings falls to about $2.2 billion, still substantial.

This is a longstanding point of disagreement between us and DOD, as Secretary Grone indicated. We talked about it in 1995; we talked about it in 2005. But we also felt that the Congress would not have adequate transparency over the savings estimated from BRAC. That is why yesterday we recommended that DOD explain its savings from personnel reductions versus other savings, and DOD agreed.

One other measure for evaluating BRAC is 20-year net present value, which calculates the future value of costs and savings from BRAC. The overall payback period is expected to be less than 20 years, but the number of recommendations that do not pay back in 20 years has increased from 30 in the commission's 2005 report to 73, based on estimates in DOD's fiscal year 2008 budget submission.

Finally, Mr. Chairman, we are to monitor BRAC implementation and report annually with a post-implementation report within one

year of the end of implementation. We look forward to continuing to assist you in evaluating the efficiency and effectiveness of the implementation of BRAC 2005.

This concludes my prepared statement, and I would be happy to answer any questions that you or the other members may have.

[The prepared statement of Mr. Lepore can be found in the Appendix on page 92.]

Mr. ORTIZ. Thank you so much for your testimony. And this is exactly what we need, a check-and-balance system, so that we as Members of Congress can do what is right now.

I am going to start with a question, and I am going to—we have many Members who are with us today. And I am going to be sure that we allow them to ask questions this morning. As soon as all the Members of the committee have asked questions, we will allow them to do that.

Mr. Grone, and I know you do support a compliance of the BRAC recommendations. And as to Naval Station Ingleside closure recommendations, I have become aware that the Department would like to bend the interpretation and place barracks and other supporting facilities at other locations besides Naval Station San Diego.

And I was just wondering, will you support something like that? And I know that your days are short here. But sometimes, you know, they come and propose to us with a Plan A, and then somebody comes to us and presents a Plan B, and then we see that they are carrying out Plan C. This is why there is a little confusion, and maybe you can enlighten me on what we are hearing from several sides on this issue.

Secretary GRONE. Mr. Chairman, I will do the best I can. It is a question that affects most directly the Navy.

The ships that are part of the recommendation will realign directly to the intended location, Naval Station San Diego, pursuant to the recommendation. I know there had been some discussion about whether or not those ships might relocate to another location in the vicinity of San Diego.

There is no touch-and-go provision; there is no other appropriate provision for implementing the recommendation. Those ships will be at Naval Station San Diego.

The support facilities—and as the BRAC process was moving along, the Navy was also further enhancing its regionalization concept. The Navy has a number of assets at Point Loma, very near Naval Station San Diego, that support various aspects of the fleet throughout the region.

It is perfectly within the understanding of the recommendation, as well as the management of manpower building for the Navy, to have queues, quarters in the Point Loma area. They are a part of Naval Station San Diego from a management perspective. They do not need to be directly at the ship.

So we have some flexibility, in terms of the best siting for quarters. But the stationing of the ships and their operational employment will be out of Naval Station San Diego.

Mr. ORTIZ. But, you know, I attended most of the BRAC hearings, and I never heard that they would be moving some place else. The testimony was always that they were moving to San Diego,

and that they had also fishing facilities, and that that had everything.

And all of a sudden, they said, "No, we don't have facilities. We are going to have to probably build facilities." And what I am trying to get to is, you don't think that the base closure commission was misled when they said that they were moving to San Diego, and that they were going to be there, and that the facilities were ready, and they have adequate facilities and adequate berthing?

Secretary GRONE. I would have to go back and look at the specific testimony of what was meant by facilities, whether that was for the direct support of the ships or whether that was also in support of personnel and where they would be quartered.

But the issue has been looked at with the Office of General Counsel in light of the record, and I am confident that as the Navy has designed the program is legally sufficient.

Mr. ORTIZ. I wish I knew who was going to replace you. Do you know who is going to replace you?

Secretary GRONE. That announcement has not been made yet, sir.

Mr. ORTIZ. And this is the concern, of course, when we are being told one thing and DOD does something else. And this concerns us. And this is why I am very, very interested.

You know, one of the things that we have been trying to get from the Navy is their implementation program. We have been asking the Navy to give us a copy as to how they are going to make their plan work, their implementation. And up to this date, we haven't received anything.

Do you think that, before you leave, you might be able to help us get the Navy to give us this plan?

Secretary GRONE. I don't see any obvious reason why the Navy couldn't detail how the plan would be implemented to members.

[The information referred to can be found in the Appendix beginning on page 209.]

Mr. ORTIZ. You know, and I have a lot of other questions that I would like to ask, but I want to be fair to all the Members who have an interest in this hearing today. So I am going to cut it short, and then I will come back with some other questions.

Now, I would like to yield to my good friend, Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman. I, too, will be brief so we can get as many questions in as possible.

Mr. Secretary, thank you for being here and for your service. And I just have two questions for you.

The first one is, we know military value is so important, and we know that, you know, one of the key things for the BRAC process is making sure about the readiness of our troops. And the question I would ask you this morning, is the BRAC process negatively impacting our soldiers' operational readiness or ability to prosecute the global war on terror, in your opinion?

Secretary GRONE. In my opinion, no.

Mr. FORBES. Okay, second question is this. One of the concerns to those of us on the committee is whether the Army can meet the September 2011 statutory deadline, and you talked about that, too. In fact, I have checked in with the base in my district affected by BRAC, which is Fort Lee, and see how they are doing.

Now, they asked them, "Can you do it? Can you complete the construction on time?" And they said, "Absolutely, if we get the money." And then the question comes back to something you alluded to a little bit, and that is, can you explain to us on the committee the impact, if any, the delay in funding for fiscal year 2007, which I believe arrived just this past May, had to the schedule and cost of your construction plans?

And can you also address the process as it relates to the fiscal year 2008 Military Construction (MILCON) bill that still hasn't passed yet?

Secretary GRONE. Well, sir, it is difficult to say with specificity what any particular delay in funding means, in terms of the cost of a given project at a given location. What I can tell you is how we go about managing those delays or the partial funding that we receive.

One of the difficulties inside the department—I mean, in a complex management exercise like this—is the amount of time it takes with the components to realign how the plans are going to be done, because as we present the President's budget, there is an assumption of how the year will execute.

Now, those execution plans can always change in implementation, but when we have partial funding and are uncertain as to when funding will come—the first two years of implementation were a bit easier. We could generally on a pro rata basis apportion those funds, and the components could execute what they could.

As we are approaching this year, the third year, we are finding that a little bit more difficult to just do the peanut butter spread across the enterprise. So we are having to make discrete choices about what missions are to be or should be more effectively protected or enhanced in the distribution of limited funds. And that is causing, certainly, some things to slip to the right.

And our hope is that we can get the full funding and then bring that program back, but it causes us to have to continue to adjust and readjust the program, and that provides for a lack of surety at the base level, and it does, to some degree, affect our ability to effectively engage with communities about when certain things are going to happen.

That particularly is difficult when we are dealing with not just receiver sites in BRAC, but any site that it might also be affected be Army modularity or other initiatives. The inability to sort of be precise with regard to schedule makes it harder to work with communities to accommodate that growth in time.

So we are looking at the question of costs very carefully. I want to try to have a better way of demonstrating how things are going to happen. But unless we already have a contract out that we then can't award, and then we have to go to an award later, it is going to be hard on a specific basis to say what that change order would be.

Mr. FORBES. And thank you.

Mr. Lepore, just a quick question for you. And if you can answer today, fine. If you need to submit it in writing, that is okay. But I know your report indicates an increase of about $10 billion in the BRAC implementation, and it indicates about $7 billion of that, as

I understand, military construction, about $3 billion that stems from inflation, environmental cleanup, and other factors.

And can you describe for us which of those costs you believe could have been accounted for ahead of time or in the assessment process? And it may be more generically—now with greater transparency in the BRAC implementation, costs have increased. In retrospect, should the BRAC process have built in additional methods to increase cost accuracy?

Mr. LEPORE. One of the challenges that the Department has, I think, in producing those numbers is they are, in effect, a forecast. What DOD is trying to do is to look forward over the 6-year implementation period and try to determine, what will I need to do, what will DOD need to do to implement, in this case, 182 recommendations, over 800 individual BRAC actions, to implement those recommendations? So the challenge is an important one and I think should not be missed.

The COBRA model does not account for inflation. It works with standards and averages. It uses constant dollars. And as a result, by definition, inflation is not built in.

The reason in our report we compared the 2005 dollars with the 2008 dollars and actually presents the inflation, if you will, is that the Congress ultimately appropriates in current dollars, not constant dollars, and DOD requests funds in current dollars and not constant dollars.

So certainly the question, is there something that could have been foreseen? Certainly, inflation was a factor. Estimating how much it is, is certainly particularly challenging.

And the other point I would make is that the COBRA model also does not include environmental restoration costs by design. And the theory behind that is that cleaning up environmental contamination on an installation is a liability to DOD, regardless of whether a base is to be closed or not, to protect human life, health and safety. And so those two items—in this case, totaling on the order of $3.5 billion, were not included in COBRA and were not designed to be included.

And so one can certainly recognize it is not there, but one would have to estimate how much that is going to be over the six-year period.

Mr. FORBES. Thank you both.

Mr. Chairman, thank you. I yield back.

Mr. ORTIZ. We will try our best to stay within the five-minute rule, because we have a lot of Members, and we want to be fair to give everybody an opportunity to ask a question. And so be sure that you stay within the five minutes.

And now let me yield to my good friend, Ms. Boyda.

Mrs. BOYDA. Thank you, Mr. Chairman.

I have the honor—I am Nancy Boyda from Kansas. I have the honor and the responsibility of representing Fort Leavenworth, Fort Riley, Parsons Army Ammunition Plant, which is big, so I have three points that I would like to—if I can't get an answer, I would like to get on the record that are deeply, deeply concerning to us.

Clearly, the two combat brigade teams that are going to stay in Europe, one of those was scheduled to come back, a heavy brigade

team coming back to Fort Riley. How do you intend to comply with the BRAC and keep those there? Is it temporary? Can you just expand on—give us the information there?

Secretary GRONE. Ma'am, I will. I know some of these questions arise from some reports that appeared in the New York Times. And there is a good deal about that article that was incorrect.

The incorrect part starts with the Secretary has not yet made a decision on that question and it is a matter still under consideration by the senior leadership.

The other aspect of the story that got maybe a little garbled is that words like "defer" and "delay" create the opportunity for misinterpretation, because individuals like yourself understandably attach that to the units that are there now.

The issue is, and before the leadership, is whether or not there would be an American military presence larger than was previously contemplated in those locations for a longer, slightly longer period of time than was otherwise in the original plan.

A question of whether 1st Armor Division (AD), 1st Infantry Division (ID) come back to the United States and the capabilities represented by 1 AD and 1 ID by the statutory deadline is not at issue. The department will comply with its obligations under BRAC for that capability to be in place by the deadline.

Mrs. BOYDA. All right, thank you very much.

The Parsons Army Ammunition Plant, which was one of the closing sites, I had a question about equipment that is left there. We have been having several conversations with your shop about the equipment. And their question is, what savings are we trying to realize by not moving equipment around and storing it? What savings—are we looking at what we can save, our BRAC dollars, and use them for something else, if equipment is merely going to be moved and stored to just leave it? Do you have any thoughts that you could share with us on that?

Secretary GRONE. That is an implementation detail that I am not that close to, as it is an Army action.

Mrs. BOYDA. Do you understand basically the purpose—it is very difficult——

Secretary GRONE. I do.

Mrs. BOYDA [continuing]. To see why we are sending very limited——

Secretary GRONE. I do.

Mrs. BOYDA [continuing]. Precious dollars. And it is very difficult to see what actual benefit is coming from that.

Secretary GRONE. What I would like to do is take that back, and in light of not just written for the record, but in light of my departure on Friday, I will try to come back to you with an answer before the end of the day on Friday, if I can.

Mrs. BOYDA. Thank you so much. It would mean a great deal.

Secretary GRONE. And if I can't, I will tell you why not and who is going to get back to you, if I could.

[The information referred to can be found in the Appendix beginning on page 223.]

Mrs. BOYDA. The third question has to do with commissaries and appropriated funds versus the nonappropriated funds and having

the site. Do you have any—and, again, are you familiar with that issue, if I could shortcut the——

Secretary GRONE. In a generic way, in terms of whether items that we——

Mrs. BOYDA. Yes, with BRAC, we are being asked to provide funds from the users for commissaries when, in fact, this is really—we are building a commissary because of the increased—because we were a gaining facility.

Secretary GRONE. So to make sure that I understand you, it is that the question of whether or not MILCON, BRAC or the surcharge ought to fund the requirement.

Mrs. BOYDA. Yes. And obviously the surcharge is the least desirable of those.

Secretary GRONE. That is understood. This has been a subject of some correspondence and discussion between Members in both chambers with my colleagues and the undersecretary for personnel and readiness, as they run the lion's share of those programs. The——

Mrs. BOYDA. Well, let me just say, as my time is going, let me say for the record that clearly that surcharge is by far the least preferable.

Secretary GRONE. Yes, ma'am.

Mrs. BOYDA. You know, the need for these extra facilities results from our—and we are very happy in Kansas to have these extra brigades there.

Secretary GRONE. What my colleagues in Personnel and Readiness (PNR) are doing right now is looking very clearly at those various requirements and bending them, what ought to be MILCON, what ought to be surcharged, what ought to be attached to BRAC as a result of BRAC actions. And then they will come back to the Congress with, I assume, all the necessary proposals in that regard and will do what is necessary to support those quality of life facilities.

Mrs. BOYDA. Okay, thank you so much. And good luck in your new life.

Secretary GRONE. Thank you, ma'am.

Mrs. BOYDA. Thank you.

Mr. ORTIZ. Mr. Rogers.

Mr. ROGERS. Thank you, Mr. Chairman.

I think my questions will be like most people's questions today, parochial. I have Fort Benning, which straddles the Georgia-Alabama line, as you know. And I am wondering if you can tell me how many soldiers are going to be relocated to Fort Benning as a part of BRAC?

Secretary GRONE. Sir, the last information I had from the Army on that was just shy of 1,000 permanent party.

Mr. ROGERS. How many families, total individuals?

Secretary GRONE. I don't have a specific number of families. What I have is what I think are the number of students that may be there longer than three months, under three months. And the military students staying at Benning longer than 3 months, I have it just nearly 1,200 students.

I could try to break that back down to how many personnel with family, but I don't know that we specifically know that yet until we get through all the Permanent Change of Station (PCS) process.

Mr. ROGERS. But the figure I have heard——

Secretary GRONE [continuing]. Right now for how many students.

Mr. ROGERS. And the figure that I have heard from the military is they are expecting a total of 35,000 people to be coming to the Benning area, both on-post and off-post, as a result of this BRAC.

Secretary GRONE. Well, that may be. There are a combination of factors there. One is the military and civilian personnel and their family members, the estimates right now are somewhere around 13,000 folks. Layered into that, particularly from a local perspective as you are trying to do planning, are people trying to do estimates for what kind of contractor support base might also come with that.

And so the Army will make representations as to the personnel that they control, military and civilian personnel and related family members, and then there will be a larger discussion about the contractor base. And that is occasionally where we have some folks occasionally maybe talking past each other, not willfully, but just understanding the base line is important.

Mr. ROGERS. Well, my understanding is Benning is one of eight facilities around the country that is going to experience dramatic growth as a result of the relocating of missions in the BRAC. And they have the same concerns I think that the other seven communities have, and that is, how do we absorb from an infrastructure standpoint off-post these new folks, in schools, in hospitals?

The superintendents of the school systems on both the Georgia side and the Alabama side have talked with me about if there is going to be any one-time funding to help them expand their facilities to accommodate the new students.

Can you tell me if you have any plans to do that in any of these communities?

Secretary GRONE. Well, the department traditionally has not provided appropriated funds for that purpose beyond the Department of Defense Education Activity (DODEA) school system. We are working—we have provided planning grants to communities and the states, local education authorities.

There are discussions ongoing about how to think about the Impact Aid question, maybe in a different form. That is very preliminary. No decisions are made. But we don't have a program, other than some programs that the Department of Education has, grant programs that provide brick-and-mortar construction.

This week in St. Louis, we have the Office of Economic Adjustment with the Federal interagency, agencies represented under the Economic Adjustment Committee, which I chair in the interagency on behalf of the Secretary, are meeting with the growth communities. And a principal part of that discussion is education. There is also a track on transportation and other associated infrastructure issues, as we all continue to work together to have the infrastructure in the communities where we are going to have growth be able to support that as it comes online.

Mr. ROGERS. Well, I know that, in previous BRAC, when we lost Fort McClellan in my congressional district, it had a huge economic

impact on the district. But to their credit, the Army was very helpful in helping that community transition. I think that there should be a little bit more sensitivity to these communities who are going to have to absorb all these new people.

And I would like to know, do you have an individual in your office that these local officials can make contact with, talk about their concerns?

Secretary GRONE. The director of the Office of Economic Adjustment, Mr. Patrick O'Brien, is the principal leader on that from an economic adjustment perspective. We have a team of folks. I know some of those folks are working with folks in the Fort Benning area.

I know he would be pleased to come up and have a conversation about issues that are of concern to you.

Mr. ROGERS. Great. I would like to do that.

Secretary GRONE. It is a pretty important part of what we do from a planning perspective.

Mr. ROGERS. And my last question is, do you know the timeline for the Armor Center moving to Benning from Fort Knox?

Secretary GRONE. I am sorry, sir?

Mr. ROGERS. Do you know what the timeline is for the Armor Center to move from Fort Knox to Benning?

Secretary GRONE. I don't have that specifically in front of me today, but I can get that to you this afternoon. That is not a——

Mr. ROGERS. I would appreciate that.

Thank you, Mr. Chairman.

Secretary GRONE. That is a short question and answer.

[The information referred to can be found in the Appendix beginning on page 227.]

Mr. COURTNEY. Thank you, Mr. Chairman.

It is probably unfair to ask you about every single change in the 2005 BRAC law. And if it would be okay, there is a couple Connecticut-specific items which we will just submit in writing, and any help your office can give in terms of some questions we have about implementation.

And the only question I really wanted to ask about was just the consolidation of the Reserve Centers, which, again, GAO looked at that issue and determined that the costs are higher, the savings are less, but nonetheless it still seems like a good plan, something that I know the guard and reserve units in New England, at least, are very excited about.

But there does seem to be implementation problems in terms of just, again, the costs that this is going to result in and also some of the siting that the statute specifically mandated. Newtown, Connecticut, was identified as a place where there is a Reserve Center that would be built. Unfortunately, there does not appear, because Newtown, Connecticut, is pretty good real estate, a location where this can happen.

And I guess GAO stated that there needs to be sort of a better system for stakeholders to really understand how this is all going to sort of place itself out. And we are seeing that in Connecticut, is that there is a lot of confusion, again, from people who don't—who support the concept and want to see it happen. And I am just wondering whether that is something that is happening across the

country, whether or not the Department of Defense is trying to come up with a strategy to help implement whether it is a good idea.

Secretary GRONE. Well, sir, I appreciate your comments there, because the effort to—particularly for the Army, for this to be a total force BRAC process and to do those consolidations, is critically important to the future of the reserve components and their role with the active force as part of the total force to execute the mission.

The adjutants general were very deeply involved in that process. They will continue to be deeply involved in that process. I am a bit concerned that you say that there may be some issues of stakeholders in the state of Connecticut that may need some addressing, and I am happy to go back, and talk to the Army about that, and have some folks come talk to you about that, because I think it is important to keep that all on track.

The question that is not the implementation challenge in relation to cost—and it is a point I want to stress again—is that when we brought the fiscal year 2006 budget to Congress, there were concerns—or 2007 budget to Congress—there were concerns that whether or not we were going to fully fund the program.

And the questions at the time were, "We know the program is not fully loaded, in terms of the funds against the requirements. How can you assure us that every action will be undertaken?"

The commitment of the Secretary and the Deputy Secretary was that, after we went through all the implementation planning, we would have a fully funded program. And that is the program we brought forward this year. So the reserve force component transformation pieces are fully funded in the program.

Issues of implementation planning and some of those specific details about a specific reference to a specific town, which may not have an available real estate asset, is one we are going to have to continue to work through. There are a limited number of those across the country, but there are ones we are going to have to continue to work very hard, because the Reserve Center transformation is a critically important part of the total force concept.

So I would like to have some folks with the Army come talk to you about that to make sure that we have got the right people talking to each other in this process to make that go as smoothly as possible.

Mr. ORTIZ. You know, when you say that the program is fully loaded, is this including the quality of life facilities, as well?

Secretary GRONE. The quality of life? What kind of quality of life facilities, because we have—in terms of—I am not quite sure what we are talking about.

Mr. ORTIZ. See, when we talk about quality of life, we go from health facilities, Post Exchanges (PXs), Naval Exchanges, all that kind of stuff.

Secretary GRONE. I mean, some of the major additions, particularly to the Army package, the $4 billion package, was in the quality of life arena. In answer to the question of the gentlelady from Kansas, I suggested that there are some aspects of the commissary and exchange system and some of the things that would be funded, either MILCON, BRAC or through the surcharge, that needed to

be looked at, because there was apparently some uncertainty within the system about where these go.

As those requirements are identified and specified for what ought to fund them, then they will be funded in that way. And if we make an adjustment in the next budget request to accommodate those that are BRAC-specific, we will make that adjustment.

But every requirement that we know today that is a quality of life requirement, pertinent to the BRAC recommendations that have been identified by the services, and they are part of the program.

The full funding requirements that the Secretary and the Deputy Secretary made one year-plus ago pertain not just to that program, but to the program and to the process. There will be requirements that come off the table for things that are no longer required, just as, as we do some further planning and examination, there may be a BRAC-related child development center or a commissary that may be needed. And that may come into the program.

But based on the requirements we know today that are specific to BRAC, they are in the program. And then, as I indicated, my colleagues in personnel and readiness are looking at that very question, particularly on the commissary and exchange system, to understand which of the three lanes those ought to be funded in. And I would expect we would make the appropriate adjustment at that time.

Mr. ORTIZ. I would like, before I move to Mr. McHugh from New York, do you agree with that statement?

Mr. LEPORE. As you know, Mr. Chairman, we took a look in our report that we call the Growth Bases Report at the preparedness of the installations that were growing, such as Fort Benning, to accommodate everybody coming in.

That report was broader than BRAC. It did talk about BRAC, but it also was discussing Army modularity, the establishment of the brigade combat teams, to a lesser extent, growth of force could be involved that, as well.

And the point we were making in that report, which is what I believe you are asking me about, was, what it clear to the local installation commander at the installations that we visited, that all of the childcare and other quality of life kinds of facilities would be there when the forces arrived? And there was some concern that some may be there, some may not be.

But it is important to note that that report talked about more than BRAC. And I believe Secretary Grone's comment dealt with BRAC specific.

Mr. ORTIZ. Thank you.

Mr. McHugh.

Mr. MCHUGH. Thank you, Mr. Chairman.

Let me begin by adding my words of congratulations to our new ranking member. I know, Mr. Chairman, you and he will work very well together, and I certainly look forward to working with our new leader.

Also, to Secretary Grone, Phil, best wishes to you in the future. You still have many, many friends here, more than most of us have on this panel. So I wish you all the best, and we appreciate all the great service that you provided this committee and, of course, in re-

cent years to the Department and to the men and women in uniform.

Having said that, I want to make sure—I have heard your dialogue with Ms. Boyda. I just heard the exchange with the chairman. And that was really going to be the one area of inquiry that I had.

More generically, we have got a pattern through nonappropriated fund projects that is disconcerting to me and concerning, as well. And as you look at years 2005 through 2008, when you have got commissary and Navy construction requests that total about $2.2 billion, $929 million of those dollars, or over 40 percent, resulted because DOD requested waivers to allow Navy funding, nonappropriated funding, to be used to pay for projects that, by stated DOD policy, ought to be built with appropriated funds.

We all understand there comes a time when waivers are required, when you have projects that are unable to be accounted for in an appropriate way. In fact, that is the quote from the DOD policy from time to time. But over 40 percent is a pretty big number through a three-year period.

And as we look at 2008, of the total funds that you have requested, we are really concerned again about this use of waiver, particularly in the BRAC and the re-stationing accounts, because those are projects that, by policy—and I heard you say that your personnel folks are looking at it, but we have looked at it—and, by policy, certainly should not be Navy funding. I guess we can talk about other possible ways, but shouldn't be Navy funding, except on time-to-time basis.

So I wanted to weigh in my two cents' worth. I don't know if you want to respond to my comments any differently than you did in the dialogue that you had with my two colleagues. But this is a concern, and I don't need to lecture you or even discuss with you, because I know you fully understand, when we divert those Navy funds, those are dollars that are unable to go to very important projects that benefit quality of life of every solder, sailor, airman, and Marine out there.

So that is an unpaid editorial comment on my part. If you would like to comment, I would be appreciative.

Secretary GRONE. Mr. McHugh, thank you for your kind remarks. I will take the concerns expressed by Ms. Boyda, the chairman, and yourself back to Mr. Dominguez and raise them with him. And we will see where that sort of process goes.

I understand and appreciate the dynamic that you have laid out. I understand it. I will make sure that I will raise it with the appropriate folks, Dr. Chu and Mr. Dominguez, and see how that will be addressed in the coming weeks and months.

Mr. ORTIZ. Mr. Loebsack.

Mr. LOEBSACK. Thank you, Mr. Chair.

I just want to follow up a little bit on what Congressman Courtney was talking about. I am from Iowa, from the Second District of Iowa, and folks don't think about military facilities in Iowa very often. In fact, when I mentioned this prior to the hearing today, Mr. Lepore thought I had Rock Island, but I don't. That is in Congressman Braley's district. There are four Iowa National Guard facilities included in the 2005 BRAC, and of these three of

them, all of which are in my district, have yet to be funded. The Cedar Rapids and Middletown sites include Armed Forces readiness centers and field maintenance shops. The Muscatine site is a readiness center.

The facilities were built in 1916, 1950, and 1973 respectively. They are too small to support current operations. They contain asbestos and are prone to flooding, yet the Iowa National Guard has not received funding to improve the sites in over 15 years.

The Iowa National Guard, like National Guard units across the country—I don't think this is necessarily a district-specific concern; we already heard from Congressman Courtney, as well—the Iowa National Guard faces increasing recruiting and retention shortfalls. You mentioned sort of part of the overall force requirements.

Rundown, unhealthy facilities weigh heavily on recruitment and retention. I think that probably shouldn't go without saying. But the readiness centers are therefore absolutely vital to the health of the guard.

Secretary Grone, in your testimony, you state that BRAC 2005 is based upon, in part, "the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training and readiness." The Army approved designs for all three BRAC sites, and my district will not only modernize infrastructure and maximize funding, but will also allow for increased joint operations and training between the Iowa National Guard and reserve forces.

Such infrastructure will improve, "joint warfighting, training and readiness." Yet this week, I was informed that the Army informed the Iowa National Guard they do not intend to fund construction of field maintenance facilities that are meant to support multiple armories, despite having previously approved designs that are intended to do just that.

I am, of course, deeply concerned that cost overruns and delays in the BRAC process have led the Army to prioritize funding in such a way that the National Guard is being left behind with the possible result that the Cedar Rapids, Muscatine and Middletown sites will have to be scaled back and the effectiveness of BRAC 2005 reduced.

Can you just speak to some of those concerns that I have raised, Secretary Grone? I really appreciate that very much.

And I guess one of the major questions is, are the cost overruns and construction delays resulting in scaled-back goals for the BRAC 2005 process?

Secretary GRONE. I am not aware that that is the case. And I would have to go back and consult with the Army on what the force transformation, reserve component transformation plan in Iowa looks like and whether or not there are projects that are being adjusted. I mean, I just don't know the detail, obviously, as well as you do, sir, and I would like to go back and do that and get back to you by Friday, if I could.

Mr. LOEBSACK. That would be great. Thank you. I appreciate it.

Secretary GRONE. I mean, it is not the case that we are going to comply with every recommendation. And the program and the resources in the program are designed to allow us to comply with every recommendation. So I would like to go back and look at the

specifics on that one and then get back to you, because it doesn't——

Mr. LOEBSACK. Well, the timelines have been pushed back out.

Secretary GRONE. I mean, I certainly understand that, in some cases, given the state of appropriations and planning, how projects and plans can shift within the implementation period. That is one thing we have to do. That is materially different from saying we are not going to do something.

And the implication in your question that we are not going to do something, then I want to go back and take a look at it.

[The information referred to can be found in the Appendix beginning on page 223.]

Mr. LOEBSACK. Okay. Yes, thank you, and I guess I just want to reiterate again, you know, sort of the importance, the increased importance that we have seen in recent years with the war in Iraq, obviously, and Afghanistan, as well, the increased importance of the guard and the reserves.

These facilities, you know, they clearly have to be upgraded. There is no doubt about it, because it will have certainly an impact on recruitment in the future, as well.

So thank you very much to both of you. I yield back the rest of my time.

Secretary GRONE. And, Mr. Chairman, if I might, just to make sure that——

Mr. ORTIZ. Go right ahead.

Secretary GRONE [continuing]. Particularly the staff sort of understands. In the intervening 72 hours, if I indicate to them that I am going to get back to them directly, we will also provide material in writing for the record so that the record is clear, so that what is told to a member verbally is going to be told in writing on the record. So I would just make sure that——

Mr. ORTIZ. Thank you.

My good friend, Mr. Robin Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

And, Phil and Brian, thank you for coming today. You are on your home field here, Phil.

I want you to both speak to me. Phil, begin first. Talk about planning and implementation as it relates to BRAC on Impact Aid. My focus is pretty much on BRAC and Polk, and the number of students added to the school system.

If you would just update the committee on plans for implementation, execution, particularly of Impact Aid and assimilating these students as the moves are made.

Secretary GRONE. Well, Mr. Hayes, as you know, one of the challenges of the Impact Aid program is that it is a trailing indicator. The districts don't receive the funds until after they know how many students are there, and they have been working with them for a year, and then they get the funds.

One of the issues is when Impact Aid money comes. And it tends to be in a trailing indicator. If you have a stable population, stable student environment, no significant increase in force structure, that generally tends to work and work well.

Schools apply for the money after they know how many students are there. We can do the Impact Aid categorization. One of the

challenges in implementation is that a number of school districts are saying, based on the plans that a given component, the Army, may have, we have an infrastructure challenge and we have an Impact Aid challenge, in terms of being able to support the students when they arrive, even if we have the infrastructure.

And that is one of the issues that has been discussed between the Army and the Department of Education, is to how to make that process work a little bit better for local education authorities. I just don't know that we have an answer yet, a specific answer yet, in terms of what any changes we may choose to make.

And that is just something—folks are still talking about working with local folks about how this process is going to work.

Mr. HAYES. Obviously, this issue is very familiar to a—and this is my fault—a fairly small group within DOD. Can you speculate on how active this small, knowledgeable group will be in putting forward what you just expressed is an essential idea, that rather than following, if there is any way we can turn this into a lead in preparation process, as opposed to trying to play catch-up?

Secretary GRONE. Well, I can't speculate on how active or inactive any one individual is going to be for organization. And there are still just a number of proposals on the table for how we deal with the education question. And so there is no—I can't be specific in terms of what the answer will be, because we don't know what the answer is going to be yet.

And that is part of what results from the discussions we are having in St. Louis this week, the work that we are doing with local education agencies, other interested parties. I mean, I think it is just too early for me to be able to say that there is an answer.

Mr. HAYES. Well, Dr. Deegan will be in the next panel, and I am sure he will speak to the specifics. But in the meantime, those of you who are here and listening and those back across the river, this is an absolutely family support issue. It is a crucial education issue.

And I hope the number of people that are actively involved in advocating for increased Impact Aid will be listening and expanding their participation and horizons, because it is so important for family support for our troops and education in general.

Brian, would you have any additional thoughts?

Mr. LEPORE. Yes, I appreciate the opportunity to jump in here. As you may know, we are taking a look at the Impact Aid that is available from the Federal Government more generally, not just from DOD, but also Department of Transportation, Department of Education, and so forth.

That particular engagement is well underway. We are in the process of collecting data right now, visiting local communities, as well as the installations that are surrounded by the communities, and the Federal agencies that actually have some level of Impact Aid available.

We expect to release that report later, in late-winter, mid-spring time frame, something like that. We are still collecting the data right now, have not begun to write yet. But I suspect that report will answer many of the questions that you are raising. And as I said, that study is well underway, and we expect to be done early next year.

Secretary GRONE. And, Mr. Chairman, if I may add to Mr. Hayes, this is not just—we are not proceeding with this as solely just a DOD issue. There are a number of team and field visits that are being conducted jointly between DOD and the Federal Department of Education.

So we are leveraging every part of the Federal interagency that is concerned about the education of the children of servicemen and women, to make sure that we understand the problem well, that we are designing the right programs, that we are going to have the right answers, and working collaboratively with folks.

So it is not just DOD. We are working actively with the Department of Education, and folks are out there working it very hard.

Mr. HAYES. Appreciate the interest and the comments, Mr. Chairman. And I am sure it is something that you all will stay after.

Dr. Harrison is our public school superintendent—wonderful individual and office to work through. And a few other little small pieces in closing, we need some additional parking. They are not listed in the material here today, but just a couple little pieces to make BRAC work smoother. And MILCON is very important.

Thank you, Mr. Chairman. I yield back.

Mr. ORTIZ. Thank you, sir.

My good friend, Mr. Cummings from Maryland.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Lepore, in 20 years, how much do you believe the overall BRAC process will save the DOD and, specifically, the movement of Fort Monmouth to Aberdeen's Proving Ground? Do you have that information?

Mr. LEPORE. Yes, I sure do. We have that, as well, in the report that we issued yesterday. The 20-year net present value is running on the order of $25 billion, give or take, and there is a savings, 20-year net present value savings, according to the DOD data, from closure of Fort Monmouth and the realignment of Aberdeen, and the military preparatory school going to West Point, on the order of $450 million, give or take.

The key point, though, Representative Cummings, is both of them still do show a savings.

Mr. CUMMINGS. I am sorry, say that again?

Mr. LEPORE. Both do—the bulk analysis continued to show a savings from the Fort Monmouth recommendation.

Mr. CUMMINGS. Mr. Secretary, thank you for your service. And BRAC is about far more than cost savings, is it not?

Secretary GRONE. Yes, sir.

Mr. CUMMINGS. It is about maximizing military value and creating synergy and efficiency within the Department of Defense, a task that is critical for us to adequately provide support to our troops overseas and ensure that we succeed in our mission to protect our families from terrorist attacks, is that correct?

Secretary GRONE. That is correct.

Mr. CUMMINGS. No, Mr. Secretary, beyond the cost and saving value of the move of Fort Monmouth to Aberdeen Proving Ground, what are the exact benefits that his consolidation will provide the DOD and our troops on the ground, particularly in combating terrorists? Do you have that information?

Secretary GRONE. Well, Mr. Cummings, the underlying question of how to deal with Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) and other mission sets that the Army needs and where to do that and how to do that was a principal part of and a key aspect of this recommendation.

This recommendation is not about merely replicating the capabilities at Fort Monmouth at Aberdeen Proving Ground with no other mission capability brought to bear. And I know there is concern about the cost of the closure and the realignment of those functions.

But what is being created at Aberdeen is something we do not have today. And as the Army details the report later this month on how that plan will come forward and the capability that will be built, pursuant to the recommendation, and the mitigation plan that they have in place to mitigate for any loss of intellectual capital and how we will continue to proceed with the military mission, it will be something that we will be able to demonstrate, I think fairly effectively.

But the notion of the integration of a number of different prototyping facilities from a number of different aspects of a mission is critically important. And I know there was disagreement at the commission from folks who supported keeping missions at Fort Monmouth.

But the Army's view, the Department's view, the commission's view that Fort Monmouth didn't have the expansion capacity and the capability to take these additional co-located missions that are not just coming from Fort Monmouth, but that are coming from two other Army installations to Aberdeen Proving Ground, was a key part of what we are trying to do.

So the military value that is part of the underlying of the mission, ability to look at current and future missions in a very sort of detailed way, is going to give the Army and the Army Materiel Command and the C4ISR and other related missions the capability that it needs for today and for the future.

The Secretary of the Army committed, the Department committed that we would realign and manage those missions and that transition in a way that did not disrupt our ability to conduct ongoing operations.

It is in many ways not a dissimilar commitment from the commitment that was made in the realignment of military medical mission inside the national capital region, but as we transitioned to a new Walter Reed National Military Medical Center that the capability to support forces and support our people will be in place before the mission transitions.

And so those commitments are there. The Army will, I think, be able to demonstrate a very effective plan for that. But the underlying military justification, absent the question, just divorced from the question of cost and savings, the inherent military value that was demonstrated to the commission by the department remains military value for a new capability we do not have today.

And it is critically important to the future of the Army and the nation, and we need to proceed with it.

Mr. CUMMINGS. Thank you very much.

And I understand that the DOD will be submitting a report certifying that the movement of Fort Monmouth to Aberdeen Proving Ground will not harm our fight against terrorists? Is that correct?

Secretary GRONE. The commitment was that we would submit that report by the end of the year, that is correct. And we are on track for that.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. ORTIZ. Mr. LoBiondo from New Jersey.

Mr. LOBIONDO. Thank you, Mr. Chairman, very much for holding this hearing. I, as many of my colleagues, have some very serious concerns about the BRAC process, and in particular as it regards to Fort Monmouth.

I would like to ask unanimous consent to submit a statement for the record and, in so doing, expressing my serious concern about Fort Monmouth, yield my time to our Republican expert from New Jersey, and really in the whole Congress, Congressman Jim Saxton, to carry on with this issue.

[The information referred to can be found in the Appendix on page 170.]

Mr. ORTIZ. No objections.

Mr. SAXTON. I thank Mr. LoBiondo for yielding.

And thank you, Mr. Chairman.

We are actually here today to review the BRAC process. And I think it would be interesting to put it into context in this way. I remember 20 years ago when Congressman Dick Armey had introduced the first legislation to create Base Realignment and Closure.

In trying to get enough votes, there was a general from the Pentagon who came to visit. And he said, "We really need a BRAC process." And he said, "My job in the Pentagon has been to close bases." And he said, "Since I have been in that job now for three years, we have closed none and opened two."

So he said we need a process, because many bases were opened during World War I and World War II and established and have grown under circumstances that were then important circumstances for the military at the time, but today's military is different. So we need different bases, and we need to realign some.

And he said, won't you please vote for what I call BRAC 1989? I forget what the official name of it was then. And then the BRAC process actually evolved from BRAC 1989 to BRAC 1991 and BRAC 1993 and BRAC 1995. And the process changed. And now we are talking about BRAC 2005, and the process has changed yet again.

So keeping all that in mind and keeping in mind that the members of the Base Realignment and Closure commission are human, keeping in mind that people who testified before the Base Realignment and Closure commission are also human, keeping in mind that human beings from time to time do things that they wish they could change later if they had the opportunity, and keeping in mind that, when Congress as part of the BRAC 2005 process said, "Yes, these recommendations are acceptable," and they became law, and the only way to change them is by creating a new law, and since Congress has historically declined to change BRAC, in my view, as far as I know, ever, that means that the BRAC process reaches a dead-end when Congress adopts the recommendations or

fails to reject the recommendations of the Base Realignment and Closure commission. The process comes to a dead-end.

And I have always thought that it would be something that would be healthy to explore, as to whether or not we really want it to be a dead-end. Congress won't deal with it. There is no process in place through BRAC that I am aware of to deal with it.

And so, as part of this look that we are doing today regarding the BRAC process, from your experiences—both of you have extensive experience, both in writing BRAC laws and in evaluating BRAC laws, and in carrying out BRAC laws, I am wondering if there ought to be a way that a Fort Monmouth or a whatever base is—if there has been an egregious mistake made.

Is there room in the evolutionary process to plug in that would address this dead-end problem that I am talking about?

Secretary GRONE. Mr. Saxton, I don't know how one would do that without reopening the entirety of the process. And the reason I say that—and Fort Monmouth is an example, but it is not the only example—is that there are fairly significant and very deep daisy chains that affect each of these recommendations. And to be able to say—which I do not concede—that a mistake was made in this case affects at least four other installations and disrupts the organic planning for how we would address the new mission and the new capability.

There is always the thought that, once a BRAC commission makes a recommendation and it is accepted and it becomes law, that basing that force lay-down, whatever it is, is forever in stone, the reality is that new mission requirements 10 or 15 years from now—and it is slightly easier to do with smaller size military units who can reposition forces, move a ship, move a squadron—the only way to really get at the comprehensive question is through a comprehensive examination.

The recommendation of the Secretary of Defense, sustained by the commission with some changes and then ratified by the President and the Congress, arose out of a comprehensive examination of the technical capability and capacity of the Department of Defense. The only way to do anything like that would be to reopen the entirety of the technical functions of the Department of Defense.

At that point, you have what is a rough equivalent of a mini-BRAC. And future rounds of Base Realignment and Closure, as the Secretary of Defense and the chairman of the commission indicated at the appropriate point in time, their view was that Congress should provide for a periodic, time-to-time—I believe it was at every ten years—ability to go in and re-examine missions, re-examine deployment of forces and mission sets, and particularly as it affects things that involve civilian personnel, because the organic statute makes it very, very difficult to realign or adjust missions in any way, shape, manner or form, as it affects civilian personnel.

So the only way in which to do that would be along the lines that Secretary Rumsfeld and Chairman Principi recommended, which is a periodic, comprehensive examination. That does not mean that every round would be as large as this one. This one occurred in the middle of significant force transformation.

But the ability for a process to comprehensively look at all of the available missions and make changes as necessary is the only way that I know of that would be fair and reasonable and actually be comprehensive enough so that we would have surety in the outcome.

Mr. LEPORE. As you know, we have been directed by the House Armed Services Committee to do an ongoing monitoring, if you will, of the implementation of BRAC 2005 with a post-implementation report within one year of the end of implementation or, said differently, we will have a report out on or before September 14, 2012.

Essentially we expect that report will be a kind of lessons learned report, what worked well, what didn't, what was different about BRAC 2005 versus the prior four BRAC rounds. And I am hopeful that that report, when it comes out, may provide some assistance as the Members of Congress think about whether or not there ever will be a future BRAC and, if there is going to be one, regardless of its size or complexity or the estimated cost, that the lessons learned from this BRAC, as well as the prior four BRACs, are helpful in designing what the statute would look like to implement that future BRAC, if there ever is one.

So I am hopeful that that report will provide some of the kinds of information that I think would be helpful at that point.

Secretary GRONE. And, Mr. Chairman, and just to quickly add one aspect to the question that Mr. Saxton raised, I am reminded that, when the Administration sought authority, it requested two rounds. Congress, in its judgment, authorized one.

So the ability to have had, I think for lack of a better term, a self-corrective mechanism or a re-examination would have been provided, but the national decision—the national decision was one round. Our original proposal was for two.

Mr. SAXTON. Mr. Chairman, if I could just—so the answer is that the only way to have a re-examination would be to have another round of BRAC, where a base that had been closed could be reconsidered in that BRAC round, is that what you are saying?

Secretary GRONE. In my personal opinion, yes. It is the only way to have a comprehensive examination of the question.

Mr. SAXTON. Thank you, Mr. Chairman.

Mr. ORTIZ. Now I yield to my good friend from Guam, Mrs. Bordallo.

Ms. BORDALLO. Thank you very much, Mr. Chairman. And thank you for calling this meeting today.

Mr. Grone, thank you for testifying. And I also want to thank you for your service and wish you the best of luck in your future endeavors. Mr. Lepore, I appreciate all the work that the Government Accountability Office, especially your team, and for matters of the interest of Guam that you have rendered.

My question has to do with cost savings. The skepticism of the cost savings with the BRAC process has been well-known, and I have long been skeptical about the cost saving benefits of the BRAC process.

In the 1990's, Guam was the crosshairs of BRAC, with the closing of several critical installations on our island, namely the Naval Air Station and the U.S. Ship Repair Facility. At the time, I was the lieutenant governor and the chair of the BRAC commission clo-

sures, and I traveled many times to the Pentagon to plead with them not to close bases on Guam because of its strategic position.

The base closures, in my opinion, were intended to save the Department money in the long run. However, nearly a decade later, the strategists are re-proclaiming Guam as the most strategic asset in the Pacific. And now we prepare to meet the demands of an estimated 30,000-person increase in population, primarily as a result of the realignment of nearly 8,000 U.S. Marines from Okinawa, costing nearly $14 billion over the next 6 years.

This military buildup on the island makes the BRAC decisions over the 1990's seem short-sighted and has made the current realignment more difficult, as DOD seeks to reclaim lands, improve infrastructure that had been neglected for many years.

Perhaps the 2005 round of BRAC has yielded what some would believe to be similarly short-sighted recommendations. Now, among these recommendations would be the decision to close Fort Monmouth. The GAO report released yesterday indicates that there are cost overruns totaling about $680 million, resulting from the realignment of personnel and military assets from the fort to other locations in the United States.

Fort Monmouth is an important military asset for research and testing and evaluation of new technology. As DOD continues to implement this BRAC recommendation, what steps are being taken to mitigate any further cost overruns, specifically associated with the BRAC changes at Fort Monmouth?

Additionally, the GAO report cites that part of the cost overruns are due to the fact that personnel and infrastructure changes at other military installations, such as Aberdeen Proving Ground, could potentially delay the actual closing of Fort Monmouth.

I fear that such a delay issue could also emerge with regard to the realignment of military forces from Okinawa to Guam. Why hasn't the Department built in buffer time for these types of moves?

Secretary GRONE. Ma'am, the answer to your last question is the statute provides the deadline. The legal mandate is that all Base Realignment and Closure actions resulting from the 2005 round must be completed by September 15, 2011.

That is not a discretionary choice on the part of the Department. We have to finish by that deadline.

The question of costs and savings at the general level—while I understand your question, I respectfully disagree. But our colleagues in the Government Accountability Office and we, as was indicated earlier, have this disagreement over military personnel savings.

Even if you discount, which I don't concede, the military personnel savings that result from this round, the savings are still substantial at over $2 billion in annual recurring savings beginning in 2012. When I served on this committee as a member of staff, a good MILCON program for any of the components in any given year was $1 billion dollars. So from my perspective, that is the rough equivalent of two military departments' MILCON programs every year from here to the far horizon.

Those are resources that can be reallocated to other purposes. And if you concede the point on military personnel eliminations

and the savings and cost avoidances that come from that—now we are talking about $4 billion in annual recurring savings on an annual basis. That can be more effectively applied to mission support or military construction or the movement of the Marine Corps from Okinawa to Guam or whatever the mission set might be.

Even with, on the question of savings, this question of, what is the annual recurring savings from the closure and realignment of the missions at Fort Monmouth? Both we and the GAO agree that there is a savings. Those savings are—given the nature of Fort Monmouth, those savings do not accrue and this is not a dispute over whether or not military personnel savings are real or not.

These are savings that result from overhead. And it is a point that we and the audit community do not disagree on.

And as I previously indicated, one of the great challenges in implementation is timely receipt of appropriations. And again, we are in a position where we are the 26½ months we have had effectively to legally implement the decisions of the commission, as they were enacted into law.

And for 14 of those 26½ months, we have been encumbered by some way to act. And our ability to get to the legal deadline is entirely dependent, again, upon the ability to apply resources where they are needed, on time, to be able to accomplish the mission.

Ms. BORDALLO. Thank you, Mr. Grone.

I also respectfully disagree on the savings. I am very curious about Guam, because now we are spending billions of dollars to rebuild housing and what-have-you that has laid dormant for all these years. And in the tropics, things deteriorate very quickly.

And I am just curious—I am having the staff here look up the savings. Were there savings on these closing the bases in Guam?

Secretary GRONE. I don't have the COBRA analysis on the 1993 or 1995——

Ms. BORDALLO. Can I ask you to provide the committee with the cost savings? Because now we are spending so many billions of dollars to relocate, and all of a sudden we have decided that Guam is strategic. So I just wondered, you know, if you could provide the cost savings in that—for the naval activities on Guam.

Secretary GRONE. We could. I would caution, ma'am, though, that some of the—it is not entirely an apples-to-apples comparison, because some of the facilities that were closed are not facilities that are going to be used to support a Marine moved from Okinawa to Guam.

Ms. BORDALLO. I understand that.

Secretary GRONE. So there would have been significant acquisition activity of facilities in any event, even if the 1993 round had not occurred.

[The information referred to can be found in the Appendix beginning on page 223.]

Ms. BORDALLO. Mr. Chairman, if I could, I had one more quick question for Mr. Grone.

Mr. ORTIZ. Because our new member from Colorado is very anxious to ask a question. He is a new member. But go ahead. Go ahead.

Ms. BORDALLO. Very quick. I am just curious about the BRAC 2005 joint basing.

A joint base will be valuable on Guam if its cost savings are realized. However, some of these joint basings, I don't know if they have been 100 percent workable.

I am just wondering, the Air Force base and the Naval base on Guam are 20 miles apart. Now, the mere geographical separation of the two installations could inhibit the foreseen cost savings envisioned by BRAC recommendations. So to that end, to what extent will the department allow base commanders to determine how joint basings will be implemented? That is my question.

Secretary GRONE. The joint basing recommendations are among that small set of recommendations where business plans have yet to be approved. There are a significant set of proposals on guidance to the field about how to implement joint bases.

There remains some—although the differences have narrowed—there remains some disagreement about one or two core principles. And the senior leadership will have to sort through those disagreements.

Under any scenario, without regard to the policy issues that are at dispute, the process that we are laying out begins at the local level, within a framework of overall guidance. And there will be some considerable discretion at the local level to design processes that make sense.

We are currently conducting tabletop exercises at all of joint base locations, and we have conducted them in Guam.

Ms. BORDALLO. Yes.

Secretary GRONE. They are designed to inform the memoranda of agreement that are going to be necessary to implement that process. My expectation is that those would be ratified by the vice chiefs, so we will have a process that will reflect local requirement.

We are not going to manage that with an across-the-world screwdriver on Guam down to some very narrow ridges. But we are going to put it within a basket of general guidance, so that commanders have some surety about what they need to do.

Ms. BORDALLO. Thank you, Mr. Grone. And just so you keep Guam on the radar screen.

Secretary GRONE. Yes, ma'am.

Ms. BORDALLO. Thank you, Mr. Chairman.

Secretary GRONE. Thank you.

We are very happy to have a new member who is a member of the Readiness Subcommittee. From Colorado, he brings a lot of knowledge to our committee, and I am just happy that he belongs to my subcommittee, Mr. Lamborn from Colorado.

Mr. LAMBORN. Thank you, Mr. Chairman.

And it is an honor to join this subcommittee. And I don't have an immediate question, so I would like to yield my time to my colleague from New Jersey, Mr. Smith.

Mr. ORTIZ. The gentleman yields.

Mr. SMITH. Thank you to my good friend from Colorado. And thank you, Mr. Chairman, for allowing us to sit on this committee. There are four of us here that are not part of it, and I do thank you for that.

Mr. Chairman, while it is probably true that many, perhaps most, of the BRAC recommendations years to date have refocused, synergistically enhanced, and led to positive military outcomes,

that is, the joint base in New Jersey, the impending closure of Fort Monmouth represents an egregious exception that unnecessarily puts the warfighter at risk.

Because of a near-certain loss of over 3,000 highly skilled, highly motivated, extraordinarily talented men and women, 70 percent of the fort's workforce will not move. It will take several years to replicate in Aberdeen what is currently a world-class facility.

Mr. Chairman, we are at war. We don't have years. Gaps put lives at risk. Victor Ferlise, recently retired after 36 years of C4ISR service, including the 14 years as deputy to the commanding general, will tell the committee in panel two that Fort Monmouth ranked extremely high in military value, including first in development and acquisition in information systems technology and first in sensors, electronic and electronic warfare, and that only when non-mission-related attributes are factored in does its value drop.

Secretary Grone testified just a few moments ago that military value was the primary consideration in making closures and realignment recommendations.

So my first question to Secretary Grone: Would you explain this contradiction?

In areas where it really matters, high military value, one, one, one and three, when non-mission-related attributes are factored in, it drops. So if that was the criteria, why did, again, Fort Monmouth need to be put on the closure list?

Secretary Grone also testified that COBRA was not designed to, nor does it produce, budgetary, qualitary estimates. Why not? Why not take a better look at what the real costs are?

Chairman Ortiz, you talked about the process being tainted and flawed. Nowhere is that more apparent than in that underaccounting.

Systematically underestimating costs, GAO puts Fort Monmouth's closure at $680 million more than advertised, raises the concerns among many of us that selected estimates were used to achieve a desired outcome.

It turns out that even when COBRA's numbers were corrected, like the garrison operating costs, thought to be $93 million, it was really $50 million per year. Even the number of $1.44 billion, in terms of what the total costs of moving would be, those validated costs were not included in what the BRAC commissioners looked at.

The bottom line, Mr. Chairman, is this: In an unprecedented act, the BRAC commission itself seemed troubled enough to caveat this and only this decision with unprecedented conditionality by requiring a DOD report verifying that the move to Aberdeen will be accomplished without a disruption of their support to the global war on terror, that redundant capabilities be put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce.

We argue, our delegation, that this simply cannot be done. And we believe that the numbers and the rationale that we have offered throughout this process proves it.

I would ask, Mr. Chairman, respectfully that there be a follow-up hearing—you did say this was the first hearing—perhaps in January, to carefully review that report, which DOD will submit at

the end of this month, to scrutinize the business plans to ensure that each concern is thoroughly addressed.

Too much is at stake. Too many Americans, too many coalition soldiers, sailors, airmen and Marines may be put in serious jeopardy if we don't get this right.

Specifically, in addition to the military value question, Mr. Grone, I would ask—30 percent retention of critical workforce is the anticipated number, 70 percent loss, 3,100 employees. Does that, in your opinion, satisfy BRAC commission concerns of maximum retention of critical workforce? And does this loss of difficult-to-replace intellectual capacity and capital pose any risk whatsoever to the warfighter?

Vic Ferlise calls this "irreparable and irresponsible." He says there will be very few employees left to train those folks in Aberdeen who may get these jobs. Who is going to do the training if that wealth of knowledge has been lost?

We are very concerned about this. And on jointness, there was already jointness with what is now the joint base in New Jersey. And I think that was missed, and that is a serious oversight.

But if you could speak to those issues, I deeply appreciate it.

Mr. ORTIZ. Thank you.

Let us give time now to the secretary to respond to these questions. Go ahead.

Secretary GRONE. Well, Mr. Chairman, there is quite a lot there. Let me start with the first question, military value.

The issue, as it was laid out by the gentleman from New Jersey, is in relation to certain snapshots of military value. What he also didn't say is that, when all aspects of military value were racked up, Fort Monmouth ranked 50th among Army installations.

Now, military value has a number of aspects to it. One of the key aspects is status quo configuration or the development of future capability. And in the development of the recommendation, the emphasis was on the development of future capability.

And in my response to the gentleman from Maryland, I talked a bit about that future capability, and the Army will detail in further detail the mission sets as they are going to be developed at Aberdeen and why they are critically important, as we realign mission not just from Fort Monmouth, but also from Fort Belvoir, to co-locate at Aberdeen Proving Ground and create synergistic relationships that go beyond the current status quo in C4ISR.

On the question of COBRA, there is a reason why COBRA doesn't have budget-quality data, and that is that, in order to secure budget-quality data, we would have to send site survey teams to the field. If we send site survey teams to the field, we could give the impression that we have already made decisions. COBRA was designed to give some reasonable estimate on a cost basis with a zero-year baseline so that you could adequately compare a variety of options.

Mr. SMITH. With all due respect, if I could interrupt, Secretary Grone, $1.4 billion was sent from the fort to the Department of Defense. Why wasn't that included?

Secretary GRONE. I will get to that point, Mr. Smith. And that point is this: The law provides, specifies, requires that the proc-

esses the department uses rest on certified data. Certified data is a chain-of-custody process.

Questions go out from the headquarters through the system to the field. The data comes back up from the field, from Fort Monmouth, through the system to be used in the process. Later on in the process—frankly, at points after which the secretary had delivered his recommendations—there were individuals who suggested that some of the data might be wrong.

The department was not legally in a position to accept data outside the certified data chain of custody and submit that to the commission because it would violate another requirement of the statute, and that is that we treat all installations equally.

Now, on the question of whether or not the commission had access to the information, the commission records in the three instances, three separate hearings, demonstrate clearly that the commission had access to data that we could not provide. The commission, having examined that record thoroughly, both our record and the record it developed through field hearings and other submissions, voted 6–2 to not remove Fort Monmouth from the list and then voted 7–1 to allow it to proceed.

A number of the issues that have been raised by members recently in the press and in other fora were the same issues that were addressed at the commission. Same data, same issues. The commission, exercising its independent discretion, also changed the Fort Monmouth recommendation of the department in at least one instance: by requiring night vision capability to remain at Fort Belvoir.

The notion that the commission was a rubber stamp for the department's recommendations is not supported by the facts and is also not supported by the activity of the commission in changing 35 percent of the recommendations in some way major or minor. The issue is, what is going to be the future capability that is to be developed at Aberdeen Proving Ground in a synergistic way that ties a number of different activities together, not just to co-locate them, but to enhance collaboration that will allow better support to the warfighter?

The issue of loss of intellectual capital, the record is replete with debate inside the Department and at the commission on whether—the essential question was this: Is intellectual capital elastic or inelastic?

At the end of that debate, the judgment was that intellectual capital was elastic, because if you told the other positions, you can't move anything. And so the inherent military value in the recommendation, the implementation plans with the Department of the Army, the needs of the technical community, the needs of the warfighter are all going to be met through the objectives of this recommendation.

And the notion that somehow senior military leadership in the development of the recommendation did so in a way that would put lives at risk on the battlefield is simply wrong, I submit respectfully.

Mr. SMITH. Could I follow up very briefly, Mr. Chairman?

Mr. ORTIZ. Well, go ahead, make it short, because we have got other members who want to ask questions, as well.

Mr. SMITH. Did the Department anticipate a 70 percent of the individuals, the men and women, not moving? I mean, would you have arrived at the same move, Fort Monmouth to Aberdeen, if that were factored in? I mean, that is such a high number of talented individuals who are lost to the system. I mean, just because the law required this or required that, at what point do you say, "Corrective action needs to be taken. This is a mistake"?

Secretary GRONE. The availability of individuals and their ability to retire, if we want to look at it from that way and the status quo configuration, is that it is about the same rate as it is across the rest of the Department.

So what essentially is being argued—and I understand and respect the needs and desires of the New Jersey delegation and other interested parties to want to retain that mission there, and they so fought, as you did and others did, before the commission. I respect that.

The national decision was to do something else. And our obligation is to carry out the statute. And that is what we intend to do.

Mr. ORTIZ. You know, one of the things that—and the reason why this BRAC moved forward was because there were some promises made that there were going to be a lot of savings. And this is what, in fact, one of the gentleman who happens to be a good friend of mine was the architect of moving with the base closure commission, it was his legislation, even though he was a member of the Agriculture Committee. You know, he moved forward that we should go ahead and do some base shutting down because we were going to save money.

And when the BRAC commission came about, he was lobbying to keep bases open, you know? So this is why a lot of members are confused. Maybe there should have been some restraints, you know? He was for shutting down bases. He was, he said, for saving a lot of money. And then he decided that it was time for him to move and tried to keep some of the bases open.

So this is why there is a lot of confusion among members and other people. But at this point, let me yield to my good friend, Ms. Shea-Porter, for a question, if she has one.

Ms. SHEA-PORTER. Thank you. As a former military spouse and a member of the Armed Services Committee, I am sitting here listening and questioning some of the numbers and the results of decisions that were made in the BRAC closing.

And in particular, I am thinking about the thousands of soldiers and other military personnel who have been moved around or anticipate moving, closing, whatever. And I think about the 30,000 or so that will be coming to Guam. And I wonder about the security.

Guam is very critical to our security. And I know that they closed some bases when the argument was made before how critical Guam was to our security.

We spent the money, and now we are taking another look and sending those 30,000 to Guam. It seems like a very inconsistent policy, really short-term planning, and not looking at the cost.

And so I am going to yield the remainder of my time to the gentlewoman from Guam who can question this. Thank you.

Ms. BORDALLO. I want to thank the congresswoman. I have already asked my two questions, so thank you very much.

Ms. SHEA-PORTER. Okay.

So can you explain to me, please, why just a few short years ago it was essential to close some bases in Guam and now, all of a sudden, we are looking at Guam and saying we need to send a large number of troops there? And what has changed so dramatically? And what is the long-term view for Guam and for other areas that are essential?

Secretary GRONE. Well, I think it is important in this context to recognize that, when we were working with 1989, 1991, 1993, 1994 rounds, the global situation was significantly different. The wall had come down in 1989. We were taking force structure out of the system. And in that context, the department had demonstrated significant excess capacity.

So the first four rounds of BRAC were principally about reduction of excess capacity. This round occurs in the process where we are engaged in broad force transformation and where there are other key aspects.

I mean, certainly in the context of implementing the round, we are also in the process of growing the force, which was not on the table when we were making these decisions, but I would also point out that we close no significant ground force maneuver installation in this round.

This was, if one could characterize it, principally a back-shop support structure force transformation BRAC. Despite the fact that we in—and I know that the gentlelady from Guam views it as regrettable that there were certain decisions that were made on Guam many years ago—the fact of the matter is that we didn't abandon Guam. The Air Force has been a key player in the strategic presence forward in the Pacific on Guam for many, many years, as has the Navy.

In the context of realignment of force posture, in the context of a strengthening and repositioning of the strategic relationship with Japan, we agreed in the context of a broad series of arrangements that would affect the entirety of the alliance throughout the Pacific to reposition Marines from Okinawa to Guam.

It is a different strategic rationale, a different strategic mission. And while I understand some of the challenges that it poses locally, this realignment of forward force posture—and it really is a question of realignment of forward force posture—is simply not the same dynamic as we had in the mid–1990's when we were trying to realign some things.

And, frankly, there were folks at the time in Guam that were urging us to close things on the island. And the lieutenant governor at the time didn't take that position. Certainly not. But——

Ms. SHEA-PORTER. Well, may I interject here——

Secretary GRONE. But we had—it was simply a different strategic—we were in a different strategic place. And now we have to move forward. And the importance of that arrangement as it relates to Guam is the United States is not bearing the full costs of the move.

Ms. SHEA-PORTER. But what we are hearing now, and even though people obviously have their communities, I don't think we are all just looking at a point from the impact on local commu-

nities, as critical as that is. We are also looking at, what is the strategy here? And what is the cost?

And when you look at these overruns, there is something wrong, fundamentally wrong with the information that Congress received and that others received in the 2005 closing. And that, I think, is the core of the question here: Are you looking back at it? Are you examining it again? And how are these decisions made?

You are listening to the gentleman from New Jersey talk about the critical effect on security here. Something seems fundamentally wrong. And I know that you can't answer all of it, but this is a concern of Congress to get to the bottom of it.

Secretary GRONE. And I appreciate the question. We are always looking at lessons learned from all of these processes, but I don't concede the central point, which is that the actions that we are undertaking lack military value.

Ms. SHEA-PORTER. Well, we almost lost the Portsmouth Naval Shipyard in that last round, and that was pretty essential to our national security—and not just in my humble opinion, but in many—and fortunately, it didn't happen.

But then you take a look at the decisions, we have to look long-term strategy.

Secretary GRONE. And the process as it was designed in that case got to an answer for the Nation that is accepted, a decided issue, and we will continue to utilize those assets as are required. This process is designed to allow the Department of Defense and the Secretary of Defense to develop a suite of recommendations. The law does not allow us to implement them and decide them upon our own.

There is an independent, strictly independent review of those recommendations, and then a subsequent independent review by the President, and then one by the Congress. So——

Ms. SHEA-PORTER. I understand the process. I live there. But the problem was it did show up on the list, and it was not simply an easy decision. It required many, many voices to fight back and point out. It shouldn't have been on the list to begin with, and these are the concerns that we have, how they wind up on the list, and then the story that they are told about what it will cost, and then the fact that the savings aren't even recognized.

I think there is a lot of reason for concern today. And I yield back. Thank you.

Mr. ORTIZ. Let me yield now to my good friend from California, Mr. Sam Farr.

Mr. FARR. Thank you very much, Mr. Chairman. It is a delight to be back on this committee. When I first got elected to Congress, I served one term on it, and eventually ended up on the Military Construction Appropriations Committee, so I have been very involved in BRAC issues, not only jurisdictionally, but personally.

My district has had part of our bases up every single BRAC round. And when I arrived, the BRAC had decided to close Fort Ord, which was the largest military base I think ever closed in any round. It affected about 33,000 people.

And today one of our witnesses is the executive director of that reuse authority, Michael Houlemard, who has also been elected to be—he is the President of the reuse communities association.

But my questions are—I mean, what I have observed is that this is all driven by cost avoidance. How do you not retain unnecessary real estate and the jobs that go with it?

But, in fact, no matter what happens—and this committee is interesting. It has had people that had windfalls because they are going to gain folks, and you have a lot on this committee that are wiped out by having closure. In either case, what you will argue is that there aren't enough resources to do what needs to be done.

And it seems to me that the tools that I have learned, why we were so successful in redevelopment, was that we got all the land free. There are two instruments that you never hear about anymore. It is called a public benefit conveyance, where the law lays out what you—the DOD can give the land free, particularly for educational purposes and so on.

And then there is an economic development conveyance, which is also available to the discretion of the Secretary, and allows you to give land free.

And what I wanted to ask—because I want to echo what everyone else said about Mr. Grone. I mean, he worked in this committee. He certainly knows the inside of Congress, the House, and specifically these issues, having been the staffer for so many years, and then moving over to be the undersecretary.

And I think we are going to lose an incredible asset for this nation when you leave. And I just want to thank you for your public service. We haven't always agreed, but you have been there, and you understand. And that is what is so important.

But, Mr. Lepore, I want to ask you, do you value the giveaways? Do you put any economic value on those, on the public benefit or economic development benefit transfers?

Mr. LEPORE. In our 2005 report, we pointed out that that is one area where some better accounting might be helpful, that that is something the department generally doesn't try to account for.

Mr. FARR. You will account for when there is a windfall, a gaining community, the impact that it is going to have on schools and local infrastructure?

Mr. LEPORE. We have not attempted to account for that, in the way that I think you are referring to. What we are trying to do is we have a study underway right now that is taking a look at the impact on the local communities and the Federal assistance that is provided to the local communities in the gaining areas.

I should point out that that review is bigger than BRAC's. And some of the growth on the growth bases is BRAC, but some of it is other issues, as well.

Mr. FARR. But it is bigger than BRAC, but it is about the military. It is about what the chairman talked about. And it is about what the former lieutenant governor of Guam, now congresswoman from Guam, talked—it is quality of life for military. You can't have a military base isolated from the community.

And that is what I think is so wrong with the BRAC process, is that we don't understand and we don't evaluate what kind of incredible exciting growth can come out of, if you give this land away. I am really against these sales, because you have to then sort of prostitute yourself to get enough value out of that land in order to buy it.

And who is buying it? It is the local government. Where do they have the resources to do it? And on the other hand, we don't value the fact that there are impacts.

And I know my question—and back to Mr. Grone—is that we have in the law, under Office of Economic Adjustment (OEA), a provision where the Department of Defense can ask for money to provide for impact construction. We have done that in the past. There is just nobody asking for it.

We have also provided—and this was before BRAC—the Kings Bay National Submarine Base in Georgia—when that was built, we built schools, we built community centers, we did all of the sort of off-military budget impact expenses just to make that base a workable base.

So the history is there, and the authority is there. And the question is, why don't we ask for the monies to allow the schools that are going to have the realignments and the growth in those communities?

As you know, Mr. Bishop, who is on the MILCON committee, is really complaining about the fact that, in Georgia, the influx of kids is not accounted for and not paid for. And there is no way that the school district has the resources to do this.

So can we start—I mean, what I would like to hear from both of you is the response, in your senses. Can we ask for the money? Because we have the authority to do it, but haven't done it. And, two, can we start getting a better accounting, if we are going to really do—if the whole thing is about cost avoidance, it seems to me we are just shifting the costs and not the value.

And we need to make sure that we are better prepared to estimate value.

Thank you.

Secretary GRONE. There are a number of different strands to your question, Mr. Farr. Let me try to address as many of them as I can.

The question of what we do with education, as you know, is a complex one. Traditionally through the BRAC process, we have not done what you cite with some of the other examples. There are a number of communities where there are growth activities underway which have undertaken the necessary bond issues to plan for the growth.

It is a dialogue that we will have to keep dealing with. And so the authorities you are looking at is something we would have to sort of take a look at. I just am not familiar with it at that level of detail.

But the question of recognizing that the installations are part and parcel of the communities is one that is, I think, well understood inside the Department. And the work that we have done, starting with sustainable ranges and all the other work that we are doing, and to work with state and local governments on the sustainment of the mission in the post-BRAC environment, recognizing that this is probably—recommendation of the former secretary and the chairman of the commission, notwithstanding a once-in-a-generational activity. We may not come back to something this significant for the next 20 or so years.

And so the notion of ensuring that we are working closely with state and local government on education, on transportation, on range sustainability, environmental buffers around our bases is a critically important part of the program. It is not, strictly speaking, a BRAC program, but it is part of the organic mission of the department, and it is a function that we undertake very seriously.

The transportation effects are all being assessed, and we have what I would call a regular order program in the Defense Access Road (DAR) program for that. There are a number of different locations across the country that are being assessed as to what is DAR eligible and what is not. And those things that are eligible we will move forward with as we can, and we will do pursuant to existing authority.

So there a number of different ways of getting at these problems. We just need to continue to work aggressively with the communities. We pledged to do that.

On the disposal side, as you know, we changed a number of our policies leading into the disposal of assets from this round. We have had—and I don't want to speak for anyone in particular. Mr. Houlemard can speak more directly to this than I—but we have had a very close working relationship with growth, as well as communities that are going to undergo the unfortunate pain of a base closure or a major realignment.

The question of whether or not everything ought to be sale or not I think is a settled question. The issue and the policy of the Department is a mixed toolkit approach. There may be parcels that we sell; there may be parcels that are square in the sweet spot for public benefit conveyance (PBC); there may be parcels that work best in a no-cost or a regular Economic Development Conveyance (EDC) process.

All of those tools are available as part of a redevelopment planning process that is really under the control of the local communities. The Department is not going to dictate to local communities what that redevelopment option ought to be. We have some responsibility to make sure it is consistent with our authorities, but we are not going to tell folks that we think you ought to put a school here, and a this there, and a that there.

And we committed to streamlining the process. And we committed to keeping to the deadlines that are in the statute and, in large measure, we have. And local communities are beginning to respond in a timely way with redevelopment plans.

So this process, while we have some challenges in implementation at growth sites, from a disposal perspective, we have kept to our deadlines. Where we have not kept to deadlines, we have done so largely at the request of a local community. There are communities that have come in and asked for additional stretches of deadlines in order to make their redevelopment plan work and work effectively. And those have been granted.

So we are trying to do everything we can to work with folks to make sure that, as an asset transitions from military use to civilian use, and goes back on the local tax rolls, but it is in the best possible position, and we have no desire—on the day I walked into the Department of Defense, there were still over 400,000 acres on our books from prior rounds of BRAC. And we have whittled that

down to under 40,000 today. And that is principally at six or seven locations, heavily impacted by Unexploded Ordnance (UXO), which thankfully we do not have in this process this time.

But our objective is to position local communities for success. That means transitioning assets as expeditiously as we can, and we are trying to do that. And we have greatly benefited from the insights that you and other members have brought to this process as we were developing a new policy.

Mr. FARR. The only comment I would have is that I don't think the Department is very aggressive about telling communities that they can get the land free through EDCs and PBCs. It seems to me that is always a struggle. You want highest value for the land, and that is one of the problems that I think the GAO's office has, is they are always accounting for, "Let us get value for this."

But it is all out of the same tax base, whether those taxpayers are paying the money to the Federal Government or the stage government or local government. The real value is, how do you reuse it?

Secretary GRONE. Yes, understood.

Mr. FARR. And if we have to sell it, I don't think the—you know, the feds can say we got fair value for our land. On the other hand, the community had to go through a real strain to try to pay for it. And I do think you ought to use the EDCs and PBCs must more aggressively.

Secretary GRONE. As Mr. Houlemard can testify—and I don't want to speak for him—and he has heard me say and give the speech on mixed toolkit on more than one occasion. So official policy of the Department is for all approaches to be on the table.

Mr. ORTIZ. We have three more members who have questions to ask, and then, of course, we need to move to our second panel.

My good friend, Frank Pallone, from New Jersey, do you have a question? Go right ahead, sir.

Mr. PALLONE. Thank you, Mr. Chairman.

Mr. Chairman, I want to thank you again for having this hearing. And as part of my questions to the two witnesses, I want to explain my approach and why we have asked you to have a witness from Fort Monmouth and why we are spending so much time today on the Fort Monmouth issue.

Mr. Grone acknowledged that, at the time of the BRAC decision, there was definitely controversy or disunity, if you will, amongst the BRAC members over whether or not Fort Monmouth should close and those functions be transferred to Aberdeen.

And as a result of that, there was this report that the BRAC put into the BRAC commission's report that said that the Pentagon had to look at the situation at Fort Monmouth—and I will specifically use the language here—and said that the BRAC commission stated that, "The Secretary of Defense shall submit a report to the congressional committees of jurisdiction that movement of organization, functions, or activities from Fort Monmouth to Aberdeen Proving Ground will be accomplished without disruption of their support for the global war on terror."

Now, I mentioned this because Fort Monmouth was unique amongst all the BRAC recommendations or report in that this was the only one that had this caveat, and it was because of the dis-

unity and questioning that, perhaps, this was not the proper move, to close Fort Monmouth, that this report was put in to report back to the committees, including this one.

And I mention this, Mr. Chairman, because it is our understanding, from talking to the BRAC commissioners, that unlike the rest of the BRAC, where you would have to have a subsequent BRAC, as Mr. Grone said, in order to reverse the recommendation, in this case, you would not because if the report from the Pentagon showed that this closing should not occur because it would negatively impact the global war on terror, Fort Monmouth would not close and the movement to Aberdeen would not take place.

So I am just trying to make the point—and I am going to ask these questions again—that this is a unique situation. And once this report comes out, because it has been delayed and the Pentagon has said that they will certify that it is okay to make the move, but that once this report comes out, I think it is the obligation of this committee, as well as the GAO and all of us, to follow up, and look at this report, and determine whether or not it was done accurately, because if it wasn't and the recommendations should not be to close Fort Monmouth then, within the context of the BRAC, you could keep Fort Monmouth open, without having to go to subsequent legislation or a subsequent BRAC.

So I just want to follow up on what my colleague, Mr. Smith, said. It is very important when this report comes out at the end of the month that this committee look at it, have another hearing specifically on that, because they were given that responsibility, essentially, by the BRAC, with this language, and that we also have the GAO comment on it and give us their input, as well.

And I guess I am a little concerned because I don't get the impression that Mr. Grone necessarily sees it this way. And I have already heard from the Pentagon for a long time now that they are going to say that it is okay in this report to close Fort Monmouth.

And so I have two questions, one to Mr. Grone, and one to Mr. Lepore. First of all, Mr. Grone, is the Pentagon, in issuing this report, actually doing an analysis that would decide whether or not Fort Monmouth should stay open or closed? Or have they already made the decision that Fort Monmouth should close and they are just tailoring this report to go along with that recommendation?

Are we going to get a back-and-forth here about the pluses and minuses of keeping Fort Monmouth open, or is this already a foregone conclusion on the part of the Pentagon?

Secretary GRONE. Mr. Chairman, I want to—I desire to be—and I understand and appreciate the question of Mr. Pallone, but I want to be quite precise in my answer, because the question which he raises is a core issue in a matter of ongoing litigation. So for purposes of the record, I would just like to clarify what has happened and what the government's position is, and then we can deal with any subsequent questions, if I am able to answer them beyond that point.

There is ongoing litigation in Federal district court in New Jersey on this subject. There was also a request for a preliminary injunction filed by the union representing civilian employees at Fort Monmouth.

The district court issued an order denying the union's application for a preliminary injunction. In that order, the district court also denied the government's motion to dismiss, but did so without prejudice and would leave to renew the motion after January 1, 2008.

The district court administratively stayed the litigation under further order of the court. The district court has not taken any action to prohibit continued implementation of the recommendation.

On the question of whether the reports required, the BRAC act requires the Department to close and realign all installations so recommended by the commission. And this information is in filings that the Department of Justice has made in the district court.

The BRAC act does not require DOD to submit reports recommended by the BRAC commission or follow any other commission recommendations that are not either base closures or base realignments. It is therefore the Department's position, as reflected in its filings in the United States District Court for the District of New Jersey, that there is no legal requirement in the BRAC act or elsewhere that DOD submit the report to Congress that the BRAC commission recommended, although DOD nevertheless intends to submit such a report by the end of the year.

Mr. PALLONE. Mr. Chairman——

Secretary GRONE. If I might, because it bears on what I think will be your next question. Is the BRAC recommendation to close Fort Monmouth conditional? The closure of Fort Monmouth is legally required. This is not, as some would contend, a conditional closure. That may not occur because a report cannot be written. DOD has already determined that Fort Monmouth can be closed and its functions relocated without jeopardizing support for warfighters in the field.

And the BRAC commission agreed with that conclusion. This is not a question of whether the move will occur, but of how the move will occur, without disruption to support of the war on terrorism and other critical contingencies. And those two aspects of the government's position in the Federal district court, as a matter of just informing members how we intend to proceed, given the issues that are at moment and given the discussion within the commission, we will provide a report to Congress by the end of the year, as the deputy secretary of defense so indicated to Members of the New Jersey delegation.

That report will lay out how we will proceed with the plan, how we will mitigate the effects that were referenced in the commission's report. It is a question of how the move will occur; it is not a question of whether.

Mr. PALLONE. Mr. Chairman, I know my time is up, but let me just say this. This, Mr. Chairman, goes to the whole crux of the matter here. The Pentagon is essentially saying that this BRAC requirement, which was articulated to us by the commissioners, those who were opposed to the closing, because it was a divided commission on this, that this was a compromise that was put in as a way for the Pentagon to come back and do an analysis of whether or not this closing should occur.

Now, they are saying that this is not required by the law. It doesn't even have the status of report language. We are saying it is the law, and that is what was articulated, and that is why—that

was the compromise that was entered into by the commissioners in order to get them to unanimously agree to this decision on Fort Monmouth.

So the problem here is that there is a basic difference in terms of what was told to us by the BRAC as to what this report meant, that it was, in fact, a law and had to be done, and that this committee and others in Congress could respond to it, as opposed to the Pentagon that doesn't even see if it is even report language or required to be done.

So that is why I think it is very important, when this report comes out, that there be a follow-up hearing on this, because otherwise they just say, "We are issuing the report, and it doesn't make any difference." And that is simply not the case.

And I know—I was just going to ask Mr. Lepore, and he can just answer yes or no, whether the GAO intends to analyze this report when it comes out and report back to the committee in Congress, in your analysis, if you could just answer that yes or no, because my time is——

Mr. LEPORE. Yes.

Mr. PALLONE. You do? All right, thank you, Mr. Chairman.

Mr. ORTIZ. And this is one of the things that we would like to see the implementation of the BRAC law. And there are a lot of questions like yours, and hopefully we can get to the bottom of it.

But what we are trying to do now, we have two more Members who would like to ask questions, and then we are about to have votes in the next five minutes. And then, of course, we have a second panel.

Mr. Secretary, you had something to say?

Secretary GRONE. On the question, if I might follow up, because I think it is critically important about the question of intent, the BRAC commission explained its recommendations slightly differently than as it may be understood by Mr. Pallone and others.

And I think it is a matter of interpretation, but I think the commission's explanation is rather clear.

Mr. SMITH. Would my friend yield, Mr. Pallone?

Mr. PALLONE. Sure.

Mr. SMITH. Again——

Mr. ORTIZ. Just don't make it too long, because his time has expired.

Mr. SMITH. That is why a second hearing, that would focus on the business plan, whether or not this could be achieved, but let us invite the chairman of the commission, Secretary Principi, to be a witness, as well, because he will know what was his intent and that of the others, because we think we have a very clear understanding that this was a conditionality.

And so, again, we shouldn't talk about, "Well, maybe this or maybe that." Let us get to the bottom of it.

And again, Secretary Grone, at the bottom line is the warfighter. This is not, as Mr. Cummings said in the newspapers, a football game and it is against the New Jersey delegation versus the Maryland delegation. This is all about the men and women in the field.

And I have spent too much of my time in Veterans Administration (VA) hospitals, as former chairman of the Veterans Affairs (VA) Committee, writing legislation that became law to help serv-

ice-connected disabled veterans to look askance when we believe an egregious mistake is in the process of being made. We are bipartisan on this.

And I would hope that the cooler heads at the Pentagon would say, "A mistake"—well, we are not just going to keep going up that hill, even though our men are being slaughtered, to use a metaphor.

Mr. ORTIZ. The gentleman makes a good point.

Mr. Holt.

Mr. HOLT. Thank you. Thank you, Mr. Chairman. I appreciate your holding this hearing. It really is important.

First, I would like to ask unanimous consent to submit for the record written statements by Admiral Paul Gaffney, Mr. Bob Geridano, Governor Jon Corzine, and Mr. Jon Poitrus that bear on the subject at hand.

Mr. ORTIZ. We have unanimous consent. You can go ahead. We will put your questions for the record. Go ahead.

Mr. HOLT. No, but there are other statements that I would like to have inserted in the record.

[The information referred to can be found in the Appendix on page 178, 181, 190, and 193.]

Mr. ORTIZ. No objections. So ordered.

Mr. HOLT. Thank you.

I have a couple of questions for Mr. Grone and for Mr. Lepore. Of course, the point of BRAC was to improve efficiency, to increase jointness, to improve support for the warfighter, and to save money.

As Mr. Vic Ferlise will testify, I think quite eloquently, it does none of those, in many cases. And as Mr. Lepore has shown across the board, there are enormous cost overruns.

Some of us are focusing on Fort Monmouth because it seems to us that this is Exhibit A in what is wrong with BRAC 2005. And I hope, Mr. Grone, you didn't mean it in the dismissive way that it sounded to me, that this is a matter of parochial interests versus national interest.

As Mr. Smith said so passionately and correctly, this is not a football game or a matter of local jobs. There are some fundamental questions here, and that is what we want to get at.

And so I will talk a little bit about Fort Monmouth, but it has to do with our national defense effort. Really, there is so much to cover.

But first, as Mr. Ferlise will say, with regard to Fort Monmouth, it is not just a matter of packing the assets and moving them. The assets in this case are people with years of experience that will take years of experience to replace. And there is a fundamental misunderstanding in the Army and, I must say, throughout our society that research, development, test and evaluation (RDT&E), is an off-the-shelf item.

These researchers cannot be replaced easily, however good the schools are in Maryland, however good the living conditions are in Maryland.

And you know, you say that at Fort Monmouth there are people who are just on—kind of have the average availability for retirement. Well, the fact is yes, they are senior, but they have not been

retiring. They have been staying on the job at Fort Monmouth until recently.

And that is the problem. Former Secretary Harvey said they will be replaced by smart young guys. Well, no. They can't be replaced for years without smart young—by any smart young guys.

And so when you said, Mr. Grone, that it will take another BRAC, am I correct in understanding that there is no degree of harm to the warfighter, there is no degree of risk at which we would put soldiers by this move, that would lead DOD to recommend that Congress reverse this part of BRAC?

In other words, just—I know you don't agree with the argument, but if there were an argument that because of the technology and the day-to-day updating of techniques for detecting and disarming roadside bombs, or for intercepting communications, or for tracking mortar fire, that you would not reverse—recommend a reverse of the decision?

Furthermore, should I understand from what you say that there is no increase in cost that would trigger you, the department, to recommend a reversal?

I mean, is it $1 billion, or is it $2 billion? Is there no trigger at which you would say, "This is wrong. We had better go back and look at this?"

Furthermore, would you include in this consideration where there now appears to be several hundred million dollars in savings, by your calculation and Mr. Cummings' calculation, that you would count or you would not count the billions of dollars of infrastructure improvements that are being asked of the Federal Government for Maryland in order to accommodate this move?

And then for Mr. Lepore, I would like to ask whether the GAO will take a closer look at the specific decisions—for example, the top five or ten most expensive or most cost-increased projects and bases.

And furthermore, is it true that you have not reviewed the savings at the same level of detail that you have reviewed the cost, and partly because those savings would come five years or ten years from now?

So is it possible, then, that this BRAC round will actually result in less net savings once you do get around to looking at those?

And finally, have you looked at why officially availability cost data appear to have been ignored by the BRAC, by the commissioners—for example, the fact that the military prep school was said to cost two or three tens of millions of dollars, roughly $30 million, to move, and yet months before BRAC recommendations were even sent to the President, there were construction requests totaling $226 million?

In other words, officially available, ten times the cost, ignored, just in that one aspect of the move—will you be looking at that in the GAO?

Thank you, Mr. Chairman.

Mr. ORTIZ. You know, we have tried to be as fair as we can with all the Members. We have the DOD authorization bill on the House floor right now. In the next five minutes we are going to have a vote. So go ahead and respond to it.

And I know your concerns. I mean, they are very legitimate concerns that you have.

Go ahead and respond to this question, and then I hope we have time to give one of our senior Members of the committee, Mr. Reyes, also time to ask a question.

And then we are going to go vote, and we have a—we have one, two, three, four—five votes, so we are going to be gone for some time, and we want to be fair to the next panel as well.

So, Mr. Secretary, go ahead.

Secretary GRONE. I will try to respond to Mr. Holt as quickly as I can.

And I wasn't being dismissive of it being—what I was saying is I understand the perspective of Members as they try to defend the mission while acknowledging that they see the mission as a national mission locally.

And it is not to be dismissive of the concerns of anyone who fought the decision at the commission or subsequently on the national decision to close Fort Monmouth and realign its mission. That was certainly not the intent.

The only way I can answer the question of what—how we are proceeding on the question of intellectual capital—I discussed that earlier in the whole debate about whether or not—whether that capacity could be grown, how it could be grown and when it could be grown was part of the deliberative record of the Department, and I won't belabor it here.

But the commission concluded that the adverse effects of moving existing programs from Fort Monmouth could be managed over the six-year implementation period by properly sequencing the movement the programs.

And again, from my perspective, our inability to adequately plan to implement the round that is materially affected by our inability to access the resources that are necessary creates uncertainty as to when that proper sequencing will occur.

So I mean, I view, frankly, the implementation of this as a shared responsibility. And we are not in a position right now to effectively implement as effectively as we might want a number of these.

But we are continuing to work with the committees to ensure that we have the resources to implement it in the proper way.

The hypothetical you asked me—is there a trigger—I, frankly, don't have the ability to answer that question. The Department has a legal obligation to carry out under current law the recommendations as they have passed into law.

I don't have the discretionary ability to make up a number and say at that point we ought to reconsider the recommendation. The Department continues to believe and maintain that the underlying military value of the move merits implementation of the move.

And I simply cannot speculate on the hypothetical of at what point we might want to reconsider something. We, frankly, don't have that authority.

And the underlying military value of the recommendation, as I expect will be demonstrated in the report, as has been testified to numerous times, as the Army is looking forward to in its imple-

mentation planning, continues to argue for the effective implementation of the recommendation.

Mr. ORTIZ. We are going to be voting very quick. Let me go ahead and yield to my good friend, chairman of the Intelligence Committee and a ranking member on—also a very high—like we say in Texas, high-quality member of the Armed Services Committee, Mr. Reyes.

Mr. REYES. Oh, I thought you were going to say I was a very tall member. Thank you, Mr. Chairman. And thank you for holding this hearing.

And good to see you here, Secretary Grone, and I understand Friday is your last day.

Secretary GRONE. It is.

Mr. REYES. We very much appreciate your work and your dedication to all these issues that are so important to us.

And the chairman was indicating to me that Congresswoman Boyda raised the issue of the commissaries.

Secretary GRONE. Yes, sir. Yes, she did.

Mr. REYES. You know, I just want to make the point, because I was on Fort Bliss Monday, and the commissaries are a big issue, a big quality-of-life issue, for our soldiers and for their families.

In fact, this past weekend we were welcoming back after 15 months in theater the 41 Cavalry from Fort Bliss, and at the ceremonies some of the families were anxious about the issue of commissaries. You know, they frankly don't care where the money comes from.

Secretary GRONE. Understood.

Mr. REYES. That is a bureaucratic thing that I think we do a disservice to them not making a decision and getting that money out.

I know in the case of Fort Bliss we are waiting on $32 million. We need to have it by January, because otherwise that commissary project is delayed. Soldiers are coming back. We have promised them that everything we could do would be done.

And yet we have got this issue because of an internal bureaucratic dispute that the decision hasn't been made. Two things. Can you tell me what the status is?

And second, can I get your commitment that before Friday you will kick somebody in the butt and get this thing going? And if you need help, Chairman Ortiz is right here.

Mr. ORTIZ. He has got those big, tall boots.

Secretary GRONE. I understand. As I indicated to Mr. McHugh, I mean, as you know, sir, the responsibility for the commissary and exchange program falls within a different undersecretariat. But I know that those requirements are being addressed.

Frankly, I don't know the up-to-date status as of today in terms of where they are. As I indicated to Ms. Boyda and Mr. McHugh and the chairman—and make the same commitment—we will get back to you with the answer to that question—I will engage Dr. Chu and Mr. Dominguez and see where that may be.

[The information referred to can be found in the Appendix beginning on page 224.]

Mr. REYES. Is it Secretary Chu that is——

Secretary GRONE. The responsibility for those programs rests in the undersecretariat for personnel and readiness.

Mr. REYES. Mr. Chairman, can we get some action going on that? Because this is a quality-of-life issue for our families.

Mr. ORTIZ. You know, and we have discussed this prior to you coming here. This is very, very important.

And we can continue to—I was asking my good friend Phil Grone if he knows who is going to replace him so we can get a name and address and a phone number.

But, no, this is a serious, serious business, you know. And one of the reasons why it has become very serious is that through all the Base Closure Commission, most of this money that we spend are soldiers' money. They are not appropriated funds.

And some of this money have been spent or given back to somebody else when they shut down the base. And that is the soldiers' money, not money from the taxpayers. But I have been through base closures, you know, in Germany and all over the place.

They shut down the base. We give away from the theater to the gulf course to the library—everything back. So I think that this is a very, very important issue, and we will make sure that this is addressed.

Mr. REYES. Thank you, Mr. Chairman.

And thank you, and good luck to you, Mr. Grone.

Secretary GRONE. Thank you, sir.

Mr. ORTIZ. Any further—Randy?

Mr. Secretary, as you can tell, it didn't burn. We thank you so much for all your service to our country and to our committee and your dedication, and we want to wish you the best.

And like many of the Members said this morning, that you have many friends here. And if we could ever help in any way, you let us know. But we want to——

Secretary GRONE. I appreciate that, Mr. Chairman, and I have always appreciated the support and advice of the subcommittee as well as the Military Construction Subcommittee's, and it is a particular irony for me to virtually end this career in the same room in which it started.

Mr. ORTIZ. Thank you so much.

What we want to do now—there are a lot of Members who wanted to be here, but we have the rule on the floor on the DOD bill, so what we can do also is allow Members who couldn't be here to have statements and also questions for the record, so you can pass on to the Pentagon—as you can tell, there is a lot of concerns about——

Secretary GRONE. I understand, sir.

Mr. ORTIZ [continuing]. This last base closure commission.

What we are going to do now—we are going to recess. We have a second panel coming on for five minutes. And then we have another member who would be taking over. Thank you so much for joining us today. Thank you so much.

Are you going to stay with us, or——

Secretary GRONE. I am planning to go back. I have a meeting that I need to get to, if that is okay with you.

Mr. ORTIZ. Okay. Thank you also for your testimony, sir. Thank you so much.

Secretary GRONE. Thank you, sir.

[Recess.]

Ms. BORDALLO [presiding]. The Readiness Subcommittee on Armed Services will now come to order.

On the second panel we welcome this afternoon four witnesses, including the honorable Anthony Brown, lieutenant governor in the State of Maryland; Mr. Michael Houlemard, President of the Association of Defense Communities; Dr. John Deegan, President, Military Impacted Schools Association; and Mr. Victor Ferlise, former deputy to the commanding general for operations and support for the Communications-Electronics Life Cycle Management Command from Fort Monmouth, New Jersey.

Without objection, the witnesses' prepared testimony will be accepted for the record.

And now I recognize the first witness, the honorable Anthony Brown, Lieutenant Governor of the State of Maryland.

## STATEMENT OF ANTHONY G. BROWN, LT. GOVERNOR, STATE OF MARYLAND

Mr. BROWN. Thank you very much, Congresswoman Bordallo. I want to thank Chairman Ortiz and Ranking Member Forbes for giving me the opportunity to present myself and offer some information regarding the base realignment and closure.

While this first panel spoke mostly to the DOD side of the implementation of BRAC 2005, what I would like to do during my brief time, and as outlined in my written statement, which has been accepted for the record, is to talk a little bit about what we are doing in Maryland as a BRAC mission growth community to prepare for the implementation of BRAC, the arrival of households and the creation of jobs.

I am Maryland's lieutenant governor. I have the honor of serving as the chairman of Governor O'Malley's subcabinet on base realignment and closure, and I also serve as the co-chair of the National Governors Association steering committee on mission growth, and I serve as co-chair along with a state senator from Georgia. Today, however, I speak only from my perspective in Maryland.

Let me start by saying that Maryland understands its expanding responsibility to the country. We understand our responsibility to our nation's defense and homeland security and the obligations to support those who are, in fact, supporting the warfighters. And we embrace that responsibility.

I also want to take this moment to thank the Members of the committee who support the warfighters in Iraq and Afghanistan and around the world. I, too, served ten months in Operation Iraqi Freedom, and I really appreciate the support of the soldiers that Congress offers.

As a result of the BRAC 2005 decisions, Maryland is going to see between 15,000 to 16,000 direct jobs move to Maryland. We estimate that that will generate an additional 30,000 to 45,000 indirect and induced jobs, for a total of 28,000 households.

This is going to occur in five communities around Maryland—Aberdeen Proving Ground, Fort George Meade, Andrews Air Force Base, Fort Dietrich and the consolidation of Walter Reed and the Bethesda Naval Medical Center. As you can see, Maryland is truly a joint state.

Because of the multiple moving parts, upon our inauguration, Governor O'Malley created a subcabinet on base realignment and closure, and that subcabinet essentially leads our coordination effort for BRAC.

The subcabinet includes members of—the Secretary of Transportation; housing and community development; labor, license and regulation; higher education; K through 12; and a few other departments.

Our effort is to enhance that coordination that happens horizontally among state agencies and also to enhance that vertical coordination between our Federal delegation, between the military installations and between local, county and municipal governments.

To date, the BRAC subcabinet has traveled around Maryland and has met with the leadership at each of the five mission growth communities or installations in Maryland.

We have also traveled to northern Virginia to meet with the leadership at Defense Information Systems Agency (DISA). And we have also met with the leadership at Fort Monmouth.

And the purpose of these meetings is to better understand the needs, the concerns and the issues that these moving activities face and how best we as a state can accommodate their needs.

We have already identified challenges, and these challenges are not unique to Maryland. They are challenges in terms of workforce development.

And earlier this morning you heard, particularly as it pertains to Fort Monmouth and the movement to Aberdeen Proving Ground, that only 30 percent, it is estimated, of the workforce will move to Monmouth. There are workforce challenges.

There are also challenges with schools, school construction and the delivery of educational services, and there are challenges in the area of transportation.

Having spent the day yesterday in St. Louis with six other mission growth states and representatives from those states, I can assure you that the challenges in Maryland are not unique to Maryland. These are challenges that all BRAC mission growth communities face.

However, with the process that we put into place, the subcabinet, working with our regional organizations—for example, around Aberdeen Proving Ground, we have established the Chesapeake Science and Security Corridor. This is an alliance of private sector and public sector, public sector at all levels of government.

We are able to identify those challenges and work toward meaningful solutions so that we can do our job in Maryland, which is essentially outside of the fence, outside of the gate, to ensure that we are BRAC-ready for the arrival of BRAC families and BRAC jobs.

And let me close by saying what we are doing in Maryland is not necessarily going to work for every state in the country, but we hope that we will serve as a model for the kind of processes that a state could put into place to ensure that they effectively and adequately address the challenges of infrastructure and human capital development associated with BRAC.

Thank you very much, Congresswoman Bordallo.

[The prepared statement of Mr. Brown can be found in the Appendix on page 120.]

Ms. BORDALLO. Thank you very much, Lieutenant Governor Brown. I am very pleased to have you here today. It was very nice meeting you earlier. We both shared some of the same duties, at least in my past life.

Now the chair would like to recognize Mr. Michael Houlemard, President of the Association of Defense Communities, and also to remind you that each of you has five minutes to testify. Anyone whose statement is longer than the five minutes—it will be entered into the record.

Gentlemen.

**STATEMENT OF MICHAEL A. HOULEMARD, JR., PRESIDENT, ASSOCIATION OF DEFENSE COMMUNITIES**

Mr. HOULEMARD. Thank you, Chairwoman.

I appreciate the opportunity to speak on behalf of the Association of Defense Communities today and thank Chairman Ortiz and all the distinguished members of the subcommittee for this opportunity.

As a representative of the Association of Defense Communities (ADC), I am honored to represent all of the association membership. We have over 1,400 members representing more than 100 different communities across this nation.

We are the nation's premiere organization representing these diverse interests of communities. We particularly noted today that Congressman Farr attended, who received the prior award from the Association of Defense Communities as we recognize all of our country's leadership for its support of communities in defense installations.

ADC members include communities responding to the full range of BRAC impacts, including numerous communities affected by previous BRAC rounds that are still coping with the significant impact of closure, and especially environmental problems.

We also represent every major community that is impacted by 2005 decisions.

ADC's diverse membership places us in a unique position to address the successes, challenges and concerns of defense communities. And today, I would like to highlight just a few key themes that come from the written presentation that was offered earlier.

First, I want to speak about growth communities, where the arrival of thousands—and as the lieutenant governor just mentioned, tens of thousands of new residents place a considerable strain on the local infrastructure.

As you heard from him and others, there is an increasing demand for schools in growth communities, which also must provide health care, roads, police, fire, child care, sewer and a full array of municipal services that historically have been provided on base and with Federal funds.

These growth communities are both eager to support their local installation and anxious to welcome the arriving missions.

However, many communities, especially the rural ones, face overwhelming financial challenges if they are to fully support such a large influx of military growth.

Second, I want to point out that from our historical perspective, we have observed several trends throughout the course of the reuse, planning, environmental remediation, property disposal and economic development components of BRAC.

We particularly applaud the efforts of the Defense Department and the Office of Economic Adjustment as well as the military services in supporting the BRAC 2005 closure communities as they move ahead with the initial planning process. Many successes have occurred there.

However, after community reuse plans have been completed, the most significant problems arise for communities. Once the bases finally close and the last soldier or sailor leaves, communities encounter new challenges, such as the required maintenance of significant facilities and infrastructure.

As the members of this committee are undoubtedly aware, crucial decisions must be made about caretaker needs. Most of those have been underfunded and historically have created much problems—underfunded in the BRAC account, that is—which will, which can, which have resulted in lost use and value in these significant assets.

Second, environmental cleanup and both the pace and the cost associated with environmental cleanup in the remediation process is significant to many closure communities.

And then finally, we want to point out the concerns we have about property disposal and what seems to be a very heavy reliance on public sale that may inhibit or potentially delay prospects for successful redevelopment in communities.

It is certainly ADC's belief that the Federal Government must continue to consider and emphasize that there is more to disposal and reuse than simply the monetary gain or return to the Department of Defense.

As our national economy slows and individual communities are impacted, we hope the Department will rely on other property disposal tools such as economic development conveyances, as Congressman Farr indicated, including at no cost, to dispose of base property and ensure successful, speedy community-driven reuse.

And last, certainty is an important requirement for communities in their response to BRAC recommendations. Driving local planning efforts in both closure and growth cases while ensuring they stay on track is the certainty of change.

A firm deadline and an unwavering decision provide communities with the necessary certainty to allocate scarce public resources and the ability to track private investment.

The absence or erosion of certainty sends a very dangerous message to the marketplace and to other communities affected by BRAC decisions, injecting doubt into an already complex, sophisticated and arduous process.

Certainty helps local communities to budget the resources and to craft policies that will aid in their ability to support the military mission and growth.

Communities rely on this certainty and equity to make plans for dealing with closure, and ADC is concerned that there might be an unprecedented—an unusual precedent that would be set if the clo-

sure process is reopened in a way that affects communities down the line.

A secondary component to this certainty process is the financial impact. In addition to programmatic uncertainty, communities affected by BRAC 2005 must also be assured that military services receive an adequate stream of funding to carry out the BRAC recommendations.

Chairman Ortiz earlier today made some comments that we were very encouraged by in support of the certainty prior to the 2005 decisions.

We have a significant additional amount of comments that we have prepared in our written comments, Chairwoman, but thank you for the opportunity to appear today as ADC looks forward to its ongoing relationship between this subcommittee and America's defense communities.

[The prepared statement of Mr. Houlemard can be found in the Appendix on page 131.]

Ms. BORDALLO. Thank you very much, Mr. Houlemard.

And now the chair recognizes Dr. John Deegan, President of the Military Impacted Schools Association.

**STATEMENT OF DR. JOHN F. DEEGAN, EXECUTIVE DIRECTOR, MILITARY IMPACTED SCHOOLS ASSOCIATION**

Dr. DEEGAN. Thank you, Chairwoman.

We appreciate the opportunity to be invited to offer testimony today. We really, as an organization, represent all the military children not served by DOD.

DOD actually serves about 100,000 students in the United States and overseas, and there are about 500,000 students that we represent. And those children are as important as any, and we recognize many of the challenges they are facing at this time.

We want to make sure that you understand how important it is that schools, quite often, are the system to support the military, and those young children—and when they are disturbed or bothered by deployment, or whether it be a BRAC operation where you are moving people—you know, they have needs and their schools as well.

And they quite often look to their teacher or to their school for help. And the public schools that are serving these children are facing a number of changes as well.

The whole military transformation that we heard about from Mr. Grone and the changes that that we are looking at in restructuring the military—the housing privatization where children and families were moved off base and then moved back on base, and moved to different neighborhoods and houses.

And we as an organization took a really hard look at how that was going to affect them, and many of the young people are going to be affected in their housing, through free and reduced lunch or Title 1, or food stamps.

And we have taken care of that with the help of Congress to make sure those aren't hardships those families have to face.

With the whole global re-basing, it is kind of interesting that we have, at one point—it has been a couple years now we have been talking about moving people from overseas to the United States,

and as an example, those children that are being moved here—no money follows those children.

So wherever DOD can build schools around the United States—or, excuse me, around the world, DOD can put them here and put them there.

And even where the Army built a school recently at Fort Hood—or at Fort Stewart, the whole idea of movement of people and the BRAC, effective BRAC, has left a lot of schools wondering how am I going to deal with those kids, and how am I going to deal with the facilities that are there.

And we have been talking a lot about that. The idea that the Army is re-modularizing has a big effect right now because no one is sure where people are going to be going.

The idea of the BRAC—sometimes there are effects because of bonding, where somebody may have spent money, set up a bond, and they are paying off their bonds, and through BRAC that changes.

And sometimes in a school district they may lose 10,000 and pick up 10,000. And that has a tremendous effect, because in the impact aid, when you get to count a child that year, whoever is there by January 30th—you count that year, and you get the money the following year.

If you happen to come in after January 30th—a military family moves in February—we don't get funding for two years because it will take the next year to do the count and the next year to get the funding.

So we have some real funding issues, and Congress has been real good about helping us through the—not through the DOD bill, but by attaching to the DOD bill.

We have an element where we put on an amendment onto that bill to ask for additional funding to kind of bridge the gap.

Many years ago, in impact aid, the impact aid law took care of that, because it was in the law. In 1994, that was eliminated from the law because it didn't look like we were going to have a lot of movement and change, and that was the force that wanted to take and change that.

Well, today we need that more than ever in impact aid, and the way it has helped us to do it is through Congress stepping up. In 2006, we got $7 million. In 2008, we got $8 million—or, excuse me, in 2007 we got $7 million—or $8 million. In 2008, we got zero.

And everything is kind of in shock, saying, "All these kids moving back, all this activity, why didn't we get any money?" So we are still asking that question. And we are hoping to be able to work in the 2009 budget to be able to put that together.

And we as school districts depend on the impact aid program, but one little bit of a thought is to let you know that program contains low-rent housing, civil service, Indian lands and military. It is not just a military program.

If you put one dollar into the impact aid program, we get 40 cents out of that dollar. And so these schools are asking, you know, how we can get help, and we are looking for the best way to get help.

I would tell you when it comes to DOD, we get tremendous amount of talk. We don't get anything but talk. And Mr. Grone

today used the words "we are planning," "we are working with," "we are assessing," "we are doing everything," but it never ends up in any money from DOD.

DOD can always do it for the 100,000 military kids, but they can't do it for the 500,000 in our communities. And the OEA has been good, too, but they are also talking and planning, but there is—no money has surfaced. They have got an idea and a plan, but no money has surfaced.

Thank you to Congress for what you have done.

[The prepared statement of Dr. Deegan can be found in the Appendix on page 142.]

Ms. BORDALLO. Thank you very much, Dr. Deegan, for your testimony.

And now for our final witness, Mr. Victor Ferlise, the former deputy to the commanding general for operations in Support for Communications-Electronics Life Cycle Management Command.

**STATEMENT OF VICTOR J. FERLISE, ESQ., FORMER DEPUTY TO THE COMMANDING GENERAL FOR OPERATIONS, SUPPORT FOR THE COMMUNICATIONS-ELECTRONICS LIFE CYCLE MANAGEMENT COMMAND, FORT MONMOUTH, NJ**

Mr. FERLISE. Good afternoon, Madam Chairman.

As the deputy at Fort Monmouth, I was responsible for 14 years for the acquisition, logistics, research and development that went on there. I am going to use an acronym, C4ISR—command, control, computers, intelligence, surveillance and reconnaissance. That is the business of Fort Monmouth. That is what saves warfighters' lives.

I am here today to tell you that the BRAC decision that we are discussing was unsupported by any objective evidence. It was developed in violation of the BRAC law. It was developed in violation of the DOD guidance on joint cross-servicing.

It was the result of withholding crucial financial information from the BRAC Commission. Now, you heard this morning—and this is added to my remarks; I apologize—that there was not certified data.

I am here to tell you it was certified. I certified it on July 14th, four months before the commission met. I understand from other sources technical information was suppressed under a suggestion that the material was secret, and it was not secret.

That all leads me to a conclusion that this was a predetermined conclusion on the part of the Army leadership that is unfounded and ill-advised—ill-advised for warfighters. That is what I am talking about.

I am not talking about that we told them the money was wrong in the beginning. We did tell them the money was wrong. We told them it was $1.44 billion. I said that. I signed that. It is absolutely true.

An interesting fact is I realized that that would not be well received. I asked for an Army Audit Agency, an independent agency, to come in and review our data to make sure we weren't wrong. That decision was not reviewed.

The Army Audit Agency was directed not to review that data. That data did not go into the certification that was submitted to

the BRAC Commission, and it was not posted or it did not come to light until December, four months after that, when that document became part of the official record of the BRAC commissioners.

So when I hear people say about growth—I listened to the comptroller general this morning discuss growth. Well, I was there when we talked about the cost of building the U.S. military academy prep school at West Point.

We had just completed a $25 million renovation of that facility, and the proposal came in, and it was passed on to the commission, that it would cost $22 million. On June 14th, five months before the final BRAC hearings, there was a 1391 presented to the Army for $227 million.

So it is not about growth. These are no surprises. And that is not what I want to talk to you about today.

What I want to talk to you about is the 4,000 soldiers that lost their lives in Iraq and Afghanistan to things like improvised explosive devices (IEDs). Those devices that killed and maimed most of our soldiers are centrally managed from Fort Monmouth.

It is an extraordinary program with extraordinary talent, cutting across all of the services. The heads of every joint panel come from Fort Monmouth engineers. They are Fort Monmouth personnel. Why is that? Because that is the center of excellence for counter-IEDs.

Does it say no one else is doing it? No, others are doing it. But they work in collaboration with Fort Monmouth. So when we talk about closing Fort Monmouth, we are throwing out a lot of technology that will be extremely difficult to replace.

Madam Chairman, there is only a matter of time before those IEDs come to our shores. It is the weapon of choice for insurgents. I know the Department of Homeland Security has undertaken some work to begin that.

All that technology is at Monmouth. The actuating mechanisms is what we defeat. More than 500 times the enemy has changed those actuating mechanisms.

And immediately, that information goes through the FBI Terrorist Explosive Device Analytical Center (TEDAC) center and comes to Monmouth, where it is analyzed and countermeasures are built and sent to the field, either through software upgrades of existing systems, which now, by the way, number in the 30,000 range, or through replacement of hardware.

If you travel to the theater, if any of the members have, they have been protected by things like Warlock Green, Warlock Blue, Warlock Red, Warlock Brown—the most recent. Those systems come from engineers at Fort Monmouth. They are sustained by people at Fort Monmouth.

Fort Monmouth is the national inventory control point for electronics. There is not another location where that is done. Every day—by close of business today there will be 1,300 more requisitions there for support of our soldiers.

For this year, it will go over 400,000. And since 9/11, it is more than three million requisitions have been processed through there. This past year, $14.5 billion in contracts were awarded out of Fort Monmouth.

When I listened to the secretary testify to the commission, he said that he wanted to move Fort Monmouth closer to its test ranges. Well, Fort Monmouth's test ranges are not at Aberdeen Proving Ground.

They are well developed. They are at Fort Huachuca, Arizona. And the secretary was told that by Commissioner Coyle, and he simply dismissed it.

He was supposed to do joint cross-servicing. That is what this was about. This was a real opportunity. DOD said do joint cross-servicing. There are three electronics commands in DOD. Fort Monmouth has one, Hanscom Air Field has one, and San Diego Space and Naval Warfare Systems Command (SPAWAR) has one.

It could have been a choice to pull these together, pick the best of breed and build on that. We didn't. We took an agency that was number one in technology, in C4ISR, and we are moving it to an installation that it less than number ten.

It doesn't have that capability there. And that was well understood by Commissioner Coyle, and he attempted to explain it.

But I tell you today that I think it was a predetermined decision, and it warrants looking at in every single aspect. Why was Triple A directed not to review my numbers? Because my numbers would have disclosed that this was a ridiculous idea.

Why were they not allowed to see the suppressed technical data? For the same reason—it would expose what is a faulty decision.

I can't be more passionate on this than I am. I have to tell you, Fort Monmouth is the national inventory control point for electronics. One-half of all national stock numbered items in the entire Army are managed from Fort Monmouth.

That means that one out of two soldiers—one out of two things that a soldier touches comes from Fort Monmouth. They are always in the electronics field, the night vision, all kinds of countermeasures.

If you flew in Iraq, you had jammers on those aircraft. They come from Fort Monmouth. The pilot was flying with our night vision equipment. The radios in that aircraft come from Fort Monmouth.

The radar warning receiver that tells the pilot he is going to be shot by a missile comes from there, and he can react to it.

Now, I heard this morning—I heard about how hard things were and how difficult it was from my co-panelists here. I am going to tell you what hard is, because I understand what hard is.

Hard is when a group of soldiers are asked to go out of the compound in the morning and half of them come back dead or shot up because an IED blew up. That is not something to fool with here. And that is what we are fooling with, make no mistake about it.

It is a tragic mistake, and that is why I am here today to explain that to you.

The BRAC Commission—there was intense debate on it, and I understand the legal position advanced by Secretary Grone here, and I understand how they have to do that. But a question was asked of him—is what would it take to have DOD come back and say it is a mistake.

I think the answer should be there is something that would, and it is where we are losing soldiers.

And I realize that I am over my time. I thank you for your consideration.

I would also just—in my remarks I talked about the American Federation of Scientists. They have one quote that I would just like to read, that there is firm evidence that some Pentagon officials, not all, maybe not Mr. Grone, and I suggest not Mr. Grone, but some Pentagon officials deliberately misled the BRAC Commission, thereby deceiving the President, deceiving the United States Congress, and deceiving the rest of DOD and, more importantly, the American public.

I attended two funerals of soldiers from New Jersey, and the last one was in September 2007. A Marine was killed in Iraq as a result of an improvised explosive device.

I am seeing the stop signal here, but I just have to tell you that the horror that was on the face of those families is something we can't let continue.

And I can tell you one last thing, if I might, in the 29 months since this decision was made, the Army still cannot articulate an intelligent reason—they were asked three times why are we doing this.

I didn't hear one answer, but I heard, like my friend next to me—I heard we are going to be told that answer. If that is such a good answer, you should have been doing it all along.

And no steps—no steps—have been taken to ensure no impact as a result of this move. No steps have been taken.

Thank you very much. I apologize for my passion on this subject, but I am here because I speak for warfighters. I am not speaking for the people of Fort Monmouth, the jobs, the money. It is about soldiers. You are touching the wrong thing here.

Thank you, Madam.

[The prepared statement of Mr. Ferlise can be found in the Appendix on page 150.]

Ms. BORDALLO. Thank you very much, Mr. Ferlise. And I understand your passionate views, and the committee is very grateful for these very disturbing facts but also very valuable. And they will take them into account.

I also would like to mention, because we will be asking a few questions here, I am sitting in for the chairman, who is down on the floor voting. Without objection, the witnesses' full prepared testimony will be entered into the record.

My first question is to you, Governor. Would you say you are satisfied with the information that the department has provided to local communities?

Is it sufficient to begin the detailed community planning to prepare for the additional personnel expected at the conclusion of BRAC?

And how has the department assisted in supporting the BRAC changes?

Mr. BROWN. Thank you, Congresswoman. You know, of course, in this business, you know, you never want to say you are satisfied, because you are always—you know, want to maintain your vigilance and make sure that you have the most timely and accurate and updated information.

What I will tell you is that in 2006, when we received our first numbers from the Department, we were able to conduct a Department of Labor (DOL)-funded study where we could project—based on the number of direct jobs that were anticipated to move to Maryland, we could project the number of indirect jobs, the number of households.

And based on planning formula, we have a pretty good idea of where the households will locate in Maryland, where the businesses are likely to establish their operations, and we have been able to make some progress, considerable progress, with that information.

Since that report, that DOL-funded report which came out in December of 2006 based on the preliminary numbers we got, we continue to stay in dialogue with the department.

As I mentioned in my testimony, we have visited with the leadership at Monmouth and at DISA. We have regular meetings with the installation commanders, constantly updating our numbers in terms of the number of direct jobs, indirect jobs, and then we can calculate the induced jobs from that.

So while we are grateful for the information we have, we continue to be determined to make sure that it is always the most accurate.

And at this point, I cannot say that the department has not been anything less than candid and forthright with giving us that information.

Ms. BORDALLO. And part of the question, then, that I asked was has the Department assisted in supporting these changes. Would you say yes?

Mr. BROWN. Yes.

Ms. BORDALLO. Yes.

I have a question also for Dr. Deegan. Are communities able to provide sufficient education facilities to support the 50,000 dependents expected to relocate as a result of BRAC 2005?

Dr. DEEGAN. In a real simple answer, no. Most recently, like at Fort Riley, they were dealing with movement of troops in there, and they opened up a Kmart store as a part of their school district.

We have a number of people that are doing that, trying to get by because they don't have the bonding capacity or the will to get that done in a major military installation. And so the answer is no.

Ms. BORDALLO. Another question I have for you, Doctor, is some rural communities have indicated that their bonding capacity is not sufficient to absorb an influx of additional dependents without Federal assistance.

Could you explain some of these difficulties?

Dr. DEEGAN. The difficulties you have—as an example, a bonding capacity may be just based on the size of the district and the rating. They may not be able to do all that bonding at one time.

A second thing is who is going to vote for a bond issue in a major military community? Of course the military, if they register to vote there, would vote for it. But people in the community won't vote for it because they don't want to be stuck with the debt when the military moves on.

So voting for bonds or getting bonds passed is a very poor way to deal with the problem.

Ms. BORDALLO. Thank you, Dr. Deegan.

Dr. DEEGAN. Thank you.

Ms. BORDALLO. I have one more question for Mr. Ferlise. How effective is the Department's relocation assistance in helping impacted employees?

Mr. FERLISE. I have been retired since February, so I can't tell you what is happening right now, but I know the personnel people at Fort Monmouth are working to accomplish that. So I really can't be responsive on the employees.

Ms. BORDALLO. I wish to thank all the witnesses. There is a little chaos going on here. We have to be called to the floor.

And incidentally, for those in the audience who wonder why I am not on the floor voting, I am a territorial representative. We only vote for amendments, not the final passage of legislation, so I don't want you to think that I am neglecting my duties in the U.S. Congress.

But I do want to thank each and every one of you for very insightful testimony. All of your testimony will be included in the record. And the chairman again thanks each of the witnesses for being with us for this long period of time.

I have been told that the Readiness Subcommittee for the Armed Services will recess until further notice.

[Recess.]

Mr. ORTIZ [presiding]. We are going to resume this hearing, and we are sorry that we were gone for a few moments. We have the DOD authorization bill, and we had a bunch of votes.

But now I understand that we were in the process of asking questions, and I want to be respectful of the Members who are here and who have not asked questions.

Okay, so we have—anybody on the second panel ask any questions yet? Okay. My good friend from California, Sam Farr.

Go ahead, Mr. Farr. Do you have any questions for the second panel?

Am I correct, the panel has been introduced by the prior chairman?

Mr. FARR. Mr. Chairman, thank you. This panel is sort of the on-the-ground panel, people that really understand what the impact is both in what I call the windfalls and wipe-outs.

And I would just be interested in their sharing with me their concerns of where those gaps are. I pointed out that in—that we do have some provisions in the law, the OEA law, 10 USC Section 2391(b)(2), allows for OEA, assuming they have the funding, to provide construction assistance beyond planning grants and gets into building infrastructure.

And pointed out that we also were—before BRAC, the Congress appropriated money for the King's Bay Naval Submarine Base in Georgia and put millions of dollars into the community specifically to build schools under this community impact assistance, known as the CIA, program within OEA.

And I just wondered if any of you received any assistance under that particular provision and how critical is it for you to receive that in order to have a smooth growth or a smooth closure.

Dr. DEEGAN. Well, one of the things that has happened is we have been talking to OEA—actually, we did a survey for OEA.

They asked us to kind of go around and survey all the schools as to what their needs were, and how they were going to address—and how many kids they were receiving.

And then when we got that all back, they said, "Well, we are going to go back and have a—now we are going to revisit those communities." So we have had a good working relationship, but we don't know where the end of the road is.

We don't know if they are actually going to come up with any money, or a plan, or what they are going to do. Basically, there is a lot of talk but yet there is no actual dollars for anyone.

Mr. FARR [continuing]. The Association of——

Dr. DEEGAN. Military Impacted Schools.

Mr. FARR. Impacted schools.

Dr. DEEGAN. Right.

Mr. FARR. What about on declining enrollment, the other way, where they are leaving the area, and you have an impact because now the school has been receiving impact aid——

Dr. DEEGAN. Right. That is also a serious——

Mr. FARR [continuing]. Cut it off. You have still got the same sized school district, same budget.

Dr. DEEGAN. Yes, and the only thing that—helps us is that we get impact aid always like in arrears, so as you get the money, you will get it one year after you could have sized down.

That will help you a little bit, but that in no way buys out all your contracts, pays off all your facilities or gets it done. So that is a major area.

But to be honest with you, all these heavily impacted schools are so concerned right now with getting schools in versus the BRAC effect. That is just another part of what is going on. Within our group, we don't see as much of that immediately. But it is very serious.

I mean, once you make all those obligations and you have all those facilities, what do you do?

Mr. BROWN. Mr. Farr, in response to your question, while OEA has been there for the state of Maryland—I am the lieutenant governor of Maryland—in terms of funding for planning and studies—they have funded aquifer and other water treatment studies; they have funded some of our planning positions, looking at workforce issues, looking at transportation issues—we have yet to have a discussion with them about construction-related dollars.

And I certainly look forward to those discussions, because as was mentioned in the panel this morning with the school impact aid coming in as a trailing component, it does put mission growth communities like Maryland and some of the other states at a little bit of a disadvantage to be able to build those schools without the assistance of the Federal Government.

But I will say that, you know, we in Maryland really understand that states have a tremendous responsibility to accommodate the growth and development associated with base realignment and closure.

We are going to benefit tremendously, as will other states, with the employment opportunities, great families coming to Maryland. So we continue to build schools. We continue to build roads.

We continue to work with our Federal delegation to get our fair share of funding in all of those areas. But to date, while OEA has been there for us for planning dollars, we haven't even had a discussion about construction dollars.

Mr. HOULEMARD. Mr. Farr, I think it is important to note that, in general, the Department of Defense provides mechanisms for bridging the gap between either a closure or an assignment for growth, but often is limited by the amount of resources that go to the Office of Economic Adjustment.

And you have just heard of two certain circumstances. The references that you have made to law are only one of multiple opportunities that the Department of Defense has for bridging the gap that occurs right after a closure happens or an announcement about a growth.

And so as the Association of Defense Communities, we would support additional resources that would help communities to bridge these gaps until they are able to provide the support and help to the military on their own.

Mr. ORTIZ. Mr. Forbes.

Mr. FORBES. Thank you, Mr. Chairman.

And once again, we thank all of our witnesses for your patience with us and through the voting process that we just encountered.

Mr. Houlemard, as I understand it, you—and we apologize that we didn't get to hear all of your previous comments, so I may be repeating something that you have said.

But it is my understanding that your organization represents both people who—or groups that have benefitted from BRAC and those who have not benefitted from BRAC, and yet you note that as a whole your membership does not really support changes to domestic bases outside the BRAC process.

Is that true? And if so, maybe you could give us a little explanation of why you think that is not a good idea.

Mr. HOULEMARD. Yes. In amplifying the comments I made before, Congressman, I think it is important to note that most of the communities that are impacted by BRAC immediately begin a process of planning that is essential for them to look forward into the future and to figure out appropriate recovery mechanisms that will solve problems for their community that come from the big void that occurs when a closure happens.

Many of these communities have already undertaken millions of dollars of effort, sometimes with the support of the Office of Economic Adjustment, but in most cases at a considerable investment of local money.

As a consequence of that kind of investment, they will come up with bonding programs, new redevelopment programs, new reuse programs that will help the communities to rebuild infrastructure, to bring in new industry, or whatever it is that the local community looks forward to in order to recover from such a significant economic impact.

If there were then changes that would occur in the process, whether it is a closure community or a growth community, that uncertainty has the chilling effect on the financial markets, on the local planning effect, on economic projections, as well as on how the community perceives its future.

That detrimental kind of impact would have such an extensive ripple effect across the Nation about what the potential would be for other changes in a process that was considered to be done under a certain set of rules that we think most communities would negatively look upon that kind of conclusion.

Now, there are some instances where communities have asked for delays. Mr. Grone mentioned earlier where certain communities asked for additional delay in implementation in order to be able to prepare.

We have had other circumstances where there were special circumstances where additional dollars were needed for certain things.

But in general, to make a change and to then have that chilling effect on what the communities have been planning and doing for now over two years, our organization would not find that consistent with the message we have given to communities over the years.

Mr. FORBES. One of the things that I think you had mentioned before—certainty is one of the things that unites your membership together, be they a benefitting community or one that is perhaps not benefitting.

Does that certainty that you believe is so important it should be—is that demonstrated to apply to BRAC funding itself?

In other words, how does the timeliness of BRAC funding impact your assessment of the level of certainty demonstrated by Congress, for example?

Mr. HOULEMARD. BRAC funding has been the source of the funding that provides for everything from environmental remediation, to costs associated with planning, to costs associated with completing the work for infrastructure.

All of the items associated with closed installations or growth installations are coming out of the BRAC fund account. It has been our experience, sir, that where there are a lack of resources you wind up with a problem associated with transfers.

You probably have often disposal issues that carry long-term impacts for the Federal budget as well as the local community's ability to do their transfer and reuse.

So one of the things—the string that ties all of our communities together is an engaging effort with the services and DOD to make sure that, working with Congress, resources are made available through the BRAC account or other allocations for our local communities.

Mr. FORBES. Mr. Deegan, just one last question. You have talked, I know, a lot in our absence and in your statement about impact funding and all, I am sure, as well.

But some rural communities have indicated that their bonding capacity is not sufficient to absorb an influx of additional dependents without Federal assistance.

Could you just maybe elaborate on some of the difficulties of their experiences?

Dr. DEEGAN. The idea of bonding capacity in a smaller community is a critical one because there is only so much money you can come up with.

And then the question becomes not only what can you come up with, but how much are you willing to come up with as a bond for

a military to come into your area, because there is a number of people who would be questioning whether they should pay that bond or have that responsibility versus the Federal Government having the responsibility.

As far as the BRAC account goes, our discussions have always centered around, you know, if communities had the resources, they would do it. They would find a way.

But quite often, you have communities that the chamber of commerce welcomes them, cheering, parades, crowds—come on in—and then the school or the service agency has to turn around and say, "Well, there is no money. We are going to plan. We are going to talk. But there is no money."

So what you have done is Congress has authorized a bridge funding system. A couple years ago, a few years ago, you authorized a bridge system where we could have a little bit of money to help hire at least the teachers.

So we hope that—you know, we got $7 million one year, $8 million the other. The sad truth is this year there is zero funding in it. One of the years that we need it the most, there is no money.

So we hope to be able to get at least $15 million back in that account and to be able to deal with that bridge funding, because that eliminates tons of problems.

It still doesn't address the facility needs, but a lot of those facility needs can be addressed under the impact aid program if they just put the money there.

So you know, in Congress there is a tendency to create programs, where I think we ought to just fund the one that is designed to do it, and that is impact aid, and then use this bridge funding to get through this process, and then it will—eventually, the need will go away and we won't need it.

Mr. FORBES. Okay. Thank you.

Dr. DEEGAN. Thank you.

Mr. FORBES. Mr. Chairman, I would yield back.

Mr. ORTIZ. The gentleman from New Jersey, Mr. Pallone.

Mr. PALLONE. Thank you, Mr. Chairman. I am going to address my questions to Mr. Ferlise since he is the Fort Monmouth witness.

But, Mr. Chairman, I just wanted to reiterate again, because I appreciate your having this committee hearing, and I am hoping that we can have another one, the problem that those of us representing Fort Monmouth face is that at the time of the BRAC we presented from the community statistics that were very exact about how the actual cost of this move was going to be twice what the Pentagon predicted, that the actual number of people who would be willing to move to Aberdeen, Maryland were only 20 percent, as opposed to, you know, the great majority that were represented by the Pentagon.

And we did, in fact, certify that. Mr. Ferlise said that that material was, in fact, certified and properly sent to the BRAC. And the BRAC was very concerned because, you know, our presentation was very much at odds with what the Pentagon was saying.

And that is why they came down with this compromise asking that this report be issued about whether or not the closure would negatively impact the global war on terror.

The frustration that we have, Mr. Chairman, is that now the Pentagon essentially admits all the things that we said were true and that the GAO has essentially confirmed all that data.

And so we are saying to ourselves, "Well, if what we said is true and what the Pentagon said was not true, then why is it that we are proceeding with the closure?"

Why is it that, you know, this report that is supposed to come out doesn't become the vehicle, if you will, for this committee to look and take another look and say, "Well, perhaps this was the wrong decision to make," because everything that we said was true turns out to be true?

And we are just looking for a vehicle to get that across. And you know, Mr. Ferlise basically said that in his testimony.

And I guess what I wanted to ask Vic, though—and that this. The larger issue, the reason for all this controversy, and the reason why we presented all this alternative data was because we were convinced that the closure of Fort Monmouth would negatively impact the global war on terror.

We wouldn't be able to proceed with all the things that the communications and electronics command does at Fort Monmouth if 20 percent of the workforce—if only 20 percent moved, if all these additional costs were put into place.

And now when I listen to Mr. Grone, he basically said—well, I mean, I don't want to put words in his mouth, but essentially he said to me, "Well, that is all very nice, but we have a much larger mission here at Aberdeen Proving Ground. We are going to do a lot more."

He said, "The move to Aberdeen isn't just about replicating the functions at Fort Monmouth. It is about creating something we don't have today, something new."

Now, I never heard that before. And now I am afraid that with all our criticism this is now morphing into something that was not represented to the BRAC at the time.

And so my question to you is, you know, what do you say? In other words, is this transfer going to be possible? Can you reconstitute the Fort Monmouth workforce without disrupting support to the global war on terror?

And what is it that he might be talking about here that is larger than life and much more important than what we do now? Because I have no clue, if I could ask you that.

Mr. FERLISE. A number of issues in there, Mr. Chairman. First, I want to talk about the certifications he referred to this morning. And I think his point was the community certification was outside the process.

My testimony this morning was that I certified it internally in response to BRAC questions. Twenty-two questions were posed by the BRAC, including question seven about the money. They were posed in June of 2005.

On July 14th I personally certified all of that data, and that data was for $1.44 billion, not $700 million, and that data was transmitted to the Department of the Army, and I am sure it went to DOD ultimately.

I don't think Mr. Grone realizes that, listening to him this morning, but I can tell you and I can show you the documents where

internally we stayed within the certification process, and I signed those documents.

More than that, the cost of the use maps move was initially identified as $20 million, $22 million. In June of 2005, a 1391 was presented by West Point saying cost would be $220 million.

This also was data that was never given to the BRAC Commission until much later, actually in December, four months after the decisions were made.

I also cite the Federation of American Scientists, and I am going to quote them. They are an organization that was formed at the time of the Manhattan Project, and they are highly credible. They are nonpartisan. They are nongeographical.

They say there is firm evidence that some Pentagon officials—some Pentagon officials, not all—deliberately misled the BRAC Commission, thereby deceiving the President, the United States Congress and the rest of the Department of Defense and the American public.

I believe that statement is true. Their reference is to data from the joint cross-service working group that was suppressed. I believe if all of that data had come out it would have been clear that this decision was baseless.

So I have to say that some of the comments that I made earlier today—I know you weren't here, so if it is okay I will just repeat and tell you where I am coming from.

Mr. PALLONE. Go right ahead.

Mr. FERLISE. I am coming from supporting warfighters. That is what I am about. What you heard just now is that the costs were understated. I have told you I certified the correct costs. Those did not go to the commission. Somebody should answer for that.

Now, I knew those numbers would be dramatically different than what was being used, so I took the additional step from Fort Monmouth of asking for Army Audit Agency to do an independent review before I signed this document.

I was told that they were directed not to audit those numbers. Now, I don't know why they were directed. I can guess why they were. I had my internal auditors audit the numbers, and then I certified them.

When I listened to the Secretary of the Army's testimony, it just doesn't make sense. He said, "I want to consolidate you with your test ranges." Well, the C4ISR test ranges are at Fort Huachuca, Arizona. They are not at Aberdeen Proving Ground.

There are test ranges there for vehicles and guns and things like that, not for C4ISR. They are at Fort Huachuca, Arizona and at Fort Dix where we have a live test bed.

But what disturbed me most from what I heard this morning, after 29 months, three members asked, "Well, what is it good that is going to come out of here?" And I didn't hear an answer. There was no answer to—look, we are going to tell you what it is pretty soon.

Well, the answer is there is no good answer. At Monmouth, we are looking at the national inventory control point for electronics, 55,000 different items that are managed there, Research and Development (R&D) there, logistics support is provided there.

So if I take you to the theater, that is half of the Army's entire inventory. One of the two things you touch in that theater come from Fort Monmouth, either R&D or sustainment-wise.

So if you went to the theater, and I am sure some of the members have, and you rode in a vehicle, it had Force XXI Battle Command, Brigade and Baton (FBCB2) for situational awareness in it. That is from Fort Monmouth.

It had Blue Force Tracking. It had radios. Most importantly, it had jammers of one type or another—the Warlock family of jammers, the Duke family of jammers, all protecting our soldiers.

And I heard something this morning also about why we couldn't re-look at this decision because—words like it would be hard, or it would be destabilizing. We are talking about the lives of soldiers.

I just, in September, went to the funeral of a soldier from Toms River, a Marine who was killed by an IED, and the hurt and pain on his family's face is something I will not forget. To think that that has happened 2,000 to 3,000 times where we lost soldiers and lost others for other reasons is unthinkable.

For us to take any risk at all in disturbing what is the nerve center for IED countermeasures and electronics—this battle of electronics is a battle of intellect and engineering. We are engaged in it full speed. We have excellent people.

You will hear people say other organizations are doing IED work. And you know what? They are doing IED work because it is such a traumatic issue for our warfighters. It is a national issue.

But every one of those groups is headed by an engineer from Fort Monmouth. Why is that? Because that is the undisputed center of excellence.

Sustainment—more than 30,000 systems in the field for ground protection.

In the aircraft, if you flew in an aircraft in theater, you had jammers on that aircraft. You had radios on that aircraft. You had the airborne version of FBCB2. A whole range of—all of the avionics on those aircrafts comes from Fort Monmouth.

Eleven general officers, all retired, with decades of C4ISR experience, came up on the Net and said, "This is a mistake. It will be immediate detrimental impact to the force. Don't make this move." That was ignored.

Commissioner Coyle, the only commissioner that understood C4ISR, attempted to explain to the members why you shouldn't do this. Ultimately he ended up being ignored, and he was the only one that voted against the closure.

I stress that this IED business and the whole warfighter business is about protecting soldiers. And I heard this discussion of what is hard—this is hard to do this.

And then one question was asked by Congressman Holt, "What would it take in terms of impact for DOD to say let's not do this?" And he kind of waffled a little.

I understand his position. He is coming here representing the department with the marching orders he has. But I submit to you as being there for 36 years, the last 14 of which I oversaw everything we did, this is a mistake that will cause us to lose lives.

And I know the members on this committee share the anxiety over every loss of life. And I would ask you to use everything you—

all your power to look into this and reverse this decision so that we don't lose the intellectual capacity.

But more than that, it is not about jobs, it is not about people lying about the money, it is about soldiers. Thirteen hundred times a day a requisition comes to Fort Monmouth for support, three million times since 9/11.

And 9/11 is a good example of what I am talking about. Soldiers, engineers and civilians went into New York City with the most advanced position locating equipment, stuff that came right out of our classified laboratories. You can't talk about it still.

And it was used in not only the Pentagon search and rescue but also in New York. And at least a dozen different systems were used in that.

So I would ask that this committee look at having another hearing and go through all of the facts that were really available in the Department of Defense.

And why was Triple A directed not to audit those numbers? Why did those numbers happen to be almost exactly the numbers that DOD said? And I am going to tell you my opinion. It is because they were the numbers, and they were known to be the numbers, and that is not what we should be about.

To be perfectly frank with you, I am an attorney, and I was the chief counsel at Fort Monmouth, and one of the things that I enjoyed about working for the government—and I hired many lawyers. I said the one thing we will never have to do is lie. We are going to tell the truth.

I was dumbfounded when that certified data did not go forward. It was just not in keeping with anything we did or learned.

Now, I talked about the American Federation of Scientists and their view. The question is who knew it, who did it, who stopped it. But the testimony of the secretary is just not credible, frankly, as to what his reason was for making this recommendation and fighting so hard for it.

Yes, sir?

Mr. ORTIZ. I wanted to ask a question of all of you, and maybe you can respond. How many site visits did the members of the Base Closure Commission make to your facility, if you can elaborate on that?

Mr. FERLISE. Two.

Mr. ORTIZ. Two.

Mr. FERLISE. As I recall.

Mr. ORTIZ. And was this by all members——

Mr. FERLISE. No.

Mr. ORTIZ [continuing]. Or just a few members?

Mr. FERLISE. A few members.

Mr. ORTIZ. Anybody else?

Mr. BROWN. I don't have any information on that, Mr. Chairman.

Mr. ORTIZ. Thank you. Thanks.

Mr. HOULEMARD. The committee conducted a hearing in my home community of Monterey.

Dr. DEEGAN. We had none.

Mr. ORTIZ. See, this is the concerns of many—I can remember when at least they came to my base that was shut down. I think

that we had two members who came separately to look at the—and I was with them.

And one of the things that they asking me is if they wanted to move, and they said no, we can't afford to move to California because it is too expensive, and we can't afford to buy a home, we will be tied up in traffic for two, three hours a day, and we don't want to move.

Well, they didn't want to move, but they moved them. And that is what happened. And I think that this is very, very important, the base closure process, and I think that this should have been the responsibility of the elected Members of Congress, not to pass it off to somebody else to do that.

But the thing is that whatever damage has been done, the Congress and the Senate voted for it, but your request that you have made will not go unnoticed. You know, we will look into it and we will, of course, advise the chairman of the committee, and he will look into it and see what he advises to us.

But it is very serious, especially when we shut down bases when we are in the middle of two wars, you know.

Mr. FERLISE. Absolutely.

Mr. ORTIZ. And then we have also a lot of hot spots around the world, and we have a huge debt, and we are putting money here, there and everywhere, and it is costing the taxpayers a lot of money.

Mr. PALLONE. Thank you, Mr. Chairman.

Mr. ORTIZ. Mr. Smith, do you have a question, sir?

Mr. SMITH. Yes, Mr. Chairman.

Mr. ORTIZ. Go right ahead.

Mr. SMITH. Thank you very much. I do appreciate it.

And let me ask—I would also like to ask Mr. Ferlise a couple of questions.

And to you, Mr. Chairman, with the business report coming out, the report from the DOD, I would again reiterate the request that there be a follow-up hearing. You know, with every rule there is an exception.

As I said in my opening, BRAC has done some very good things. I have been involved in—you know, we have had some of our bases in New Jersey put on the list. Some of them were changed, some of them for the better.

But in this case, this is the most glaring exception I have seen in my 27 years of a DOD blunder that is about to be, you know, unfolded and implemented.

And I think, you know, with all due respect to our good friends in Maryland, they will find very quickly that they won't have the personnel to train these individuals. Vic Ferlise makes that point in his testimony.

And at the end of the day, this is all about the warfighter. It is whether or not we pull the plug on a number of important missions.

Secretary Harvey, as you have pointed out, Mr. Ferlise, didn't even know what the mission was. And you know, he has got a lot on his plate at the time. But when you misstate in a way that is then reported upon, it just begs the question who is advising him.

You know, the fact that Mr. Ferlise just mentioned that that certified data that he himself—and let us underscore that—he himself certified after his own internal audits did not make its way onto consideration for the BRAC commissioners.

But three months later, on the BRAC Web site—because we went to it and downloaded, as did others, I am sure—they had the certified data. It was like after the fact, "Oh, let's get this on the Web site real quick," to somehow suggest that it was taken into due consideration, which we have every reason to believe it was not.

There needs to be very, very careful scrutiny given to this egregious decision.

I would like to ask Mr. Ferlise—you have called the loss of intellectual capital, which would be about 3,100 people and maybe more, irreparable and irresponsible.

You said that the intellectual capital will be lost and not recovered for an intolerable period of time, if ever, which I think is a very telling statement.

You point out that system experts take from six years to nine years, if they are trained right out of college or soon after college, four years to six years if they are in mid-career.

You also point out, and this needs to be underscored 1,000 times, very few employees will be available to train the new employees. So we will have a thud, a loss of capability, that will happen overnight or, in the terms of the DOD implementation, a few years, but that is overnight.

And who gets hurt at the end of the day? Our warfighters. If you could elaborate on this irreplaceable loss for the committee, because I think that begs the question as to why this needs to be stopped.

Mr. FERLISE. I think in response to that question you need to understand first at least my view of what Fort Monmouth is.

It is a national treasure that we have that grew up in Monmouth County, New Jersey. It grew up in the shadow of giants—Bell Laboratories, Sarnoff Laboratories. There was a time when they were stealing my engineers—$25,000 bonus for anybody that could bring an engineer from Fort Monmouth to them.

Bellcorp is there. Telcordia is there. And a whole raft of I.T. giants—AT&T is there.

So what you are looking at today in Fort Monmouth is a national treasure that is not going to be readily replaced elsewhere, especially going to an area where there is no culture of C4ISR.

If you were to move to a place like Boston, where MIT is, and a whole raft of institutions there, you might have a start at it. But to move to a place with no C4ISR background is a recipe for disaster that only our soldiers will have to pay for.

So I think that intellectual capital will not be readily replaced. The people will be replaced, but the ones that can figure out how to deal with that particular jammer threat are not going to be there.

Now, the jammers that we have in theater defeat about 80 percent of the threats. And to give you an idea of the magnitude, we are talking about a threat—an actuating mechanism that has changed more than 500 times.

Engineers at Fort Monmouth get that information through something called TEDAC and the FBI, and they immediately destruct the device and figure out the countermeasures.

In fact, some of the countermeasures are already on the shelf anticipating where the physics will go next, if it is going into the infrared or the R.F. range, or what it is, so that we are anticipating.

The latest jammer that is over there is a software-defined jammer that we can change—we can just change the software now without redeploying the package. And when I talk about jammers, I am talking about 30,000 are there.

Every Thursday morning I had to report to the four-star on how many more had been fielded, how many more had been installed. It was that critical of an issue. And it is obvious it is a critical issue.

And to take that cadre of people and move them and risk this loss is unthinkable to me. And I talk about IEDs—IEDs is a family of equipment, but there are fire finders over there. There are lightweight counter-mortar radars that are over there—came from Fort Monmouth.

The C–RAM, a spectacular device that shoots down mortars in flight—in flight—70 percent hit rate—there is a whole raft of radars, radios, computers, all types of intelligence equipment coming from there, totaling, as I said, one-half of the entire inventory of national stock numbered items.

Mr. SMITH. If I could ask one final question, Mr. Chairman.

Mr. ORTIZ. You know, sometimes we—in my community—they ask, you know, and I was just going to ask the governor, you know—I know you do have some intellectual capacity, but it will take more.

Do you think you have that capacity to draw, to bring them in to your area?

Mr. BROWN. Mr. Chairman, I don't think there is another state, with all due respect, that has the fundamentals, the solid educational workforce training capacity that we have in Maryland.

I do agree that it will be a challenge with filling 70 percent of the jobs or so with Marylanders. But our fundamentals are strong, and there are some—there is some information I would like to put in the record. It may not be in my written statement.

Fifteen percent of our workforce holds advanced degrees—that we ranked number one in the country. Thirty-five percent hold bachelor's degrees. We rank number two in the country. Twenty-six percent of our workforce are professional and technical workers. We rank number one.

Our technology industries—and we do pride ourselves on both information and biotechnology and other emergent technology industries. Seventy-nine of every 1,000 private sector workers are in that industry. That is the fifth-highest concentration.

We have national ranked, world ranked schools—Johns Hopkins, University of Maryland, Baltimore College, to name a few. They have been recognized as centers of excellence by the National Security Agency (NSA). We believe that they are well suited to educate the workforce to meet the needs of the moving command.

We are making good use of an $18 million Federal grant to incorporate more STEM, science, technology, engineering and math, in

our middle and high schools. This is all part of keeping that pipeline of an educated and skilled workforce.

So while there are challenges, and I did identify that earlier today as one of the three challenges I identified, which is workforce, we believe that Maryland is well equipped to address that challenge, Mr. Chairman.

Mr. SMITH. Mr. Chairman, if I could follow up.

Mr. ORTIZ. I yield to my good friend, the chairman of the Seapower Subcommittee and a very valuable member of this committee, Mr. Taylor, and then I will yield to you.

Mr. TAYLOR. I thank the chairman. Mr. Chairman, I never want to miss an opportunity to say what an incredibly stupid idea the whole BRAC process was. I think today's hearing has confirmed that.

But I have had requests from Congressman Rush Holt to have some questions submitted for the record. I would like to ask unanimous consent to do so.

And I also would like to, since Congressman Pallone, who is not a member of the committee, has some very valid questions—and I get a lot of opportunities to ask questions, so with unanimous consent, I would like to ask that my remaining time go to Mr. Pallone.

Mr. ORTIZ. No objection. So ordered.

[The information referred to can be found in the Appendix beginning on page 224.]

Mr. PALLONE. I wanted to thank my colleague from Mississippi.

And I also wanted to stress that I agree with you. I voted against all the BRAC. I think that the BRAC is—he used the term stupid. I guess I will say the same thing.

I really think Congress should make these decisions. They shouldn't be made by the BRAC. And this is certainly another indication of why.

Mr. Chairman, my only comment and then question is this. My concern right now is where do we go from here. In other words, the Pentagon has told us from day one that they are going to issue a report saying that it is okay to close Fort Monmouth.

They have also indicated to you today that they don't even have to issue that report, that they don't feel they have any obligation to. They are just doing it, I guess, to be nice.

I don't buy that. I think the language is clear in the BRAC that this report was to be submitted to the committees of jurisdiction, of which, of course, this is one, because of the concern by the BRAC that the closure of Fort Monmouth might negatively impact the global war on terror.

So I am just hoping that when that report comes out by the end of this month, and I fully expect it won't be until the 31st of December, you know, at 5 o'clock in the afternoon, that there will be an opportunity, as the GAO said, to review it, but also for this committee to review it and, as Mr. Smith said, to have another hearing.

Because the fear we have is that the process all along has been that the Pentagon wanted to do this closure without justification, and that they have essentially rejected or even hid the data that we provided that would have shown it was a mistake.

And so we have every reason to believe, based on what they told us, that they are essentially going to whitewash us again with this report. I mean, they told us that today, and they have told us that previously.

So really, this is the only opportunity that we would have, is if this committee follows up on it. So I just wanted to make that clear, if I could.

And the only other question that I wanted to ask Mr. Ferlise—and following up, again, on what I said before—you know, Mr. Grone today basically came in and said, "Well, we are not necessarily replicating Fort Monmouth, we are doing something new."

And I don't even know what he is talking about, and I just—I don't know if you had the time to address that or not. But you know, for a long time, the purpose of this BRAC was supposed to be, you know, purple-ization.

Mr. FERLISE. Right.

Mr. PALLONE. All that was thrown out. And basically we were told all we are doing is replicating Fort Monmouth. So how does he come in here now and say something new? What do you think he is talking about?

Mr. FERLISE. I can't imagine what he is going to say. As I said earlier, you could have combined the three electronics commands—very hard to do. You know, the people involved—very hard.

The engineers all work fine together. It is just when you get into other issues——

Mr. PALLONE. Mr. Chairman, if I could just interrupt, we were told initially with the BRAC that the purpose of the BRAC was to create purple-ization or joint forces, so theoretically, you know, you have a Sea Command (SEACOM) at Fort Monmouth for the Army, you had another one at Hanscom for the Air Force, you had another one in San Diego for the Navy.

And one of the things they were looking at was to combine these all into one place. That was essentially rejected by the Pentagon, and they said, "Well, all we are going to do is replicate the Army one at Aberdeen."

And so I don't understand, when they rejected that, now they are saying, "Well, we are going to create something new here." What is it that is new? They basically said, "All we are doing is replicating the Army SEACOM. We are not doing anything else."

And now he comes in and suggests that somehow we are not doing that. You understand that is the problem.

Mr. FERLISE. If I could respond——

Mr. ORTIZ. Yes, go ahead, sir.

Mr. FERLISE [continuing]. In 29 months they haven't been able to articulate that. I don't have fear that they are going to be able to articulate it next month.

It did start out with jointness. That was in the "too hard" box. It then moved to, "Well, we will consolidate all similar Army C4ISR functions." Well, ARL is headquartered at APG, and they have a—the only part of it that does C4 stuff is at Harry Diamond Labs. That didn't go.

The night vision lab from Fort Monmouth from seacom—it got taken off at the last minute.

NADC was supposed to go. They didn't go.

The only thing that is going is Fort Monmouth, seacom, and part of that is being scattered to the winds.

I have to take one just pathetic note on that. So we didn't do joint cross-servicing. We didn't consolidate within the Army.

We, in fact, took one organization that does all satellite terminal work out of Monmouth. There is a satellite park there with every single satellite replicated, and engineers and program management people.

We are sending the satellite terminals to Aberdeen Proving Ground and the people are going to Fort Belvoir. They are 100 yards apart right now. So not only did we not consolidate, we even managed in this process to separate things that were working fine together.

It just doesn't pass the common-sense test.

Mr. ORTIZ. Thank you, sir. We are about to have a series of votes again.

Let me yield to my good friend Smith, and then we are—I think we have held you hostage long enough here. But all of you have made a wonderful presentation. You all have made some great points.

And we are going to take all of this into consideration. We will talk to the other members of the committee and I will work very closely with my good friend, my ranking member, and work with you.

But let me yield to my good friend, Mr. Smith.

Mr. SMITH. I thank the distinguished chairman for yielding and again for including us on your panel.

Let me ask Mr. Ferlise a question with regards to—Phil Grone, when he spoke earlier, mentioned 50th in terms of military value as if he was dropping a bomb.

You addressed that in your written statement about the non-mission-related attributes, like environmental elasticity. Could you explain this fallacy? Because again, it has surface appeal, but as soon as you dig away a little bit, it just—there is nothing there.

Mr. FERLISE. It is about maneuver ranges that he is talking about. He is correct. We don't have 50,000 acres there. But we have Fort Dix with an enormous range. In fact, it has one of the only tank ranges on the East Coast.

We also have Fort Irwin. We test at both of those places.

Mr. SMITH. And there is already jointness with those bases.

Mr. FERLISE. Yes. Correct. So you know, I think that is part of the same story that we haven't heard the end of yet. There is no logic here. I can't express it to you in a way that says, "This is good for soldiers."

And I defy you to find somebody to come forward and say, "This is the best thing we have done for the warfighter." I don't care about money. I don't care about people in Monmouth losing jobs. Nobody says that, because it is absolutely not true.

In 29 months they couldn't even articulate something that could pass a straight-face test.

And the other thing I want to say is in that 29 months since that caveat came out, not one single step has been taken to protect that workforce. There are things that could have been done—retention

bonuses for people, all kinds of other things. None of that has been done.

That report should address what have you done in the last 29 months. Every one of those 29 months I can tell you people have left Fort Monmouth. They have gone to the joint base. They have gone to Picatinny. They have gone to industry. They have gone all over. But you just can't sit by and let that happen.

Now, I don't want you to misunderstand where we came from before I retired. We did everything we could to bring people from Maryland. We recruited routinely at Maryland because we wanted to get those people up here, train them, and then hopefully they would want to move back to Maryland.

So when I was in government service, I viewed myself as executing the law, and I am going to do everything I could. And they will, too. But I can tell you the people at Monmouth are committed to doing whatever the law is because warfighters need it, not because of money, not because of jobs.

The bottom line on every document you ever got from Fort Monmouth said, "Our bottom line is the soldier." People in industry ask me, "Why do you say that?" Their bottom line is money. Ours isn't money. Ours is taking care of those soldiers, wherever they are in the world, and doing whatever we have to do.

I will give you one more example. I realize we are a little long on time, sir. Blue Force Tracking. I got a call from the Pentagon six months before we went into Iraq, "How many teams can you give me to field Blue Force Tracking in the theater, all the vehicles are there already?"

Took me about two hours. I called him back, the G–6 of the Army. I said, "You have a blank check. If you want one team, I will give you one. You want 10, I will give you 10. You want 100, we will give you 100 teams." In short, we will do whatever we had to do.

And Blue Force Tracking got into the tune of 1,200 vehicles and saved lives. The tank battalions that crossed in Baghdad saw each other because of Blue Force Tracking, saved lives. And that is what you got there.

You have a national treasure, and we can't let it just go by.

Mr. SMITH. Finally, Lieutenant Governor Brown, Phil Grone said earlier that details in the report that will be released later this month will include mitigation of any loss of intellectual capital.

And I am asking you sincerely. You went through, you know, people's resumes. And you know, we could do the same thing and say we have this kind of capability, you know, we will put it up in a brochure.

But when it comes down to people who have a very specific expertise that has been learned over the course of several years, do you see—and again, the use of the word mitigation—we use the word mitigation when you are talking about toxic waste cleanup. You know, you lessen the risk.

As Phil just mentioned a moment ago, you know, no one is saying this is a good thing. They are saying it is not necessarily a bad thing. And I am wondering, do you have any concern, any whatsoever, that there is a risk to the warfighter because of this move?

Mr. BROWN. Mr. Smith, my concern is that in Maryland we are doing what we can do each and every day to support the warfighter, and that is what we are committed to doing.

Some of the steps that we have taken, recognizing that often the employee looks to a spouse in helping make that decision whether you move—we have set up one-stop shops at Fort Monmouth for spousal employment and transitional services.

We have set up the same thing outside of the gate at Aberdeen Proving Ground to facilitate that communication, to continue to identify those needs, to get those percentages as high as we can do.

That is what our focus is on, bringing as many people with the jobs so that we——

Mr. SMITH. I understand. Is there anything in Mr. Ferlise's testimony, which I think just lays out this case—if this was going to court before a jury, I think it would be a unanimous jury that this is a foolish move, casting no dispersions whatsoever on Aberdeen nor on Maryland.

But just based on intellectual loss, the capacity of people to do this job in the midst of a horrific war—you know, so my concern is did you hear anything in what Mr. Ferlise said that would persuade you that there is some caution here, that there is some risk that has gone underappreciated by some?

Mr. BROWN. Mr. Smith, that is somewhat out of my lane. All I can tell you is that what is in my lane is making sure that we invest in the human capital and the physical infrastructure in Maryland so we can accommodate the arrival of families and jobs, and we are doing that each and every day.

And I have met with the leadership at Fort Monmouth. I have heard their concerns. We have heard their concerns, as well as at Aberdeen Proving Ground. And each and every day we commit ourselves to addressing those concerns. And we know it is a challenge.

Mr. ORTIZ. Thank you so much. I know that the Members who were here with us today are very sincere, you know, in representing their communities. And I think that we had some good stories, good testimony, today.

We will share this information with the rest of the full committee. And I just want to thank each and every one of you for participating and being some outstanding witnesses today.

And I can assure you that we will try to see if we can solve some of this mystery, because there is a lot of people still out there who are a little confused.

But thank you so much for joining us today and being outstanding leaders in your community.

And, Governor, thank you so much for being with us.

Mr. BROWN. Thank you, Mr. Chairman.

Mr. ORTIZ. And now this hearing stands adjourned.

[Whereupon, at 2:56 p.m., the subcommittee was adjourned.]

# A P P E N D I X

December 12, 2007

## PREPARED STATEMENTS SUBMITTED FOR THE RECORD

DECEMBER 12, 2007

HOLD UNTIL RELEASED
BY THE COMMITTEE

**STATEMENT**

**OF**

**MR. PHILIP W. GRONE**
**DEPUTY UNDER SECRETARY OF DEFENSE**
**(INSTALLATIONS AND ENVIRONMENT)**

**BEFORE THE**
**SUBCOMMITTEE ON READINESS**
**OF THE**
**HOUSE ARMED SERVICES COMMITTEE**

**December 12, 2007**

Chairman Ortiz, Mr. Forbes, and distinguished members of the Subcommittee, I appreciate the opportunity to appear before you today to address the Department's implementation of the Base Realignment and Closure (BRAC) decisions.

***Base Realignment and Closure 2005***

The BRAC 2005 effort is the largest round undertaken by the Department. After an exhaustive examination of over 1,200 alternatives, the Secretary of Defense forwarded 222 recommendations to the BRAC Commission for its review. The Commission accepted about 65 percent without change and its resulting recommendations were approved by the President and forwarded to the Congress. The Congress expressed its support of these recommendations by not enacting a joint resolution of disapproval by November 9, 2005, therefore, the Department became legally obligated to close and realign all installations so recommended by the Commission in its report. These decisions affect over 800 locations across the Nation and include 24 major closures, 24 major realignments, and 765 lesser actions. The BRAC Act requires that the Department begin implementation of each recommendation within two years of the date the President transmitted the Commission's report to the Congress and complete implementation of all recommendations within six years of that date. The Department is now squarely within the statutory six-year implementation period which will end on September 15, 2011.

Beyond the comparative size of the 2005 round, it is important to note that this is the most complex round ever. The complexity of this round is not merely a function of its magnitude. The complexity is, to the largest extent, a function of the original goal established for this round: that BRAC 2005 would focus on the reconfiguration of operational capacity to maximize war fighting capability and efficiency. Focusing on operational capacity requires that

we increase the aperture of the lens we use to judge these actions so that we do not confine ourselves to a comparison of costs and savings. Instead, we must expand our view to appropriately assess the increased capabilities we are achieving through the implementation of these recommendations.

As the Department has testified on a number of occasions, DoD has begun the process of realigning or closing a number of large permanent bases overseas in favor of small and more scalable installations better suited for rapid deployments. The Global Defense Posture realignment effort identified an overall set of plans for returning overseas forces back to military installations in the U.S. These plans were integrated with the BRAC process regarding relocations from overseas to domestic bases during the prescribed BRAC time period. All Services factored requirements of returning forces into their domestic infrastructure requirements and this resulted in recommendations to accommodate forces at U.S. installations.

***Results of Base Realignment and Closure 2005***

BRAC 2005 was a capabilities-based rather than requirements-based analysis. That allowed the Department to review facilities within the context of the capabilities they offer instead of evaluating them against static requirements that limit the comparison to what we may know today. Because it was critically important for the Department to retain the infrastructure necessary to accommodate its ability to "surge," the Department gauged its installations against the range of threats faced by our Nation so that it could differentiate among and capitalize on those that offer needed capabilities, and reconfigure, realign or close those that did not.

Assessing our infrastructure within a capabilities-based analysis required that we examine and implement opportunities for greater joint activity. Prior BRAC analyses considered all functions on a service-by-service basis and, therefore, did not result in the joint examination

of functions that cross services. While some unique functions will always exist, those functions that are common across the Services were analyzed jointly to maximize the access the entire Department will have to the assets provided by the supporting infrastructure.

***Military Value***

The base closure process was designed in law to be objective, open, and fair. Each recommendation, rooted in the Department's long-term force structure plan and installation inventory, was measured against eight criteria that were previously subjected to both congressional review and public comment. In developing the criteria, the Department, pursuant to statute, gave priority consideration to military value (criteria 1-4), then considered costs and savings (criterion 5), and finally assessed the economic impact on local communities, the community support infrastructure, and the environmental impact (criteria 6-8). Ultimately, these criteria were amended and codified in law. The Military Value criteria are provided here for reference:

(1) The current and future mission capabilities and the impact on operational readiness of the total force of the Department of Defense, including the impact on joint warfighting, training, and readiness.

(2) The availability and condition of land, facilities, and associated airspace (including training areas suitable for maneuver by ground, naval, or air forces throughout a diversity of climate and terrain areas and staging areas for the use of the Armed Forces in homeland defense missions) at both existing and potential receiving locations.

(3) The ability to accommodate contingency, mobilization, surge, and future total force requirements at both existing and potential receiving locations to support operations and training.

(4) The cost of operations and the manpower implications.

***BRAC Estimates vs. BRAC Budgets:***

While savings are certainly an important benefit of BRAC - the primary focus, as required by law, remains on maximizing military value. As was our policy in the previous rounds and as codified in the statute authorizing BRAC 2005, Military Value was the primary consideration in making closure and realignment recommendations. Maximizing Military Value does not always result in costs and savings.

The Department and Commission estimated the BRAC 2005 investment at $22.3 billion. Making this investment was estimated to result in Annual Recurring Savings (ARS) after the implementation period in 2011 at $4.4 billion. In arriving at its original estimates, the Department and Commission used the Cost of Base Realignment Actions (COBRA) model, which is a tool for comparative analyses of a variety of options using standard factors applicable during the timeframe within which the BRAC analysis was conducted. As such, COBRA was not designed to, nor does it produce, budget quality estimates. For instance, in arriving at comparative assessments that provided for an equitable treatment of all facilities, COBRA displays financial information in constant dollars in the initial year of implementation, which are unaffected by inflation. Revised cost and savings estimates, supported by the detailed planning and site surveys necessary to support budget submissions, could not be conducted during the COBRA analyses.

As I have previously testified, the Department's FY 2008 President's Budget request included a total BRAC 2005 investment of $31.2 billion with an Annual Recurring Savings of approximately $4 billion ($30.8 billion in one-time costs in the BRAC Account plus $400.6 million funded by the National Geospatial-Intelligence Agency from outside the BRAC Account). The $8.9 billion increase over the COBRA estimate, which is fully funded in the

President's FY 2008 budget request, results primarily from inflation, changes in military construction, and Army-specific requirements. The savings decrease is primarily a result of revised personnel eliminations.

- Inflation: The $22.3 billion cost estimate reflected the results of the Commission's actions on the Secretary of Defense's BRAC recommendations, stated in constant FY 2005 dollars. The $31.2 billion cost figure reflects a stream of Then Year dollars spread over FY 2006-2011. Spreading the constant $22.3 billion over the six-year implementation period and by applying Office of Management and Budget inflation factors, resulted in an increased funding requirement of approximately $2 billion.
- Military Construction (MILCON): About 70 percent of the Department's BRAC 2005 investment supports MILCON requirements. This is a significant change from previous BRAC rounds in which MILCON represented only about one-third of the total investment. During the implementation planning process, besides dealing with fact of life dynamics like inflation factors exceeding previous planning factors and the effects of delayed implementation due to delays in receiving appropriations, the Department has made key decisions to:
    - In some cases, use new construction versus renovating space (existing space diverted to other needs)
    - Accommodate changes in unit/organization sizes, functions or responsibilities by increasing facilities or changing configurations, or building additional facilities
- Army-Specific Requirements: Relative to the other Services, the Army made the most use of BRAC as an instrument to facilitate total force transformation. As their transformation efforts developed and more detailed planning was completed, the Army

increased its BRAC requirement by $4 billion to address training ranges, armed forces reserve centers, quality of life and medical construction projects, furnishings, environment remediation, program management and planning and design.

- Annual Recurring Savings: Decreases from $4.4 billion to $4 billion primarily resulted from revised personnel eliminations.

***Tracking BRAC Savings***

While the difficulty in quantifying the actual savings the Department will realize from BRAC has generated some debate, the fact that BRAC has generated substantial savings has not been credibly questioned. Changes in costs are easy to measure and their justifications can be closely scrutinized, but it is exceedingly difficult for any organization, public or private, to quantify exactly the costs that it has avoided. As the GAO acknowledged in its July 2001 report, "Military Base Closures, DOD's Updated Net Savings Estimate Remains Substantial," accounting systems are not oriented to identify and track savings. Therefore, increases or decreases in savings over time are more challenging to track.

As I have previously testified, the Department recognized this challenge for this BRAC round and responded by initiating a process to develop Business Plans that establish the requisite actions, timing of those actions, and the costs and savings associated with implementing each recommendation. The documentation of savings in Business Plans directly responds to the observations made by the GAO in previous BRAC reports.

Business Plans serve as the foundation for the complex program management necessary to ensure BRAC 2005 recommendations are implemented efficiently and effectively. Responsibility for the development of each Business Plan was assigned, by recommendation, generally to the Military Department or Defense Agency with facility management authority at

the receiving site. Organizations significantly impacted by the recommendation were key players in the process and formally coordinated on the plans. For those recommendations that originated from the seven Joint Cross-Service Groups (JCSGs), the functional staff proponents review the implementation plan to ensure they achieve the goals envisioned in the recommendation. Additionally, the OSD Office of the General Counsel has been a key player in reviewing the Business Plans to ensure that they are legally sufficient and to verify that the Department is meeting its legal obligations.

***BRAC As An Investment***

It may be useful to compare the BRAC's rate of return to the real interest rate on Treasury notes and bonds used by the Office of Management and Budget (OMB) to evaluate the cost-effectiveness of government programs. Based on the costs and savings represented in the FY 2008 President's Budget, the inflation-adjusted Internal Rate of Return (IRR) for the BRAC account for the period 2006-2030 is 10.0 percent. Appendix C of OMB Circular A-94 estimates that the 20 year real interest rate on Treasury notes and bonds to be 3.0 percent. Therefore, the BRAC account's IRR is seven percentage points greater than the government's expected cost of borrowing. The BRAC account's 10.0 percent Internal Rate of Return is a significant benefit that the Department will realize from successful implementation of these recommendations.

***Assisting Communities***

The Department, through the Office of Economic Adjustment (OEA) and the Defense Economic Adjustment Program (DEAP), continues to work with states and more than 175 communities across the country as they respond to the effects of broad changes in Defense infrastructure, including efforts resulting from BRAC, Global Defense Posture Realignment, and

modularity. This same assistance will also be available to those areas that may be affected by "Grow the Force" decisions in the coming months.

In the context of BRAC, to date the Department has recognized Local Redevelopment Authorities for 126 locations to create a local redevelopment plan and direct implementation of that plan for more than 62,000 acres that are available for civilian redevelopment. The Department takes great care to ensure these Local Redevelopment Authorities have sufficient information on available property for the community's consideration in their formulation of a redevelopment plan. The majority of these communities, with assistance from OEA, are nearing completion of their redevelopment plans to reflect the specific local market forces, public facility and service needs, and balance local homeless and community economic development interests. To date, 43 of these LRAs have completed their redevelopment plans and included them in their submission to the Department of Housing and Urban Development (HUD) for their review, of which 13 have been approved by HUD. HUD is tracking its review of submissions and is closely coordinating their actions with the Military Departments and communities to support DoD's needs.

In disposing of surplus property, the Department is careful to not preclude any disposal method until a redevelopment plan is completed. Additionally, as part of the NEPA decision, the Military Departments give substantial deference to the Local Redevelopment Authority's redevelopment plan and flexibly apply disposal methods from our "mixed tool kit," ranging from fair market value, public benefit, and those that may be at no cost or discounted consideration. As these redevelopment plans are finalized, the Military Departments will link the Department's environmental and property disposal efforts, including any necessary environmental remediation, with local civilian redevelopment actions.

Additionally, from the previous rounds of BRAC between 1988 and 1995 when 387 facilities were closed, including 97 major installations, the Department has disposed of approximately 460,000 acres, or 93 percent of the real property available for redevelopment. Local redevelopment efforts, in turn, have resulted in the creation of more than 137,451 jobs, more than offsetting the 129,649 civilian jobs that were lost as a result of these actions.

At the same time, OEA is working with those locations that are experiencing an influx of missions and personnel to assist them in understanding the scope of the anticipated actions and develop plans for community services and facilities to ease the absorption of the new military population. At each location, the local jurisdictions are partnering with their military installation to address a myriad of hard (roads, schools, houses, water and sewer) and soft (public services, health care, child care, spousal employment) issues that directly bear on the quality of life for our warfighters, their dependents, and the homeowners, businesses, and workers in the surrounding communities. OEA is hosting a Growth Summit this week in St. Louis, Missouri, for local, state, and military officials to share their best practices and consult with their OEA and other DoD/Federal partners to ensure we are capably helping them through this growth.

In furtherance of its efforts, the Department relies heavily on its sister Federal agencies to assist through the Economic Adjustment Committee (EAC), established pursuant to Executive Order 12788 (as amended). EAC is comprised of 22 Federal agencies. Among its responsibilities, the EAC coordinates interagency and intergovernmental adjustment assistance, and serves as a clearinghouse for the exchange of information between Federal Government, State and community officials involved in the resolution of economic adjustment concerns.

Activity under the EAC continues to assist BRAC and mission growth locations. The Department of Housing and Urban Development (HUD) is working closely with DoD in

monitoring the statutory timelines and consultations to support extensions for local redevelopment planning, in addition to reviewing local homeless submissions. The Department of Labor is actively working with Workforce Investment Boards at nearly every state and local level where BRAC and/or mission growth spousal employment demands are present. The Department of Education is working closely with DoD to be responsive to student growth at many of our mission growth areas, including site-specific visits to meet directly with Local Education Agency representatives and military spouses to understand on the ground education needs.

***Conclusion***

In closing, Mr. Chairman, I sincerely thank you for this opportunity to highlight the Department's Base Realignment and Closure efforts. I appreciate your continued support of the Department's plans to strengthen America's defense posture and the Department looks forward to working with the Subcommittee as plans continue to be put into action.

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

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# MILITARY BASE REALIGNMENTS AND CLOSURES

## Estimated Costs Have Increased and Estimated Savings Have Decreased

Statement of Brian J. Lepore, Director
Defense Capabilities and Management

GAO-08-341T

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GAO
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**Highlights**

Highlights of GAO-08-341T, a report to the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

# MILITARY BASE REALIGNMENTS AND CLOSURES

## Estimated Costs Have Increased and Estimated Savings Have Decreased

### Why GAO Did This Study

The Department of Defense (DOD) is currently implementing recommendations from the 2005 Base Realignment and Closure (BRAC) round, which is the fifth round undertaken by DOD since 1988. The 2005 round is, by GAO's assessment, the biggest, most complex, and costliest BRAC round ever, in part because, unlike previous rounds, the Secretary of Defense viewed the 2005 round as an opportunity not only to achieve savings but also to assist in transforming the department. GAO's testimony addresses (1) GAO's role in the BRAC process, and (2) how DOD's current cost and savings estimates to implement the 2005 recommendations compare to the 2005 Defense Base Closure and Realignment Commission's (the Commission) cost and savings estimates.

This testimony is based primarily on the report GAO issued yesterday (GAO-08-159) on the overall changes to DOD's cost and savings estimates for the 2005 BRAC round. To analyze these changes, GAO compared the Commission's estimates in its 2005 report to DOD's estimates in its fiscal year 2008 BRAC budget submission. This testimony is also based on several reports GAO has issued on the implementation of selected recommendations, and GAO's prior work assessing the 2005 decision-making process. GAO's work was performed in accordance with generally accepted government auditing standards.

To view the full product, including the scope and methodology, click on GAO-08-341T. For more information, contact Brian J. Lepore (202) 512-4523 orleporeb@gao.gov.

### What GAO Found

GAO has played two long-standing roles in the BRAC process. First, as requested by congressional committees in the 1988 round or mandated by law since 1990, GAO has served as an independent and objective observer of the BRAC process and has assessed and reported on DOD's decision-making processes leading up to proposed realignment and closure recommendations. GAO reported in its assessment of the 2005 round that DOD's decision-making process for developing its recommendations was generally logical, well documented, and reasoned. However, GAO identified some limitations with cost and savings estimates, some BRAC recommendations having lengthy payback periods, and some with limited savings relative to implementation costs. GAO's second role has focused on reviewing the implementation of realignment and closure actions once the BRAC recommendations became effective in November 2005. GAO has issued several reports on DOD's implementation of its 2005 BRAC recommendations. GAO will continue to review the implementation of the 2005 BRAC recommendations, including a final report to be issued within 1 year after the end of the 6-year BRAC implementation period, which ends in September 2011.

DOD plans to spend more and save less than originally estimated for the 2005 BRAC round. DOD's cost estimates to implement the 2005 recommendations, as reported in its fiscal year 2008 BRAC budget submission, have increased by 48 percent, from $21 billion to $31 billion, for the 6-year implementation period. Nearly two-thirds of the expected cost increase is due to increased military construction costs. For example, the expected military construction cost to close Fort Monmouth, New Jersey, has increased by more than $550 million, largely because the Army decided to build new facilities instead of renovating existing facilities at one location and share existing facilities at another location. GAO believes there is potential for further cost increases due to uncertainty in whether the Army's new initiative designed to reduce construction costs will achieve the planned results. While projected costs have increased, projected net annual recurring savings have decreased about 5 percent, from $4.2 billion to $4.0 billion annually. DOD attributed the decrease in its savings estimate primarily to changes in initial assumptions or plans. GAO believes that DOD's reported savings estimates may be overstated by $1.85 billion largely because the estimates include savings from military personnel entitlements without a corresponding reduction in end strength. As a result of the increases in costs and decreases in savings, GAO's analysis shows that accumulated savings are projected to offset accumulated costs in 2017 rather than 2013 as projected by the Commission. The time required for accumulated savings to offset accumulated costs would increase to 2025 with the exclusion of the expected savings from military personnel entitlements and Cannon Air Force Base, New Mexico, that GAO questions. While the overall payback period for DOD's BRAC recommendations is less than 20 years, the number of individual recommendations that are not expected to pay back within 20 years has increased from 30, as estimated by the Commission, to 73, based on DOD's fiscal year 2008 budget submission.

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the projected costs and savings associated with implementing the 2005 Base Realignment and Closure (BRAC) round. The Department of Defense (DOD) is currently implementing recommendations from the 2005 BRAC round, which is the fifth BRAC round undertaken by DOD since 1988. Based on our work to date, the 2005 round is the biggest, most complex, and costliest BRAC round ever, in part because, unlike previous rounds, the Secretary of Defense viewed the 2005 round as an opportunity not only to achieve savings but also to assist in transforming the department. As a result, the 2005 round differs from previous rounds in terms of the number of actions, projected costs to implement the actions, and projected savings. My testimony today addresses (1) GAO's role in the BRAC process and (2) how DOD's cost and savings estimates for the 2005 round, as reported in its fiscal year 2008 BRAC budget submission, compare to the 2005 Defense Base Closure and Realignment Commission's (the Commission) cost and savings estimates.

My testimony is based largely on our report reviewing the changes to the overall cost and savings estimates associated with the 2005 recommendations, which we issued yesterday.[1] In that report we found that estimated costs to implement the 2005 BRAC round have increased and estimated savings have decreased. To analyze the changes in the estimated costs and savings, we compared the Commission's estimates, as reported in the Commission's 2005 report,[2] to DOD's estimates in its fiscal year 2008 BRAC budget submission. Additionally, we reported that DOD's projected net annual recurring savings may be overstated by 46 percent due to the lack of a distinction between savings from transferring military personnel from one location to another, which do not produce tangible savings outside of the military personnel account, and savings from reduced operating costs that will make funds available for other uses. We recommended that DOD better explain its net annual recurring savings; DOD concurred with this recommendation and plans to address it in its next budget submission. I will more fully discuss the findings of our cost and savings report that we released yesterday later in my statement. My

[1]GAO, *Military Base Realignments and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve*, GAO-08-159 (Washington, D.C.: Dec. 11, 2007).

[2]Defense Base Closure and Realignment Commission, *2005 Base Closure and Realignment Commission Report to the President* (Arlington, Va.: Sept. 8, 2005).

testimony is also based on our prior work assessing the 2005 BRAC decision-making process issued in July 2005, as statutorily required, and several reports we have issued over the past year on the implementation of selected recommendations. Our work was performed in accordance with generally accepted government auditing standards. A listing of our related products is at the end of this statement.

## Summary

GAO has played two long-standing roles in the BRAC process. First, as requested by congressional committees in the 1988 round or mandated by law since 1990, we have served as an independent and objective observer of the BRAC process and have assessed and reported on DOD's decision-making processes leading up to proposed realignment and closure recommendations. In our assessment of the 2005 round, we reported that DOD's decision-making process for developing its recommendations was generally logical, well documented, and reasoned. Our assessment of the process does not constitute endorsement of any recommendations as it was the Commission's responsibility, not ours, to approve DOD's recommendations. We identified some limitations with cost and savings estimates, some recommendations that will take longer than expected to recoup up-front costs, and some with limited savings relative to implementation costs. Our second role has focused on reviewing the implementation of realignment and closure actions once the recommendations became effective, just as we review the effectiveness and efficiency of numerous programs authorized or mandated by Congress. In addition to the report we issued yesterday, we have issued several reports on DOD's implementation of its 2005 BRAC recommendations affecting the Air National Guard, Army Reserve components, and business process reengineering in the Navy and the Defense Logistics Agency. We will continue to review DOD's implementation of the 2005 recommendations, and the House Armed Services Committee directs us to monitor and report annually on DOD's progress with a final report to be issued within 1 year after the end of the 6-year BRAC implementation period, which ends in September 2011.[3]

DOD plans to spend more and save less than originally estimated for the 2005 BRAC round. Based on DOD's fiscal year 2008 budget submission, DOD's cost estimates to implement the 2005 recommendations have increased by 48 percent through the 6-year implementation period, from

[3]H.R. Rep. No. 110-146, at 514 (2007).

$21 billion to $31 billion, compared to the Commission's cost estimates.[4] Our analysis indicates that nearly two-thirds of the $10 billion cost increase is due to increased projected military construction costs, while inflation, environmental restoration costs, and other costs, such as operations and maintenance, account for the remaining one-third of the cost increase. Six recommendations account for half of the increase in military construction costs. For example, the military construction cost to relocate the Army's armor school from Fort Knox, Kentucky, to Fort Benning, Georgia, increased by nearly $670 million because the Army identified additional projects that were not included in the original cost estimates.[5] Additionally, the projected military construction cost to support the relocation of personnel from Fort Monmouth, New Jersey, has increased by more than $550 million, largely because the Army needed to build new facilities instead of renovating existing facilities at one location and build new facilities instead of sharing existing facilities at another location.[6] Overall, we believe there is potential for further increases in construction costs due to uncertainty in whether the Army's new initiative designed to reduce construction costs will achieve the planned results. If the Army is unable to achieve these reduced costs, the effect on BRAC implementation costs could be considerable and costs would rise. While DOD's projected onetime costs have increased, projected net recurring savings as reported in DOD's fiscal year 2008 budget submission have decreased about 5 percent, from $4.2 billion to $4.0 billion annually, compared to the Commission's estimates.[7] DOD attributed the decrease in its savings estimates primarily to changes in initial assumptions or plans. Based on our work to date, DOD's annual recurring savings estimate may be overstated by about 46 percent due to the inclusion of $1.85 billion in military personnel entitlements—such as salaries and housing allowances—for military personnel that DOD plans to shift to other

[4]The Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation).

[5]The overall cost of the recommendation to relocate the Army's armor school from Fort Knox, Kentucky, to Fort Benning, Georgia, has increased by more than $680 million.

[6]The overall cost of the recommendation to close Fort Monmouth, New Jersey, has increased by almost $678 million.

[7]The Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation). When the effect of inflation is eliminated, DOD's estimated net annual recurring savings decreased by more than $800 million to about $3.4 billion—a 20 percent decrease.

positions but does not plan to eliminate. While DOD disagrees with us, we do not believe that transferring personnel to other locations produces tangible dollar savings outside the military personnel accounts that DOD can use to fund other defense priorities since these personnel will continue to receive salaries and benefits. Because DOD's BRAC budget submission does not explain the difference between net annual recurring savings attributable to military personnel entitlements, which personnel would still receive, and net annual recurring savings from reduced operating costs that would make funds available for other uses, DOD could generate a false sense that all of its reported savings could be used to fund other defense priorities. As such, we recommended in the report that we issued yesterday that DOD better explain its net annual recurring savings—a recommendation with which DOD has concurred and plans to address in its next budget submission. Finally, our analysis shows that accumulated savings are projected to offset accumulated costs in 2017—12 years after the beginning of the implementation period for the 2005 round, which is 4 years longer than the Commission's estimate of 2013. This extended payback period includes the savings estimates from military personnel entitlements and Cannon Air Force Base, New Mexico, that we question, which if excluded, would increase the time needed to recoup up-front costs still further to 19 years, or the year 2025. While DOD should reach the overall break-even point for its 2005 recommendations in less than 20 years, the number of individual recommendations that are not expected to break even within 20 years has increased from 30, as estimated by the Commission, to 73, based on DOD's fiscal year 2008 budget submission.

## Background

DOD has undergone four BRAC rounds since 1988 and is currently implementing its fifth round.[8] In May 2005, the Secretary of Defense made public more than 200 recommendations that DOD estimated would generate net annual recurring savings of about $5.5 billion beginning in fiscal year 2012. In making its 2005 realignment and closure proposals, DOD applied legally mandated selection criteria that included military

[8]The first round in 1988 was authorized by the Defense Authorization Amendments and Base Closure and Realignment Act, as amended (Pub. L. No. 100-526, Title II, (1988)). Subsequently, additional BRAC rounds were completed in 1991, 1993, and 1995 as authorized by the Defense Base Closure and Realignment Act of 1990, as amended (Pub. L. No.101-510, Title XXIX (1990)). The latest round—BRAC 2005—was authorized by the National Defense Authorization Act for Fiscal Year 2002 (Pub. L. No. 107-107, Title XXX (2001)).

value as the primary consideration, as well as expected costs and savings, economic impact to local communities, community support infrastructure, and environmental impact. Military value, which includes such considerations as an installation's current and future mission capabilities, condition, ability to accommodate future needs, and cost of operations, was the primary consideration for making recommendations as mandated by BRAC law and as reported by both DOD and the Commission. Additionally, the Secretary of Defense established three goals for the 2005 BRAC round: (1) transforming DOD by aligning the infrastructure with the defense strategy, (2) fostering jointness across DOD, and (3) reducing excess infrastructure and producing savings.

The 2005 round is unlike previous BRAC rounds due to the Secretary of Defense's emphasis on transformation and jointness, rather than just reducing excess infrastructure. For example, as part of its efforts to transform its forces, the Army included actions to restation forces from Europe and Korea to domestic installations, which were part of its larger review of bases worldwide. The 2005 round also differs from previous BRAC rounds in terms of the number of closure and realignment actions. While the number of major closures and realignments is a little greater than individual previous rounds, the number of minor closures and realignments is significantly greater than those in all previous rounds combined, as shown in table 1.[9] DOD plans to execute over 800 closure and realignment actions as part of the 2005 BRAC round, which is more than double the number of actions completed in the prior four rounds combined. The large increase in the number of minor closures and realignments is primarily attributable to the more than 500 actions involving the Army National Guard and Army Reserve, representing over 60 percent of the BRAC actions.

[9]DOD defines major closures as installations recommended for closure with plant replacement value exceeding $100 million and major realignments as installations losing more than 400 military and civilian personnel. Minor closures and realignments are those closures and realignments that do not meet the definitions above.

**Table 1: Comparison of BRAC 2005 with Previous Rounds**

| Round | Major closures | Major realignments | Minor closures and realignments | Total actions | Costs through implementation (dollars in billions) | Net annual recurring savings (dollars in billions) |
|---|---|---|---|---|---|---|
| 1988 | 16 | 4 | 23 | **43** | $2.7 | $0.9 |
| 1991 | 26 | 17 | 32 | **75** | 5.2 | 2.0 |
| 1993 | 28 | 12 | 123 | **163** | 7.6 | 2.6 |
| 1995 | 27 | 22 | 57 | **106** | 6.5 | 1.7 |
| **Total** | **97** | **55** | **235** | **387** | **$22.0** | **$7.2** |
| 2005 | 22[a] | 33[a] | 757[b] | **812** | $31.2[c] | $4.0[c] |

Source: Defense Base Closure and Realignment Commission, DOD, and GAO analysis of Commission and DOD data.

[a]The number of major realignments and closures is as reported by the Commission in 2005.

[b]An individual base may be affected by more than 1 realignment.

[c]Cost and savings estimates for the 2005 round are DOD's estimates as reported in the fiscal year 2008 BRAC budget submission.

Also, as shown in table 1, the 2005 round is expected to cost more to implement than all of the previous BRAC rounds combined and save more than any single round. I will discuss the projected costs and savings of the 2005 round later in my statement.

As in all previous BRAC rounds, DOD used the Cost of Base Realignment Actions (COBRA) model to provide a standard quantitative approach to compare estimated costs and savings across various proposed recommendations. The COBRA model relies to a large extent on standard factors and averages but is not intended to and consequently does not present budget quality estimates. As a result, COBRA-developed cost and savings estimates cannot be assumed to represent the actual costs that Congress will need to fund through appropriations to complete implementation of BRAC recommendations, nor will they fully reflect the savings intended to be achieved after implementation. In other words, as we reported in our review of the 1995 and 2005 BRAC rounds,[10] the costs identified in COBRA are most likely to be different than the costs that DOD will actually incur and Congress will be asked to fund to complete

[10]GAO, *Military Bases: Analysis of DOD's 1995 Process and Recommendations for Closure and Realignment*, GAO/NSIAD-95-133 (Washington, D.C.: Apr. 14, 1995) and *Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closures and Realignments*, GAO-05-785 (Washington, D.C.: July 1, 2005).

implementation. We have examined COBRA in the past, as well as during our review of the 2005 BRAC round, and, given the quality of the data and assumptions used in the model, found it to be a generally reasonable estimator for comparing potential costs and savings among alternative closure and realignment scenarios with the caveat that the estimates do not represent budget-quality data, as we previously reported in our assessments of the 1995 and 2005 BRAC rounds. In this and previous BRAC rounds, DOD subsequently developed budget-quality estimates after BRAC decisions were made.

The Commission was an independent body that reviewed and had the authority to change the Secretary's recommendations if it determined that the Secretary deviated substantially from the legally mandated selection criteria and DOD's force structure plan. After the Commission's review in 2005, it forwarded a list of 182 recommendations for base closures or realignments to the President. The Commission estimated that its recommendations would cost $21 billion and generate net annual recurring savings of $4.2 billion beginning in fiscal year 2012. The Commission's recommendations were accepted in their entirety by the President and Congress,[11] and became effective on November 9, 2005. The BRAC legislation requires DOD to complete closure and realignment actions within a 6-year time frame ending September 15, 2011.

## GAO's Role in the BRAC Process

GAO has two long-standing roles in the BRAC process. First, as requested by congressional committees for the 1988 BRAC round and mandated by law since 1990, we have served as an independent and objective observer of the BRAC process and have assessed and reported on DOD's decision-making processes leading up to proposed realignment and closure recommendations. The law authorizing the 2005 BRAC round required us to independently assess DOD's process and recommendations and to submit a report by July 1, 2005.[12] To make an informed and timely assessment, we operated in a real-time setting and had access to significant portions of the process as it evolved, thus affording the

[11]The President was required to approve or disapprove the Commission's recommendations in their entirety by September 23, 2005. After they were approved, the recommendations were forwarded to Congress, which had 45 days or until the adjournment of Congress to disapprove the recommendations on an all-or-none basis; otherwise, the recommendations became binding.

[12]Pub. L. No. 107-107, Title XXX (2001).

department an opportunity to address any concerns we raised in a timely manner. From our vantage point, we were looking to see to what extent DOD followed a logical, well-reasoned, and well-documented process, where we could see a logical flow between DOD's analysis and its proposed recommendations. In our July 2005 report, we stated that DOD's decision-making process for developing its recommendations was generally logical, well documented, and reasoned.[13] We also stated that DOD established a structured and largely sequential process for obtaining and analyzing data that provided an informed basis for identifying and evaluating BRAC options. Our conclusion does not constitute endorsement of any recommendation, as it was the Commission's responsibility, not ours, to approve DOD's recommendations. However, we identified some limitations with DOD's cost and savings estimates, some recommendations having lengthy payback periods, and some recommendations with limited savings relative to costs.

Once the recommendations become effective, our role is to review DOD's efforts to implement the realignment and closure actions, just as we routinely review the efficiency and effectiveness of congressionally mandated or authorized programs across the government. We generally do our BRAC work under the authority of the Comptroller General to conduct reviews on his own initiative because of the broad congressional interest in the base closure process, which allows us to provide information broadly and generally without restriction.[14] Yesterday we issued our most recent report reviewing the changes to the overall cost and savings estimates associated with the 2005 recommendations, which I will discuss later in my statement. We have previously reported on DOD's efforts to implement recommendations affecting the Air National Guard, Army reserve components, business process reengineering efforts in the Navy

[13]GAO-05-785.

[14]31 U.S.C. § 717.

and Defense Logistics Agency, and environmental restoration costs.[15] These reports, as well as the report we issued yesterday, show that although DOD is making progress in implementing BRAC recommendations, it is facing some implementation challenges, such as synchronizing personnel movements with planned infrastructure improvements and the need to coordinate actions among multiple services and agencies. We will continue to review DOD's implementation of the 2005 recommendations,[16] and the House Armed Services Committee directs us to monitor and report annually on DOD's progress and issue a final report within 1 year after the end of the 6-year BRAC implementation period, which ends in September 2011.[17]

## Estimated Costs Have Increased and Savings Have Decreased

DOD plans to spend more and save less than originally estimated for the 2005 round, as we discuss in the report we issued yesterday. Based on DOD's fiscal year 2008 BRAC budget submission, estimated onetime costs have increased by 48 percent through the 6-year implementation period compared to the Commission's cost estimates and could continue to increase.[18] On the other hand, DOD's projected net savings have decreased about 5 percent compared to the Commission's estimates and may be overstated due to the inclusion of savings for transferring military

[15]GAO, *Military Base Closures: Management Strategy Needed to Mitigate Challenges and Improve Communication to Help Ensure Timely Implementation of Air National Guard Recommendations*, GAO-07-641 (Washington, D.C.: May 16, 2007); *Military Base Realignments and Closures: Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers*, GAO-07-1040 (Washington, D.C.: Sept. 13, 2007); *Military Base Closures: Projected Savings from Fleet Readiness Centers Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges*, GAO-07-304 (Washington, D.C.: June 29, 2007); *Military Base Realignments and Closures: Transfer of Supply, Storage, and Distribution Functions from Military Services to Defense Logistics Agency*, GAO-08-121R (Washington, D.C.: Oct. 26, 2007); and *Military Base Closures: Opportunities Exist to Improve Environmental Cleanup Cost Reporting and to Expedite Transfer of Unneeded Property*, GAO-07-166 (Washington, D.C.: Jan. 30, 2007).

[16]As part of our ongoing reviews of DOD's implementation of the 2005 recommendations, we plan to review the methodology of DOD's forthcoming report addressing human capital issues related to the closure of Fort Monmouth, New Jersey.

[17]H.R. Rep. No. 110-146, at 514 (2007).

[18]The BRAC Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation). However, when the effect of inflation is eliminated, projected costs have increased $7.5 billion, or 36 percent.

personnel positions while continuing to pay the same salary and benefits.[19] As a result, savings from the 2005 round are projected to offset costs in 2017—4 years longer than the BRAC Commission estimate. If the estimated savings from military personnel entitlements and Cannon Air Force Base, New Mexico, that we question are excluded, the round will not reach the break-even point until the year 2025.

## Estimated Onetime Costs Have Increased and Could Continue to Increase

Since the BRAC Commission issued its cost and savings projections in 2005, DOD's cost estimates to implement the 2005 recommendations, as reported in DOD's fiscal year 2008 budget submission, have increased by 48 percent, from $21 billion to $31 billion.[20] The majority of the projected cost increase is due to increased military construction requirements, as shown in table 2.

**Table 2: Increases in Onetime Costs**

| Category | Amount (dollars in millions) | Percentage |
|---|---|---|
| Military construction | $6,451 | 64 |
| Inflation | 2,589 | 25 |
| Environmental cleanup[a] | 589 | 6 |
| Other (including operations and maintenance) | 506 | 5 |
| **Total** | **$10,135** | **100** |

Source: GAO analysis of DOD data.

Note: Totals may not sum due to rounding.

[a]Additional environmental cleanup costs typically are incurred after the implementation period.

Two of the cost elements listed in table 2—inflation and environmental cleanup—were intentionally not considered in the initial estimates

[19]The BRAC Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation). However, when the effect of inflation is eliminated, projected net annual recurring savings have decreased about $800 million, or 20 percent.

[20]The BRAC Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation). However, when the effect of inflation is eliminated, projected costs have increased $7.5 billion, or 36 percent.

produced by COBRA. Inflation, which accounts for 25 percent of the increase, was not included in the Commission's analysis because costs were presented in constant dollars.[21] Further, expected environmental cleanup cost estimates, which account for about 6 percent of the cost increase, were not included in the Commission's analysis because DOD has had a long-standing policy of not considering environmental cleanup costs in its BRAC decision making. We have agreed with DOD's position that such costs are a liability to DOD regardless of its base closure recommendations. Some environmental restoration may be necessary to protect human health and safety, whether or not a base is closed. While such costs are not included in the COBRA model, they are included in developing BRAC implementation budgets and recorded as a BRAC cost. We reported in January 2007 that environmental cleanup costs are likely to increase and Congress does not have full visibility over the total expected cost of DOD's BRAC-related environmental cleanup efforts.[22]

A limited number of recommendations account for the majority of the increase in military construction costs. Specifically, six recommendations associated with moving activities from leased space to military installations, closing and realigning Army installations, and realigning medical activities account for half of the increase in military construction costs:

- **Activities in leased space**: The military construction cost for the recommendation to consolidate the National Geospatial-Intelligence Agency at Fort Belvoir, Virginia, has increased by nearly $350 million, in part because the agency identified the need for additional supporting facilities, such as a technology center and additional warehouse space.[23] Likewise, the military construction cost for the recommendation to move various DOD activities from leased space to Fort Belvoir and Fort Lee, Virginia more than doubled to nearly $1 billion, an increase of more than $500 million, largely because of changes to facilities at the receiving

[21]The increase in costs due to inflation occurred because the Commission presented its estimates using constant fiscal year 2005 dollars, which does not include the effects of projected inflation, whereas DOD's budgeted estimates were presented in current dollars because budget requests take into consideration projected inflation.

[22]GAO-07-166.

[23]The overall cost for the recommendation to consolidate the National Geospatial-Intelligence Agency at Fort Belvoir, Virginia, has increased by about $974 million.

locations.[24] For example, DOD determined a parking garage, rather then a parking lot, was needed to accommodate the increase in personnel at Fort Belvoir, which increased the original estimate of $3 million to $160 million.

- **Closing and realigning Army installations**: The military construction cost for the recommendation to relocate the Army's armor school from Fort Knox, Kentucky, to Fort Benning, Georgia, to support the creation of a maneuver school has increased by nearly $670 million—98 percent of the total increase in onetime costs for this recommendation—largely because the Army identified about $400 million in additional projects that were not originally included in the cost estimates, such as training ranges, medical facilities, and a child development center, as well as $280 million in infrastructure support, such as water, sewer, and gas lines.[25] Further, the military construction cost for the recommendation to close Fort Monmouth, New Jersey has more than doubled to almost $1 billion—an increase of more than $550 million—due to the need to build new facilities rather than renovate existing facilities at Aberdeen Proving Ground, Maryland, ($375 million) and build new facilities rather than share facilities at West Point, New York, to accommodate the U.S. Army Military Academy Preparatory School ($175 million).[26]

- **Realigning medical activities**: The military construction cost for the recommendation to realign the Walter Reed Army Medical Center in the District of Columbia and relocate medical care functions to the National Naval Medical Center, Bethesda, Maryland, and Fort Belvoir, Virginia, has increased by almost $440 million to over $1 billion, largely because of additional facilities needs, such as a parking structure and a larger addition to the medical center, that were not included in the original estimate.[27] Likewise, the military construction cost for the recommendation to consolidate medical enlisted training and establish the San Antonio Regional Medical Center at Fort Sam Houston, Texas, has

[24]The overall cost of the recommendation to move various DOD activities from leased space to Fort Belvoir and Fort Lee, Virginia, has increased nearly $600 million.

[25]The overall net cost of the recommendation to relocate the Army's armor school from Fort Knox, Kentucky, to Fort Benning, Georgia, has increased by more than $680 million.

[26]The overall cost of the recommendation to close Fort Monmouth, New Jersey, has increased by almost $678 million.

[27]The overall cost of the recommendation to realign the Walter Reed Army Medical Center in the District of Columbia and relocate medical care functions to the National Naval Medical Center, Bethesda, Maryland, and Fort Belvoir, Virginia, has increased by nearly $700 million.

increased by almost $540 million, largely because planning officials identified requirements to move inpatient care functions that were not in the original estimate.[28] Additionally, DOD determined that more instructional and laboratory space was required to accommodate the increased number of students expected to receive medical training at Fort Sam Houston. The number of students expected to attend the center annually was underestimated by more than 2,700 students, or 44 percent.

Based on our analysis, the projected costs for the 2005 round could continue to increase because of uncertainty over U.S. Army Corps of Engineers efforts to reduce construction costs by 15 percent. The Army has already incorporated a 15 percent reduction into a majority of its BRAC construction estimates based on the U.S. Army Corps of Engineers' efforts to reengineer its process to manage and contract for military construction projects and budgeted accordingly. While U.S. Army Corps of Engineers officials expressed optimism that these cost savings will be realized and preliminary results are promising, these results are based on limited experience.[29] In September 2007 we reported that the Army could be challenged in realizing the cost savings from this transformation effort.[30] If the Army is unable to achieve its projected 15 percent savings overall, the effect on overall BRAC construction costs could be considerable because the Army is expected to incur 60 percent ($12 billion) of the estimated BRAC construction costs.

Moreover, BRAC implementing officials expressed concern that construction costs have the potential to increase in areas such as San Antonio, Texas, and the National Capital Region, Washington, D.C., that are already experiencing high commercial construction demands. DOD estimates it will cost about $3.4 billion for BRAC-related construction in the National Capital Region and about $1.3 billion in San Antonio, Texas, alone. U.S. Army Corps of Engineers officials expressed concern about the effect construction demand might have on bid proposals given the sizable amount of construction to take place in a limited amount of time to meet the BRAC statutory completion time frame. The large volume of

[28]The overall cost for the recommendation to consolidate medical enlisted training and establish the San Antonio Regional Medical Center at Fort Sam Houston, Texas, has increased by about $550 million.

[29]The U.S. Army Corps of Engineers initiated five construction projects in 2006, all of which were awarded under its price limit.

[30]GAO-07-1040.

anticipated BRAC construction combined with ongoing reconstruction due to damage from Hurricane Katrina could also lead to increased construction costs, according to service officials from various installations.

## Annual Savings Have Decreased and May Be Overstated

After DOD has implemented the 2005 BRAC recommendations, based on estimates in its fiscal year 2008 BRAC budget submission, DOD expects to save about $4.0 billion annually—a 5 percent decrease from the $4.2 billion the Commission estimated.[31] DOD attributed the decrease in its savings estimate primarily to changes in initial assumptions or plans. For example:

- $80 million decrease in the estimated savings to close three chemical demilitarization depots,[32] largely because the Army does not expect to close these facilities within the BRAC statutory implementation time frame because DOD must complete the chemical demilitarization mission first to comply with treaty obligations before these facilities can close and completion necessitates these facilities to remain open after 2011. We raised this issue in our July 2005 assessment of the 2005 round.[33]
- $70 million decrease in the estimated savings of establishing joint bases at multiple locations, largely because the Army did not include its share of the expected savings due to unresolved issues concerning joint base operations, while the other services included the COBRA-generated savings in DOD's fiscal year 2008 budget submission.
- $50 million decrease in the estimated savings for realigning the Defense Logistics Agency's supply, storage, and distribution network, largely because of the need to retain higher inventory levels than anticipated and less personnel elimination.

While a better, more precise estimate of net annual recurring savings for the 2005 round may not be known until 2012, based on our work to date

[31]The BRAC Commission reported its estimates in constant fiscal year 2005 dollars (i.e., excludes projected inflation), while DOD reported BRAC estimates in the fiscal year 2008 President's budget submission in current dollars (i.e., includes projected inflation). However, when the effect of inflation is eliminated, projected net annual recurring savings have decreased about $800 million, or 20 percent.

[32]The three chemical demilitarization depots are Deseret Chemical Depot, Utah; Newport Chemical Depot, Indiana; and Umatilla Chemical Depot, Oregon.

[33]GAO-05-785.

we believe that the net annual recurring savings estimates included in DOD's fiscal year 2008 budget submission may be overstated by 46 percent because DOD's estimates include (1) $1.85 billion in estimated savings from military personnel entitlements without a corresponding reduction in end strength, with personnel continuing to receive pay and benefits accounted for as savings, (2) $60 million from closing Cannon Air Force Base, New Mexico, although the base will actually remain open, and (3) erroneously reporting $25 million in onetime savings as annual recurring savings for the recommendation to establish fleet readiness centers.

DOD's estimated annual recurring savings resulting from BRAC may be overstated by about 46 percent. About $2.17 billion of DOD's total estimated annual recurring savings of about $4 billion is due to eliminated overhead expenses such as the costs to operate and maintain closed or realigned bases that will no longer be operated or maintained by DOD and reductions in civilian salaries for positions that are eliminated, which will free up funds that DOD can then use for other defense priorities. However, DOD's annual recurring savings estimate also includes $1.85 billion in military personnel entitlements—such as salaries and housing allowances—for military personnel that DOD plans to shift to other positions rather than eliminate. DOD considers these savings because they allow DOD to transfer these military personnel to other positions. We agree that transferring military personnel to other positions may enhance capabilities and allow DOD to redirect freed up resources to another area of need. However, while DOD disagrees with us, we do not believe that such transfers produce a tangible dollar savings that DOD can apply to fund other defense priorities outside the military personnel accounts because these personnel will remain in the end strength and will continue to receive salaries and benefits. Because DOD's BRAC budget submission does not explain the difference between net annual recurring savings attributable to military personnel entitlements for personnel that will continue to receive pay and benefits and net annual recurring savings from no longer operating and maintaining closed bases that will make funds available for other uses, DOD could generate a false sense that all of its reported savings could be used to fund other defense priorities. As such, in the report we issued yesterday, we recommended that DOD explain its estimated savings to Congress, thus providing more transparency over these savings. DOD concurred with our recommendation and has stated that it will take action to address our recommendation in its next BRAC budget submission.

Additionally, DOD claimed about $60 million in annual recurring savings for closing Cannon Air Force Base, New Mexico, although the base will

actually remain open to support a new mission.[34] DOD recommended closing Cannon in its May 2005 submission to the Commission. However, in September 2005, the Commission recommended closing Cannon unless the Secretary of Defense identified a new mission for the base by December 31, 2009, and relocated the base's fighter wing elsewhere. Subsequently, DOD announced in June 2006 that Cannon would remain open and some Air Force Special Operations units would relocate to Cannon. Nevertheless, DOD still reported about $60 million in annual recurring savings for categories such as base operation and facilities maintenance. Officials at the Air Force BRAC office told us that they claimed these savings because they disestablished the fighter wing at Cannon.[35] We are currently reviewing the implementation of this recommendation and plan to issue a report in January 2008.

Finally, in June 2007 we reported that the Navy erroneously reported $25 million in onetime savings associated with inventory reductions as annual savings in the recommendation to establish fleet readiness centers.[36] DOD officials agreed with our analysis and agreed to update their savings estimate.

[34]DOD also claimed nearly $200 million in annual savings for military personnel entitlements for closing Cannon Air Force Base, which is included in the $1.85 billion mentioned above.

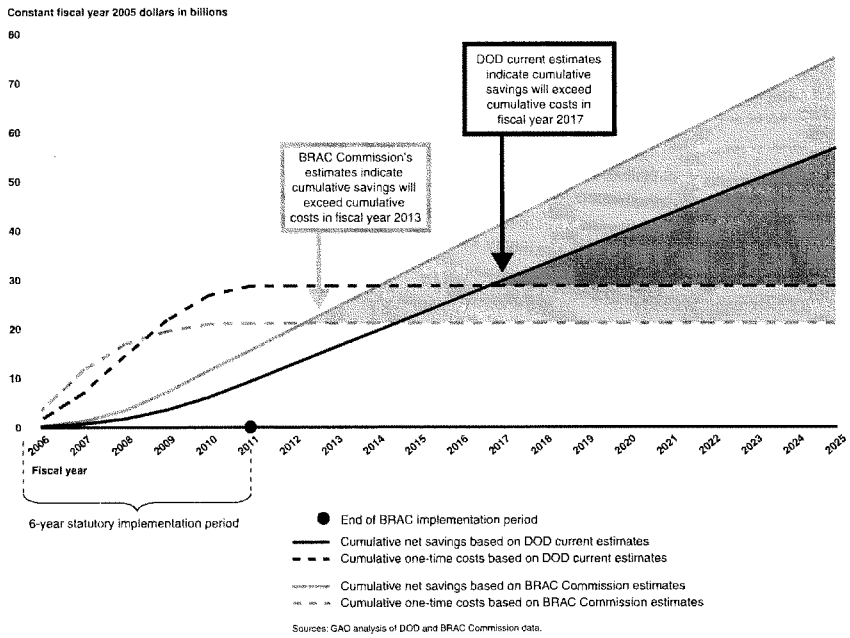
[35]In commenting on a draft of the report we issued yesterday, the Air Force BRAC office stated that it claimed these savings because the decision to reallocate Air Force resources and mission to Cannon was made after the BRAC recommendation was approved and was, therefore, a non-BRAC programmatic decision.

[36]GAO-07-304.

## DOD Will Take Longer to Recoup Up-Front Costs

As a result of the increasing costs and decreasing savings for the 2005 BRAC round, our analysis of the Commission's cost and savings estimates and DOD's estimates included in its fiscal year 2008 budget submission shows that the time required to recoup up-front investment costs, also called the payback period, has lengthened from 8 years, initially breaking even in 2013 to 12 years, breaking even in 2017, as shown in figure 1.

**Figure 1: Comparison of Time to Recoup BRAC Costs Using the Commission's and DOD's Fiscal Year 2008 Budget Estimates**




Sources: GAO analysis of DOD and BRAC Commission data.

This extended payback period includes the savings estimates that we question. When the estimated savings from military personnel entitlements and Cannon Air Force Base, New Mexico, are removed, the payback period increases to 19 years, breaking even in 2025. In prior rounds, it has taken DOD about 6½ years to recoup up-front costs for implementing BRAC actions.

While the overall payback period for DOD's BRAC recommendations is less than 20 years, our analysis showed that, as a result of increasing costs and decreasing savings, the number of recommendations that do not pay back within 20 years increased from 30 recommendations in the Commission's report to 73 recommendations in DOD's fiscal year 2008 budget request. (See app. I for a listing of these recommendations.) About half of these recommendations primarily involve closing or realigning National Guard or Reserve facilities and nearly 20 percent primarily involve closing or realigning active duty Army installations. In our July 2005 report we noted that DOD officials acknowledged that the additional objectives of fostering jointness and transformation had some effect on generating recommendations with longer payback periods.[37] Our analysis indicates there were a total of 6 recommendations that did not pay back within 20 years for the three most recent BRAC rounds, in contrast to the 73 that do not pay back in 20 years in the 2005 round.

Mr. Chairman, this concludes my statement. I would be pleased to answer any questions you or any members may have at this time.

## Contact and Acknowledgments

For further information regarding this statement, please contact Brian J. Lepore at (202) 512-4523. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this testimony. GAO staff making major contributions to this testimony are included in appendix II.

[37] GAO-05-785.

# Appendix I: BRAC Recommendations DOD Expects Not to Pay Back over a 20-Year Period (Fiscal Years 2006 through 2025)

The 2005 Defense Base Closure and Realignment Commission (the Commission) estimated that 30 recommendations would not pay back—meaning recoup up-front costs—within 20 years. Our analysis of the Department of Defense's (DOD) fiscal year 2008 Base Realignment and Closure (BRAC) budget submission shows that 73 recommendations will not pay back within 20 years. Table 3 shows a list of these 73 recommendations, the Commission's reported estimates, and DOD's estimates of the 20-year cost. Positive dollar amounts indicate a cost, while negative dollar amounts, shown in parentheses, indicate a savings.

**Table 3: BRAC Recommendations DOD Expects Not to Pay Back over a 20-Year Period (Fiscal Years 2006 through 2025)**

Constant fiscal year 2005 dollars in millions

| Recommendation | Commission's reported 20-year net present value estimates[a] | DOD's fiscal year 2008 budget 20-year net present value estimates[a] |
|---|---|---|
| Realign Operational Army (Integrated Global Presence and Basing Strategy) | $7,846.70 | $5,833.87 |
| Realign Fort Hood, TX | 980.40 | 1,671.42 |
| Close National Geospatial-Intelligence Agency leased locations and realign others at Fort Belvoir, VA | (535.10) | 1,376.91 |
| Realign Fort Bragg, NC | 639.16 | 704.00 |
| Realign to establish Joint Strike Fighter initial joint training site at Eglin Air Force Base, FL | 226.30 | 504.47 |
| Establish San Antonio Regional Medical Center and realign enlisted medical training to Fort Sam Houston, TX | (476.20) | 468.00 |
| Realign Martin State Air Guard Station, MD | 353.56 | 430.00 |
| Co-locate miscellaneous OSD, defense agency, and field activity leased locations | (256.41) | 358.51 |
| Co-locate military department investigation agencies with DOD Counterintelligence and Security Agency at Marine Corps Base Quantico, VA | (166.36) | 206.82 |
| Consolidate correctional facilities into joint regional correctional facilities | (11.22) | 167.36 |
| Co-locate miscellaneous Air Force leased locations and National Guard Headquarters leased locations | (308.18) | 162.62 |
| Realign Great Falls International Airport Air Guard Station, MT | 7.23 | 155.24 |
| Realign Otis Air National Guard Base, MA, and Lambert-St. Louis International Airport Air Guard Station, MO | (305.40) | 148.29 |
| Realign to create joint centers of excellence for chemical, biological, and medical research and development and acquisition | (39.54) | 138.20 |
| Reserve Component Transformation, NY | 46.50 | 97.16 |
| Realign March Air Reserve Base, CA | (6.10) | 92.88 |
| Co-locate defense and military department adjudication activities | (11.30) | 87.88 |
| Reserve Component Transformation, MA | 60.40 | 80.37 |
| Relocate miscellaneous Department of the Navy leased locations | (164.68) | 79.55 |

Constant fiscal year 2005 dollars in millions

| Recommendation | Commission's reported 20-year net present value estimates[a] | DOD's fiscal year 2008 budget 20-year net present value estimates[a] |
|---|---|---|
| Reserve Component Transformation, AR | 38.20 | 79.15 |
| Realign Nashville International Airport Air Guard Station, TN | 261.30 | 60.46 |
| Realign to relocate undergraduate pilot and navigator training | (174.20) | 50.11 |
| Relocate Army headquarters and field operating activities | (122.90) | 48.46 |
| Reserve Component Transformation, OH | 1.30 | 47.46 |
| Realign Naval Station Newport, RI | (2.10) | 43.29 |
| Close Deseret Chemical Depot, UT | (407.45) | 39.72 |
| Realign to create an integrated weapons and armaments specialty site for guns and ammunition at Picatinny Arsenal, NJ | (51.78) | 38.06 |
| Reserve Component Transformation, TX | (133.20) | 37.08 |
| Realign Defense Intelligence Agency functions | (52.80) | 35.47 |
| Realign Bradley International Airport Air Guard Station, CT | (17.78) | 34.82 |
| Reserve Component Transformation, WV | 8.10 | 32.11 |
| Reserve Component Transformation, GA | 19.00 | 31.97 |
| Reserve Component Transformation, VT | 41.70 | 30.54 |
| Reserve Component Transformation, IN | 8.10 | 27.30 |
| Consolidate media organizations into a new agency for media and publications at Fort Meade, MD | (99.00) | 26.00 |
| Reserve Component Transformation, MN | 17.10 | 26.93 |
| Reserve Component Transformation, CT | 47.50 | 26.01 |
| Reserve Component Transformation, IL | (6.50) | 24.54 |
| Reserve Component Transformation, OK | (63.80) | 22.82 |
| Realign Niagara Falls Air Reserve Station, NY | 1.19 | 22.65 |
| Realign to relocate Army Prime Power School training at Fort Leonard Wood, MO | (0.80) | 22.05 |
| Realign to establish centers for rotary wing air platform Development, and Acquisition, Test and Evaluation Center at Patuxent River, MD and Redstone Arsenal, AL | 11.80 | 20.53 |
| Realign to establish centers for fixed wing air platform research, development, and acquisition, test and evaluation at Wright Patterson Air Force Base, OH and Naval Air Weapons Station China Lake, CA | (17.90) | 17.71 |
| Reserve Component Transformation, PR | (8.60) | 15.75 |
| Realign Portland International Airport Air Guard Station, OR | 19.93 | 14.80 |
| Realign Capital Airport Air Guard Station, IL | (1.62) | 14.47 |
| Realign Andrews Air Force Base, MD | (69.98) | 13.95 |
| Realign Mansfield-Lahm Air Guard Station, OH | (79.57) | 13.57 |
| Realign Naval Shipyard Detachments | (20.70) | 11.68 |
| Realign Rock Island Arsenal, IL | (13.80) | 11.68 |

Constant fiscal year 2005 dollars in millions

| Recommendation | Commission's reported 20-year net present value estimates[a] | DOD's fiscal year 2008 budget 20-year net present value estimates[a] |
|---|---|---|
| Realign to establish joint center for religious training and education at Fort Jackson, SC | (11.90) | 9.63 |
| Realign to consolidate ground vehicle development and acquisition in a joint center at Detroit Arsenal, MI | (17.10) | 8.93 |
| Close Umatilla Chemical Depot, OR | (347.88) | 8.60 |
| Realign Fairchild Air Force Base, WA | (6.74) | 8.56 |
| Realign Hector International Airport Air Guard Station, ND | (12.92) | 8.02 |
| Reserve Component Transformation, MT | 4.30 | 7.87 |
| Relocate Air Force Real Property Agency | (7.90) | 7.83 |
| Reserve Component Transformation, ND | 8.00 | 7.10 |
| Realign Ellington Field Air Guard Station, TX | (2.71) | 6.33 |
| Close Navy Supply Corps School Athens, GA | 1.36 | 5.19 |
| Close W.K. Kellogg Airport Air Guard Station, MI | (11.16) | 4.50 |
| Close Newport Chemical Depot, IN | (132.61) | 4.10 |
| Realign Ship Intermediate Maintenance Activity Norfolk, VA | (104.30) | 3.99 |
| Realign Key Field Air Guard Station, MS | (2.56) | 3.92 |
| Reserve Component Transformation, DE | 0.90 | 3.71 |
| Realign to create an air integrated weapons and armaments research, development, and acquisition, test and evaluation center at Eglin Air Force Base, FL | (17.90) | 3.65 |
| Realign Springfield-Beckley Municipal Airport Air Guard Station, OH | (5.41) | 2.72 |
| Reserve Component Transformation, CA | (46.00) | 2.41 |
| Reserve Component Transformation, TN | 1.10 | 1.93 |
| Realign Boise Air Terminal Air Guard Station, ID | (57.04) | 1.78 |
| Realign to consolidate sea vehicle development and acquisition to Naval Surface Warfare Center Carderock Division, MD, and Naval Sea Systems Command, DC | (2.00) | 1.32 |
| Realign Officer Training Command, Naval Air Station Pensacola, FL | (7.61) | 0.35 |
| Realign Single Drill Sergeant School to Fort Jackson, SC | (31.35) | 0.12 |

Source: Commission and DOD data.

Note: Shaded recommendations were estimated by the Commission to not pay back within the 20-year period. In addition to the recommendations included in the table, the Commission reported that the following recommendations would not pay back within the 20-year period: Reserve Component Transformation, NH; Realign Army Reserve Command and Control – Southwest; Realign Fort Smith Municipal Airport Air Guard Station, AR; Realign Beale Air Force Base, CA; and Close Navy Broadway Complex, San Diego, CA. With the exception of the recommendation to close Navy Broadway Complex, which is not included in DOD's fiscal year 2008 BRAC budget submission, DOD estimates that these recommendations will pay back within 20 years in its fiscal year 2008 BRAC budget submission.

[a]Positive dollar amounts indicate an estimated cost over the 20-year period. Negative dollar amounts, shown in parentheses, indicate an estimated savings over the 20-year period.

# Appendix II: GAO Contact and Staff Acknowledgments

## GAO Contact

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## Acknowledgments

In addition to the individual named above, Hilary Murrish Benedict, Susan Ditto, Mike Kennedy, Tom Mahalek, Julie Matta, Charlie Perdue, Jim Reifsnyder, Laura Talbott, and Ben Thompson made key contributions to this statement.

# Related GAO Products

*Military Base Realignments and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve.* GAO-08-159. Washington, D.C.: December 11, 2007.

*Military Base Realignments and Closures: Impact of Terminating, Relocating, or Outsourcing the Services of the Armed Forces Institute of Pathology.* GAO-08-20. Washington, D.C.: November 9, 2007.

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TTY USERS CALL VIA MD RELAY

**Statement of Lieutenant Governor Anthony G. Brown**
**State of Maryland**
**House Armed Services Committee**
**Subcommittee on Readiness**
**Implementation of the Base Realignment and Closure 2005 Decisions**
**December 12, 2007**

The State of Maryland is prepared to accept an expanded role and responsibility in support of our Nation's defense and security efforts. Between now and 2011, Maryland anticipates the arrival of as many as 60,000 new jobs and 28,000 new households as a result of the 2005 Base Realignment and Closure (BRAC) Commission recommendations that are codified in Federal law. Maryland understands its responsibility and is working diligently, in collaboration with local, state and Federal government, as well as with its private partners, to prepare its physical infrastructure and the human capital to successfully meet the command given to the State by the BRAC Commission and the Federal government.

The following testimony provides the details of Maryland's BRAC readiness: including a summary of the BRAC 2005 law's effect on Maryland; an overview of Maryland's strong workforce and economy; a description of the Governor's Subcabinet on BRAC; lessons learned from prior BRAC expansion in Maryland at the Patuxent River Naval Air Station in Southern Maryland in the 1990s; and new initiatives and policies Maryland is pursuing to maintain and enhance its readiness.

Maryland's readiness for BRAC stems from its tremendous capacity and foundation for growth. Under Governor Martin O'Malley's leadership, Maryland is prepared to continue making the sound investments necessary to succeed.

**BRAC 2005 Decision:**

Because of the BRAC decisions enacted into law in November 2005, Maryland will shortly assume a greater role in assisting the U.S. Department of Defense (DOD) mission requirements of achieving operational efficiencies in our country. Concurrently, Maryland will seek to optimize the benefits resulting from this realignment and consolidation of military missions and activities.

In order to both fulfill these obligations and reap these benefits by 2011, under the BRAC timeline, the State has begun and will continue the collaborative work necessary to ensure appropriate regional and statewide planning. With the relocation of these activities to Maryland, as many as 60,000 jobs will be created in the State, generating the single largest job growth in Maryland since the end of World War II

and making Maryland the largest beneficiary of employment growth of any state affected by the 2005 BRAC process.

Based on conservative estimates, the State will realize an increase of more than 15,300 direct jobs from the Federal Government (including embedded contractors), approximately 23,000 indirect jobs consisting primarily of Federal contractors, and more than 7,000 induced jobs that relate to support services for employees and their families. Induced jobs speak to the heart of the type of entrepreneurship that helps to build a more livable and robust community. These jobs include restaurant and retail staff, teachers, and law enforcement personnel, daycare providers, and drycleaners, among others.

It is anticipated that the majority of these jobs – approximately 94 percent of the cumulative direct, indirect and induced jobs – will be located in nine jurisdictions in the central Maryland region: Anne Arundel, Baltimore, Cecil, Frederick, Harford, Howard, Montgomery and Prince George's Counties and Baltimore City. These jurisdictions will each realize a significant increase in jobs and residents. Preliminary analysis indicates that within these counties, approximately 10,000 jobs will be located near Ft. Meade in Anne Arundel County, 13,000 will be clustered around Aberdeen Proving Ground in Harford County and the rest will move to other parts of the State, notably the areas around Ft. Detrick in Frederick County, the National Naval Medical Center in Bethesda and Andrews Air Force Base in Prince George's County. As direct-job employees actually begin transitioning to Maryland, the numbers will be more refined for direct, indirect and induced jobs.

BRAC is also expected to cause the relocation of approximately 28,000 new households to Maryland, nearly all to those eight counties already mentioned, as well as to the City of Baltimore. Based on past development patterns, 85 percent (approximately 21,565) of BRAC households will likely settle within Priority Funding Areas (PFAs) by 2015. The "PFA" is a concept developed as part of Maryland's nationally-recognized Smart Growth program and constitutes one of several geographic focus areas for the State's investment in growth-related infrastructure. Under Smart Growth, the State allocates program activity and funding to support established communities and locally-designated growth areas with existing infrastructure and housing.

**Maryland is a Dynamic State**

Maryland residents enjoy a quality of life that ranks among the highest in the Nation: the State's per capita income is the highest in the United States; it is home to one of the most highly-educated workforces in the Nation, with more than 15 percent of its workforce having earned an advanced degree and more than 30 percent having earned at least a bachelor's degree; Maryland has more Ph.D. professionals as a percentage of its workforce than any other state; and Maryland's public schools lead the Nation in Advanced Placement (AP) education and rank second in AP student performance.

Due in large part to its competitive workforce and longstanding commitment to building a strong and globally-competitive, knowledge-based economy, Maryland is home to 160,000 private-sector employers; 70 of the Nation's top 100 Federal contractors; more than 50 Federal agencies

- including the National Security Agency, the Food and Drug Administration, the National Institutes for Health, the National Aeronautic and Space Administration; nearly 400 Federal, academic and private research centers; and the Universities of Maryland and Johns Hopkins. Such a critical mass of government operations and world-renowned research and development (R&D) capabilities places Maryland at the top of the list of Federal R&D state funding recipients. In addition, with more than $12 billion obligated each year, Maryland ranks second in per capita Federal R&D funding.

Maryland also is home to the country's most diverse business community. Small- and family-owned businesses employ nearly 50 percent of its workforce. More than 400,000 small businesses operate in the State. Among these enterprises, 31 percent are majority-owned by women and 16 percent are majority-owned by African Americans; both figures constitute the largest percentage of women-owned and minority-owned enterprises in the Nation.

Furthermore, Maryland has a world-class transportation network to support its vibrant economy and diverse communities. Its transit systems provide roughly 95 million trips in the Washington and Baltimore regions annually. Safety and capacity on the State's highways, which carry 70 percent of its total traffic volume, will be increased in upcoming years by major construction projects such as the new Woodrow Wilson Bridge in Prince George's County and the Intercounty Connector, an east-west highway connecting I-270 with I-95. Baltimore/Washington International Thurgood Marshall Airport serves 21 million passengers a year and is rated as one of the 10 most convenient airports in the country. As one of the few states to bring all modes of transportation under one agency umbrella and to use a separate, consolidated transportation trust fund to finance its programs, the State avoids the institutional barriers and other common obstacles to the coordination and flexibility necessary to establish optimal transportation policy and priorities. Already recognized nationally for integrating Smart Growth and transportation policies, Maryland is also pursuing a portfolio of growth programs designed to promote housing, office and retail space around key transit centers and to boost transit ridership.

Because the State has embraced many innovative Smart Growth strategies and policies, Maryland has been fortunate to reap the benefits of a strong and diverse housing market in dynamic communities that spread across the State. From the inlets of the Eastern Shore to the mountains of Western Maryland, with many urban centers and small towns in between, Maryland offers a full range of options for everyone: parents raising children; young professionals wanting proximity to cultural and sports entertainment; and consumers seeking goods in local markets among others. Examples include the main streets of historic communities, golf course developments, tranquil estates along the Chesapeake Bay, "walkable" and transit-oriented communities in the Washington, D.C. suburbs and waterfront condominiums in downtown Baltimore City.

Maryland enjoys a diverse and beautiful natural landscape, preserved by the State's nationally renowned efforts in environmental protection. Spanning only 200 miles from the Appalachian Mountains to the Atlantic Seacoast, the State boasts 17,000 miles of waterways and 450,000 acres of public lands, all of which support active commercial and recreational fisheries, boating opportunities, and safe beaches. In addition, the State has the enormous economic and environmental asset of the Chesapeake Bay, long recognized as a national treasure.

Governor O'Malley and the General Assembly protected these many strengths by passing and enacting comprehensive legislation during last month's special session that will allow Maryland to close an inherited $1.7 billion structural budget deficit. Through a combination of revenue enhancements and budget reductions, the State was successful in its efforts to protect and improve the high quality of life already enjoyed by its residents. Some of the products of the hard work done in the special session of the General Assembly are a dedicated source of funding for higher education, an additional $450 million investment in the Maryland Transportation Trust Fund, an allocation of funds to provide health insurance for 100,000 uninsured Marylanders, and an invested allocation of $50 million to clean the Chesapeake Bay. These investments were made with an eye to the future so that all Marylanders, those who already live in the State and those who are on their way, can enjoy a high quality of life for generations to come.

Lastly, and perhaps more pertinent to this hearing, Maryland already has a proven track record of success in previous BRAC rounds. Through the 1995 BRAC experience at the Patuxent River Naval Air Station in Southern Maryland, the State learned valuable lessons about the need for improved intergovernmental coordination, more continuous monitoring of growth patterns, and more long-term investments in infrastructure. According to a study conducted by the Tri-County Council for Southern Maryland, by 2003 the highly successful 1995 BRAC transition had generated over $80 million in annual State income and sales tax revenue from the additional jobs in the region, while at the same time experiencing no degradation in the quality of life enjoyed in the region.

**Governor's Subcabinet on BRAC**

In preparation for BRAC growth and development, Governor Martin O'Malley proposed and the General Assembly passed legislation creating the Governor's Subcabinet on BRAC. As set forth in the law, the BRAC Subcabinet's mission is to "coordinate State activities and work with the Federal and local governments to prepare for and accommodate incoming households and jobs while sustaining and enhancing the quality of life throughout the State." As one of its most essential mandates, the BRAC Subcabinet must "prepare and implement an action plan, in collaboration with local jurisdictions, to identify and guide critical tasks, programs, projects, activities and initiatives that address the needs created by the arrival of residents and businesses." In addition, this law directs the BRAC Subcabinet to "supplement and disseminate information on programs and opportunities that will harmonize efforts to bring quality, long-term, Smart Growth associated with BRAC-related military installations."

In order to collaboratively address the immediate needs and requirements that arise from the BRAC decisions, the statute creating the BRAC Subcabinet specifically names the Lieutenant Governor as its Chair and nine Cabinet-level secretaries from those agencies most directly involved in BRAC-related issues as members. The departments represented on the BRAC Subcabinet include: (1) Department of Budget and Management (DBM), (2) Department of Business and Economic Development (DBED), (3) Maryland Department of Transportation (MDOT), (4) Maryland Department of Planning (MDP), (5) Maryland Department of the Environment (MDE), (6) Department of Labor, Licensing and Regulation (DLLR), (7) Maryland Higher Education Commission (MHEC), (8) Maryland State Department of Education (MSDE), and (9) Department of Housing and Community Development (DHCD).

Each department provides functional area expertise and a demonstrated track record of effectively coordinating efforts with other State agencies, local government counterparts, Maryland's Federal delegation, and the military installations. In addition, the inclusion of the Special Secretary for the Governor's Office of Minority Affairs to the BRAC Subcabinet reflects the O'Malley/Brown Administration's strong commitment to involving the State's small and minority business community in procurement opportunities while also stimulating entrepreneurship that may arise from BRAC-related economic growth.

The BRAC Subcabinet established a Local Government Subcommittee to assist the coordination with local jurisdictions that provided advice in identifying and prioritizing BRAC-related projects and evaluation studies. The Local Government Subcommittee is comprised of county representatives from each of the nine affected jurisdictions (including Baltimore City) as well as municipal representatives from one town or city in each county.

The BRAC Subcabinet undertook a comprehensive process of soliciting and compiling the input, research and expertise necessary to develop an optimal action plan. First, it invited local governments and the public to participate in 10 Subcabinet meetings held between June and October 2007. The first meeting of the BRAC Subcabinet was held at the Patuxent River Naval Air Station, where the BRAC Subcabinet learned how the Southern Maryland region prepared for and successfully accommodated the creation of jobs and arrival of residents from the 1995 BRAC decision. The other nine meetings were held in each of the counties experiencing the largest BRAC-related growth. The BRAC Subcabinet also participated in the three public meetings of the Maryland Military Installation Council (MMIC) during the same time period. On November 19, 2007, the BRAC Subcabinet released a draft of the Action Plan to the public, conducted a public presentation, and solicited input for inclusion in the final Action Plan. The BRAC Subcabinet received extensive comments during the four weeks between release of the draft and completion of the final Action Plan.

Second, to learn more about the DOD's specific BRAC transition plans and to communicate the State's activities to assist this process, the BRAC Subcabinet also conducted meetings with the commands of the five gaining military installations: Aberdeen Proving Ground, Andrews Air Force Base, Fort Detrick, Fort George G. Meade and the National Naval Medical Center (Bethesda Naval Hospital). The BRAC Subcabinet also visited the U.S. Army Communications – Electronics Life Cycle Management Command at Ft. Monmouth, New Jersey and the Defense Information Systems Agency (DISA) in Northern Virginia. Ongoing meetings with the military installations and relocating commands will be part of the State's efforts to ensure that it has the most accurate metrics to plan for, implement and evaluate BRAC-related infrastructure and human capital requirements.

**Lessons Learned – Patuxent River Naval Air Station**

The BRAC law passed in 1995 expanded the mission at three bases in Southern Maryland. According to a 2003 report, the three bases employed more than 22,800 military personnel, civilians and contractors, with the Patuxent River Naval Air Station (Pax River) employing the most (19,200). The report also concluded that in 2003, the three bases – Pax River, Indian Head Naval Surface Weapons Center, and Naval Amphibious Base in Solomon's Island – provided nearly one of every three jobs in the Southern Maryland region and generated over $80 million in state income and sales taxes. The same report also indicated that Pax River contributed a total of

$33.5 million in local income-tax revenues, and the three bases contributed to 85 percent of all local taxes received by St. Mary's County through its "piggyback" tax.

The practices used to build this success in Southern Maryland during the 1990s have served as a guidebook for current practices. Among the lessons learned, are:

Intergovernmental coordination: In the 1990s, the Maryland Department of Transportation established a network of personnel to serve as liaisons with local and installation counterparts and designated one point of contact for all BRAC-related matters to avoid duplication of efforts. In this latest BRAC preparation, each of Maryland's BRAC-affected agencies has similarly designated a single person to act as a liaison with the local jurisdiction and installation to allow for communication of a consistent message from the state to its local partners. Additionally, each of the local agencies' local counterparts has identified a similar liaison to coordinate and communicate with other BRAC partners.

Continuous public outreach: In Southern Maryland, the Chamber of Commerce and other organizations visited residents who were going to be transferred to Southern Maryland. Packets of information on jobs, housing, schools, recreational opportunities, government services, history of the region and other amenities were created and distributed at meetings and other events. This initiative provided an opportunity for affected residents to obtain information on a variety of services. Today, the BRAC Subcabinet and the various agency representatives are conducting similar outreach to the community (business leaders, civic leaders, etc.), as well as employers and employees in New Jersey and Virginia. Maryland will soon open One-Stop employment centers in Northern Virginia and New Jersey to provide information for potential new Maryland families.

Recognition that infrastructure improvements are a long-term investment in the State economy: In 2005, the St. Mary's Department of Economic Development estimated that State and local governments invested over $350 million in transportation, public and higher education, housing and other facilities to support the Navy. The State's return on investment has been seen through the creation of high-salary jobs (the median household income in the region rose from $37,158 in 1989 to $54,700 in 1999) and the generation of additional state and local tax revenue. The 2005 BRAC round is the single-largest contributor to Maryland's growth and development in the coming years; however, it represents only approximately 15 percent of the State's overall expansion. Due to Maryland's high quality of life and already competitive workforce, existing and planned State investments in its physical infrastructure and human capital are necessary irrespective of the growth anticipated as a result of BRAC 2005.

**BRAC Subcabinet State Plan Action Items**

Next week, the BRAC Subcabinet will present Governor Martin O'Malley with a final BRAC Action Plan that will maintain and enhance the State's BRAC readiness. The action plan lays out specific policies and investments that the State will pursue and develop in the coming years to accommodate a larger population and workforce. Below are several of the action items Maryland has already enacted or will pursue legislatively.

Transportation: The Maryland Department of Transportation has established a comprehensive plan to meet the State's increased needs for transportation capabilities. This plan uses an approach to project funding and delivery in which short-term, low-budget items are targeted for funding and completion prior to 2011 and long-term, high-budget items will come online over time to sustain BRAC growth.

First, Maryland will invest $370 million over the next five years to increase capacity on the Maryland Rail Commuter (MARC) system to accommodate BRAC growth. It will add seats and trips to MARC lines and will include other conveniences for commuters such as wireless internet access. By 2015, the State will invest a total of approximately $1 billion for expansion of MARC service to meet and sustain the long-term transportation needs of Marylanders commuting to jobs throughout the broader region, eventually extending MARC lines through Maryland to Northern Virginia and Delaware.

Second, to promote optimal use of Maryland's mass transit options, the State will consider the development of BRAC Zones that will provide incentives for both employers and workers to relocate to areas of the State, such as Baltimore City, that already possess ample infrastructure development and adequate transportation capabilities. In concert with the policies consistent with Smart Growth to accommodate and encourage growth without contributing to sprawl, BRAC Zones will also provide local jurisdictions with incentives to enhance public infrastructure, such as streets, utilities and recreation venues, in designated revitalization and redevelopment areas. These incentives will reduce development pressures outside PFAs while motivating BRAC employers and workers to relocate to desired areas.

Workforce Creation and Economic Development: The BRAC Action Plan also addresses the critical issue of ensuring that the State has a workforce pipeline adequate to meet the immediate and future needs of the incoming military missions and other BRAC-related employers. From elementary school through post-secondary education and entry into the workforce, the State has laid the ground work and begun implementation of necessary components of the training and educational services BRAC will require. For example, because many of the career paths linked to BRAC jobs require science, technology, engineering or math (STEM) education and training, Maryland has awarded local school systems $3.6 million in STEM curriculum planning and implementation grants over the past two years. With that funding, more than 60 schools have implemented rigorous STEM programs and dozens more are in the planning phase.

In addition, Maryland has made a five-year, $3.8 million investment in a Career and Technology Education initiative, incorporating pre-engineering, biomedical, and other BRAC-related career pathway programs in the curricula of 58 schools throughout the State. Through this substantial investment, Maryland ensures that students who so choose will be ready to become the next generation of engineers, physicists, scientists or related professionals.

Maryland's commitment to preparing its existing, emerging, and incoming workforce does not end with secondary education. As students move from secondary schools or from out-of-state to attend Maryland's institutions of higher education, the State will take steps to facilitate that transition and to ensure that the education offered meets the needs of defense-related careers. One such effort to make higher education more accessible is already in place. The University

System of Maryland and Morgan State University have waived the residency requirement for in-state tuition eligibility for BRAC installation employees and their families relocating to Maryland.

In addition, a BRAC Higher Education Fund will be developed to assist institutions of higher education in efforts to remain current and competitive in technology, R&D and related fields. Institutions will be able to compete for additional funding for defense-related training and educational programs. They will have the flexibility to develop new programs collaboratively with military partners and to offer them through distance education to maximize accessibility for BRAC installation personnel. The Fund will also be available for infrastructure improvements such as the development or expansion of regional centers of higher education.

Maryland's Department of Labor, Licensing and Regulation (DLLR) is putting several measures in place to maximize the number of workers that follow their jobs to Maryland through BRAC. The agency has funded one-stop transition centers at Ft. Monmouth, New Jersey and at the Defense Information Systems Agency (DISA) in Virginia. Workforce professionals staff each center and help with a range of services for workers who wish to transfer to Maryland including spousal and family employment, education and training, and housing and transportation information.

Since many of the workers considering relocation have spouses and families, DLLR is undertaking several initiatives to serve spouses and families in addition to the transferees themselves. Collaborating with regional partners, DLLR will host Job and Spousal Reemployment Fairs and will continue to work to identify and remove obstacles to smooth job transition for spouses. For example, DLLR will ensure that a spouse who works in a profession that requires a license, such as cosmetology, architecture, engineering or home inspection, will be able to transfer that license to Maryland without administrative impediments. The Department will designate a BRAC liaison to assist these spouses with any licensing issues to ensure a streamlined process.

Often serving as the innovative engines of the economy, small and minority businesses will provide a critical contribution to the State's overall procurement and service needs that result from BRAC. Therefore, the State will conduct an economic development impact study to examine whatever barriers to access may exist for the small and minority business community and to develop the tools necessary to promote and sustain this community's full access to BRAC-related economic opportunity. One such effort is being led by the Maryland Technology Development Corporation (TEDCO), which has authorized $375,000 in additional funding for entrepreneurs who are transferring or commercializing technology from Fort Monmouth, DISA or other BRAC-related defense organizations.

Education: In addition to the BRAC Higher Education Fund, the Maryland Higher Education Commission (MHEC) will conduct a feasibility study for the creation of a regional higher education and R&D center to deliver higher education services to the Aberdeen Proving Ground military personnel, contractors, and surrounding community. The center should be open to all Maryland higher education institutions offering programs needed in the region. The feasibility study will consider several models, notably that which is employed by the Southern Maryland

Higher Education Center near Patuxent Naval Air Station. It will consider a governing structure that may include representation of the regional local governments of Harford, Cecil, and Baltimore counties and Baltimore City.

The study will also determine the facility needs for the Aberdeen region, taking into consideration not only the need for instruction, but also the need for technology transfer and R&D activities linking public and independent universities to military contractors. All capital construction requests will be reviewed after the feasibility study is completed.

While not part of the Aberdeen feasibility study, MHEC will explore establishing a Frederick Regional Higher Education Center to assure the delivery of needed higher education services to the Ft. Detrick region. The creation of this center would recognize the growing importance of Ft. Detrick to the economy of Frederick County and western Maryland. It would also respond to the increasing importance of bioscience research and industry in the Frederick/Ft. Detrick region.

Moreover, MHEC will coordinate the development of memoranda of understanding between Maryland and New Jersey universities to facilitate the transfer of credit for incoming BRAC-related personnel in programs they have already begun, especially at the graduate level. MHEC will undertake these negotiations in order to address any concerns that employees will be reluctant to move to Maryland if they are required to begin their graduate education again because of the lack of transfer of academic credit

Throughout the pre K–12 continuum, Maryland will continue to increase instructional rigor and improve students' capacity to succeed in challenging coursework. Maryland State Department of Education (MSDE) will expand pre-kindergarten programs in child care centers and work with school systems to expand their charter and magnet schools. The State will support school systems as they increase AP course offerings and enrollment and open more International Baccalaureate schools.

MSDE will also invest in programs that prepare students specifically for college and careers, especially those in high-demand, BRAC-related industries. The State will aggressively support science, technology, engineering, and math (STEM) programs by conducting biannual meetings with each school system's STEM coordinator, holding annual STEM conferences, developing an electronic network to share best practices, and advocating for additional STEM grants.

In addition, Maryland will partner with colleges and universities, as well as the business community, to develop and support high-quality Career and Technology Education pathway programs and clusters that lead to industry certification. Working with school systems and the business community, Maryland will facilitate industry partnerships and internship/apprenticeship programs that create pathways to employment and offer high school students work-based learning opportunities. The State will support the expansion of dual-enrollment policies that allow high school students to take college courses and will facilitate partnerships among school systems and two- and four-year colleges to improve student achievement, college enrollment, and teacher development.

Maryland will support school systems' efforts to aggressively recruit highly-qualified teachers and will host a statewide teacher recruitment fair in spring 2008. The State will expand alternative certification programs, including the New Teacher Project, Teach for America, Troops-to-Teachers, and the Transition to Teaching program. Maryland will also expand the Associate of Arts in Teaching program, which creates a seamless transition from two-year to four-year teacher preparation programs in additional to launching an adjunct teacher corps program that capitalizes on the vast STEM knowledge and expertise of military professionals. MSDE will also work with the Maryland State Retirement Agency to convene an advisory council to consider legislative changes to the State Personnel and Pensions Article that would allow greater flexibility and portability of teacher pensions.

Affordable Housing: In addition to the above-referenced array of initiatives, Maryland's long-term plans include tools that contemplate leveraging existing resources to expand affordable and workforce housing opportunities. One such tool is the Workforce Housing Grant Program. The program was created by the General Assembly in 2006 to provide flexible housing grants to local governments to meet local housing needs. In return, local governments must match the funds and better incorporate housing needs into their future planning activities.

While enhancements to housing programs will assist direct and indirect populations in need of housing assistance, Maryland's neighborhood revitalization programs will play a key role in shaping the location and quality of BRAC-related growth. Maryland's investment programs provide critical resources to spur redevelopment to support residential opportunities as well as revitalize commercial corridors and older retail shopping centers that provide key services for BRAC households.

One such action item to help direct BRAC-related growth includes fully utilizing the flexible Community Legacy program that provides grants and loans to local governments and communities to achieve their revitalization priorities. Since Fiscal Year 2002, when Community Legacy was created, the Program has provided $42 million dollars in funds that have catalyzed the generation of $233 million in investment in 390 local revitalization and community development projects across Maryland.

**Maryland BRAC Funding**

During the 2007 Regular Session of the General Assembly, the State committed almost $2 billion for BRAC-related infrastructure improvements over the next five years. In Fiscal Year 2008 alone, the State will invest $785 million on K-12 public school and community college construction, highway improvements, transit, and waste water treatment plants in communities that will experience the most significant BRAC-related growth. Of the nearly $2 billion committed for BRAC-related projects during the 2007 Regular Session, the State has designated more than $900 million for transportation projects and $800 million for the construction of educational facilities. Funding for additional BRAC-related investments will be proposed during the 2008 Regular Session.

BRAC budget items and recommendations, including local government priorities and requests for Fiscal Year 2009 are currently under consideration in conjunction with the Governor's budget development process. Generally, all operating and capital budget items proposed by the Governor for Fiscal Year

2009 will require approval by the General Assembly during the 2008 Regular Session. A similar process will occur in each subsequent Fiscal Year and BRAC-related funding will be taken under consideration as the BRAC process continues in the coming years.

With respect to the State's capital budget, the proposed Fiscal Year 2009 capital budget will include cash and bond funding for projects that will be underway in Fiscal Year 2009 and plans for the specific projects the Administration will fund in Fiscal Year 2010 – 13 (Consolidated Transportation Program (CTP) and Capital Improvement Program (CIP)). It is anticipated that substantial funding for BRAC-related transportation, school construction and other infrastructure needs will be included in the Fiscal Year 2009 capital budget and the plan for subsequent Fiscal Years.

Specifically for funding school construction, the Interagency Committee on School Construction (IAC) also has a defined process. The IAC is composed of members from MSDE, MDP, Maryland Department of General Services (DGS), and appointees from both the presiding officers of the General Assembly. At the beginning of January 2008, the IAC will present to the Board of Public Works (BPW) their funding recommendations for 75 percent of the anticipated $300 million for proposed by the Governor for Fiscal Year 2009 school construction projects. After input from local governments and school systems, the BPW issue its decision towards the end of the month. (The remaining 25 percent of school construction funding will be presented to the BPW after the Regular Session adjourns in April 2008.) The IAC includes BRAC enrollment projections in developing recommendations for the BPW.

**Conclusion**

Looking ahead toward future BRAC decisions, Maryland has built a national model for BRAC-gaining states to make their own. Maryland's ability to bring local, State and Federal governments together to focus on regional priorities rather than local competitions has allowed the State to move forward in one direction toward complete readiness. In addition, the partnerships forged with the private sector, through military alliances and private partnerships, such as the Ft. Meade Alliance and the Chesapeake Science and Security Corridor, have put Maryland in the best position to welcome 28,000 new households and fill 60,000 new jobs in a relatively short amount of time.

Maryland began work early and identified those potential challenges it would need to overcome in order to create the trained workforce, build the physical infrastructure and preserve the quality of life that a larger population will require. Moreover, Maryland began the process of working vigorously to formulate practical and efficient solutions to those initial challenges, and this work continues through to today. The State's diligence thus far in preparation for the BRAC 2005 round will avoid the pitfalls faced in the past and significantly increase overall readiness. In short, Maryland is well-positioned to succeed and is ready to welcome new neighbors and new workers between now and 2011, and beyond.

**STATEMENT**

**OF**

**MICHAEL ANGELO HOULEMARD, JR.**

**PRESIDENT, ASSOCIATION OF DEFENSE COMMUNITIES**
***AND***
**EXECUTIVE OFFICER, FORT ORD REUSE AUTHORITY**

**TO THE HOUSE COMMITTEE ON ARMED SERVICES**

**SUBCOMMITTEE ON MILITARY READINESS**

**December 12, 2007**

**Statement of Michael Angelo Houlemard, Jr.**
**President, Association of Defense Communities**
**and**
**Executive Officer, Fort Ord Reuse Authority, Monterey County, CA**
**to the**
**House Committee on Armed Services**
**Subcommittee on Military Readiness**

**December 12, 2007**

Chairman Ortiz, Mr. Forbes, distinguished Members of this Subcommittee, and staff, thank you for the opportunity to appear before you today. I am Michael Houlemard, President of the Association of Defense Communities (ADC) and also Executive Officer of the Fort Ord Reuse Authority. I am honored to have this opportunity today to discuss the experiences of communities impacted by the 2005 round of Base Closure and Realignment (BRAC) and lessons we have learned from previous closures. ADC hopes that its experiences in working with the nation's defense communities provides you with an important source of information as you consider the progress of BRAC implementation.

## Association of Defense Communities

As you may be aware, ADC is the nation's premier membership organization supporting communities with active, closed and closing defense installations. Our 1,300 members unite the diverse interests of communities, the private sector and the military on issues of mission enhancement, realignment, community-installation partnerships, public-private partnerships and closure/redevelopment.

For more than 30 years, ADC has been the voice of communities addressing the challenges and opportunities of active and closed military installations. ADC was originally known as the National Association of Installation Developers, formed by a group of airport managers at former military facilities in Kansas, Oklahoma, and Texas. These individuals organized the Airpark Development Study Conference in Clinton, Oklahoma, to provide managers and owners of former military bases the opportunity to exchange ideas, discuss experiences and learn new techniques for operating and identifying reuse opportunities for former military installations.

Shortly after that first meeting, with assistance from the Defense Department's Office of Economic Adjustment (OEA), the association was organized by

operators of former military installations in the Midwest and communities where bases had been scheduled for closure in April 1973.

Several years ago, the organization changed its name to the Association of Defense Communities, or ADC, to reflect an expanded mission that has evolved to address issues at all defense communities — communities redeveloping former military bases as well as those with active military installations.

Today, ADC's members include communities responding to the full range of BRAC impacts, including major base closure, mission growth and realignment. Our membership also counts numerous communities affected by previous BRAC rounds still coping with the impact of closure and environmental problems. ADC's diverse membership places us in a unique position to address the successes, challenges and concerns of defense communities.

On a personal level, my experience with military-community interaction involves the closure of the Fort Ord Military Installation and the ongoing connections with the Naval Postgraduate School and the Defense Language Institute in Monterey, Calif. I have served as the Executive Officer of the Fort Ord Reuse Authority (FORA) for the past 10 years. FORA is responsible for the redevelopment of the former Fort Ord, which was listed for closure as a part of the 1991 BRAC round, and is a 45-square mile facility located on the Monterey Peninsula, including the cities of Marina, Monterey, Seaside and Del Rey Oaks. Portions of the former Fort Ord provide support for the ongoing military mission in our community.

Today, I would like to cover three key themes with you: 1) the unique challenges facing growth communities, 2) property transfer issues affecting redevelopment and 3) the need for certainty when it comes to responding to BRAC recommendations.

**Communities Experiencing Growth Face Unique Challenges**

An unprecedented shift is occurring within our defense infrastructure as military personnel are moving between bases and communities. More than 20 communities are experiencing large-scale growth stemming from BRAC 2005 actions, military transformation and overseas rebasing. Growth communities face a series of unique challenges rarely encountered by the Defense Department. The large influx of soldiers, sailors, airmen, scientists, engineers, and mission support contractors will prompt major changes on the installation as well as in neighboring communities.

The Office of Economic Adjustment (OEA) and the U.S. Department of Labor's Employment and Training Administration have met this challenge by actively supporting growth communities. Both of these agencies have quickly adapted to the needs of these communities, offering grants and technical assistance to support the growth planning process.

Immediately after the BRAC recommendations became law, growth communities formed planning groups to prepare for an expanding population. These organizations have been instrumental in educating their communities about the impacts of mission growth.

For most growth communities, the arrival of thousands of new residents places a considerable strain on local infrastructure. As you will hear later today, there is an increasing demand for schools in growth communities. In addition to schools, communities must also provide healthcare, roads, police, fire, child care, sewer and other municipal services that historically have been provided on base with federal funds.

Growth communities are both eager to support their local installation and anxious to welcome the arriving missions. However, many communities, especially rural ones, face overwhelming financial challenges if they are to fully support such a large influx. While this growth will generate additional revenue for state and local governments, this funding stream will significantly lag behind the need for improvements and lack the certainty needed to secure infrastructure financing. Direct assistance — in the form of assurances, loans, grants, or a combination thereof — from federal and state governments is essential if growth communities are to bridge the funding gap and meet initial infrastructure requirements associated with military growth.

Accommodating growth is costly and the resulting needs should be carefully analyzed as Congress considers the implications of relocating tens of thousands of military personnel across political and geographic boundaries. This burden should not fall solely on local communities that have enthusiastically supported the military presence for decades. ADC encourages growth communities, the Defense Department and other federal agencies, such as the Departments of Transportation, Housing and Urban Development, Commerce and Education, to collaborate on finding creative solutions to address mission growth.

ADC supports all echelons of government working together to support service members and their families relocating to new installations.

**Closure Communities Confront Multiple Hurdles**

ADC has represented defense communities and tracked the base closure process for over 30 years and through all five rounds of closure. From this historical perspective we have observed several trends throughout the course of reuse planning, environmental remediation, property disposal and economic development.

We applaud the efforts led by the Defense Department and the military services in supporting BRAC 2005 closure communities in the initial planning process. In particular, we would like to commend the Office of Economic Adjustment for the tremendous technical and financial assistance it provides. As a result of this support, communities have quickly formed Local Redevelopment Authorities (LRAs) and are creating reuse plans to guide the redevelopment of their closing installations.

It is in the subsequent phase of the redevelopment process, however — after the community reuse plan has been completed — that some of the most significant problems arise for communities. Once the base is finally closed and the last soldier or sailor leaves, communities encounter new challenges. Maintenance of an installation's infrastructure, remediation of contamination generated over decades of use, and the process of transferring valuable and sometimes not-so-valuable real estate can present stumbling blocks for closure communities. Based on our members' experiences, ADC expects these issues will again arise for BRAC 2005 communities, potentially delaying or hindering successful community-driven base reuse.

**1. Maintaining Facilities**

The first concern is whether the services will have sufficient resources to maintain facilities after the last personnel leave. Caretaker needs have traditionally been an under-funded part of the BRAC account. Military installations often include historic structures, airports, runways, hospitals, and technical facilities that require continuous care and attention to prevent their deterioration. Physical infrastructure needs to be maintained to be of use and value to the Department of Defense as the disposal agent and to the community as the ultimate recipient of those facilities. Communities incorporate some or all of the existing base facilities and infrastructure into their reuse plans.

One example of the adverse impact of neglecting maintenance occurred at the former Fort Ord in the late 1990s. Following the post's closure, the Army boarded up and disconnected infrastructure to over 3,000 family housing units in a region that desperately needed low-and moderate-income and workforce

housing. Property transfer was delayed for several years and the assets laid fallow the entire time. The combined result was that the facilities became uninhabitable and the services unusable, and all are being demolished or replaced.

**2. Environmental Cleanup**

A second issue for base closure communities is the pace at which land at closed installations will be cleaned. In most cases, an installation must be remediated before it can be transferred to the community for redevelopment. In each of the prior rounds of base closure, actual environmental remediation costs have exceeded, by many times, DoD's estimates.

Higher costs translate into extended cleanup efforts, hindering communities' redevelopment plans. The Defense Department's obligation for environmental remediation is a statutory as well as a moral and ethical responsibility of the federal government. Based on communities' past experience, ADC is concerned whether adequate funding will be available for either BRAC 2005 closure communities or pre-2005 closure communities.

**3. Property Disposal**

When it comes to the issue of property disposal, closure communities are concerned that the military services' reliance on public sales will harm their prospects for successful redevelopment. ADC fully understands that public sales are a valuable tool for the Department to offset some of its BRAC implementation costs — including remediation — especially when market conditions are favorable. During an economic downturn, however, relying on public sales likely would slow a community's recovery. Even in the healthiest markets, selling surplus property to the highest bidder cannot be expected to produce similar results as recent sales by the Navy. Without a viable real estate market to absorb large parcels from closed bases, community redevelopment efforts could come to a halt.

Transferring property directly to the private sector while markets are unsteady could interfere with redevelopment in other ways as well. Developers may acquire property as long-term investments or for land banking, a strategy at odds with the community's reuse vision. In such a scenario, the community would be deprived of achieving its goals for job creation.

ADC believes that there is an obligation for the federal government to consider more to disposal and reuse than just monetary gain to the Department of Defense. As the economy slows, we hope the Department will rely on other property disposal tools, such as economic development conveyances —

including at no-cost — to dispose of base property and ensure successful and speedy community-driven reuse.

**Certainty: A Requirement for Communities to Respond to BRAC Recommendations**

In the two years since the BRAC 2005 recommendations became law, closure and growth communities have launched comprehensive planning efforts to respond to the economic changes slated to arrive by September 2011. Closure communities — after the initial shock of the loss of a primary economic engine for the region — are faced with decisions on reuse, economic growth, job creation and the maintenance of a viable tax base. The closure of a base can have a dramatic and immediate impact on property values, employment opportunities and community growth. Many LRAs have been aggressive in developing reuse plans, committing huge monetary and intellectual resources to shape their community's future. As 2007 closes, some of the local redevelopment authorities established in these communities already have completed their reuse plan; in most cases, creating a vision of how a former installation can be converted into a non-military community asset, providing jobs, homes, recreational opportunities and public spaces.

Similarly, as described earlier, communities that stand to gain missions and personnel as a result of BRAC are faced with difficult planning challenges. Meeting the demand for off-post support requirements for healthcare, schools, transportation and environmental infrastructure, housing, public safety and other municipal governmental responsibilities requires both a significant financial outlay and the effort of dedicated planning officials.

Driving the planning efforts in both closure and growth cases while ensuring they stay on track is the <u>certainty</u> of change. Whether it is the closure of a facility that residents have faithfully supported for decades or the influx of thousands — and in some cases, tens of thousands — of service members, their dependents, and civilian personnel to a burgeoning installation, a clear and firm decision is critical to community planning. A firm deadline provides communities the necessary certainty to allocate scarce public resources and attract private investment. The absence or erosion of certainty sends a dangerous message to the marketplace and to other communities affected by BRAC decisions, injecting doubt into an already complex and arduous process. Certainty helps local communities to budget resources and craft policies that will aid in their support of the military mission.

When it comes to the merits of amending a specific BRAC decision, ADC will not opine. That has been the association's stand for the past 30 years as it has supported all defense communities. ADC firmly believes that national security decisions such as BRAC are best made by Defense Department experts, the independent BRAC Commission, Congress and the President. At the same time, ADC reinforces and emphasizes its long-standing opposition to individual basing decisions being made outside of BRAC.

Over its history, BRAC has been an open and public process based on certainty and equity. The process has a defined timetable and steps for every affected community. Communities rely on this certainty and equity to make plans for dealing with the impacts of closures and mission growth movements. ADC is concerned by the unusual precedent that would be set by reopening base closure decisions outside of the BRAC process and cannot support an independent decision to that effect.

A secondary component of certainty is money. In addition to programmatic uncertainty, communities affected by BRAC 2005 must also be assured that the military services will receive an adequate stream of funding to carry out the BRAC recommendations. Delays in funding, or inadequate funding, will severely hamper the Department's ability to implement the BRAC 2005 recommendations. Given the complex nature of BRAC 2005, even minor delays or shortfalls in funding will have a ripple effect in numerous communities that can potentially disrupt the implementation of multiple BRAC recommendations.

**Conclusion**

I hope ADC's experiences with defense communities give the Subcommittee some insight into BRAC implementation. For communities, whether closure or growth, BRAC 2005 will have a tremendous impact not only on real estate, but also on people, jobs and a way of life — an issue that impacts all aspects of a community.

In order for communities to adequately address the impacts of BRAC, there must be collaboration between all parties. We are encouraged by the Defense Department's willingness to work with defense communities to tackle the challenges of BRAC and hope that this positive relationship continues and that a true partnership between all stakeholders emerges.

Thank you for the opportunity to appear today as ADC looks forward to working with the Subcommittee in supporting America's defense communities.

**DISCLOSURE FORM FOR WITNESSES**
**CONCERNING FEDERAL CONTRACT AND GRANT INFORMATION**

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**Witness name:** Michael Angelo Houlemard, Jr.

**Capacity in which appearing:** (check one)

___Individual

X Representative

**If appearing in a representative capacity, name of the company, association or other entity being represented:** Association of Defense Communities

**FISCAL YEAR 2007**

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Fiscal year 2005:_____.

Statement of

**Dr. John F. Deegan**

**Executive Director**
**Military Impacted Schools Association**

before the

**House Armed Services**
**Subcommittee on Readiness**

**December 12, 2007**

Military Impacted Schools Association
1600 Highway 370
Bellevue, NE 68005
(800) 291-6472
www.militaryimpactedschoolsassociation.org

Mr. Chairman and members of the Subcommittee, the Military Impacted Schools Association (MISA) would like to thank you for the support you provide to our military families and for the opportunity to present testimony on BRAC and issues facing school districts that serve military children.

- MISA represents 60 of the most heavily impacted school districts in the United States
- There are 500,000 military children and their 2 million classmates that are served in public schools in the United States

MISA is proud to serve the children of our military personnel and their families.

When a military family receives orders for a new assignment, one of the first places they turn for information is the local school district.

When mom or dad deploys, one of the most important support systems is the teacher and local school.

School districts are an essential stabilizing factor in the lives of our military families. Our families are very anxious and concerned about their moves and deployments. And many times these feelings stem from uncertainty and lack of information.

While providing the support, school districts are also concerned with not having the information to plan in a timely manner and with the lack of funding.

## Military Transformation

The military is going through a number of transformations as they continually strive to provide the best military in the most cost effective manner. Areas that have an impact on military families and the school districts that serve them include:

- Privatization of military housing
- Global Rebasing
- Army Modularization
- BRAC

**Housing privatization**, for example, is an excellent initiative to provide quality housing for military families. There were a number of unintended consequences with this program that MISA brought to the attention of Congress and they have been addressed. Thank you for ensuring that the following programs continue to be available for our military families: free and reduced lunch, Title I, SSI and food stamps.

Unfortunately in a number of cases school districts have planned for the project and then changes have been made that reduce the housing projects drastically.

Examples: Offutt AFB, Nebraska going from 2,600 to 1,600 homes
Little Rock, Arkansas going from 1,200 to 659 homes
Patrick AFB, Florida going from 552 to 164 homes
Hanscom, Massachutes going from 784 to 459 homes

**Global Rebasing**: we have been told to anticipate 42,000 military children returning to the United States as a part of Global Rebasing and that about eleven military installations will be affected. This includes military installations like:

- Fort Bliss, Texas
- Fort Hood, Texas
- Fort Stewart, Georgia
- Fort Carson, Colorado
- Fort Drum, New York
- Fort Lewis, Washington
- Fort Bragg, North Carolina

We are talking about the need to build new schools to accommodate the tremendous growth. This takes time--a minimum of two years once the funding and approval has taken place. School districts have been working with DoD and the Office of Economic Adjustment to plan for this return.

Then two weeks ago we pick up a paper to see that all of the plans may be changing? There may be fewer troops returning to the United States and possibly only 30,000 military children going to the eleven military installations. School districts have been trying to address and plan for these needs for two years.

Again the **Army Modularization** plans interrelate with the Global Rebasing and all of the uncertainty surrounding who we will be serving, how many children we will be serving, when will we be serving them, how we are going to pay for the infrastructure and staff, and will it ever happen.

The **BRAC 05** report highlighted no net changes in troops at some of the military installations. However when you closely examine the numbers there is a 10,000 increase in troop level at one military installation and a 10,000 movement from another installation. The net change is minimal—but a 10,000 person change for a school district is a tremendous undertaking and requires resources.

We understand that there is a great deal to consider in planning for troop/military family movement—and school districts want to do everything that we can to support. It is important, however, to understanding that each change, each decision, each movement has an impact on the local school district.

There are several factors to consider:

- If a military child transfers into a school district by January 15 the school district receives Impact Aid funding one year later
- If a military child transfers into a school district after January 15 the school district will have to wait two years to receive Impact Aid funding for that child
- If school districts need to construct additional facilities to accommodate additional children, it takes a minimum of two years to construct once the approval and funding is received
- School districts approve staffing contracts 6-9 months before the new school year
- Impact Aid is only funded at 60% of need according to the law
- DoD Impact Aid funding was intended to assist heavily impacted schools through some of the transitions. There was a provision in the funding that addressed the uncertainty school districts faced. There is no funding for this provision this year.

Educators are seeing a great deal of stress among our military families. Part of it can be attributed to the long deployments, but frankly a great deal can be attributed to the uncertainty of deployment, movement of troops, assignments, and manning levels. We are doing everything that we can to provide support and a stable environment.

The drawdown in the Air Force, buildup and reorganization in the Army, buildup in the Marines, and shifts in the Navy are not only being felt by the military services, but also by the school districts that serve military families. Just as our military must plan in advance to have the infrastructure in place to support the military missions, school districts must plan in advance to support the military families. We are asking for:

- Better communications in a more timely manner about what is happening so that we can plan and accommodate our military families
- Funding to assist in the military transformation processes. Specifically there was a provision in the DoD Impact Aid funding to assist school districts that had an increase or decrease of 250 military students or 5% in their military student population. Funding was authorized at $15 million. In FY'06 $7 million was appropriated and $8 million in FY'07. There was no funding appropriated for the current year. It is important to restore the funding to $15 million to assist school districts that are experiencing changes as a result of military transitions.

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to speak with you today. I would be happy to answer any questions you may have.

John F. Deegan, Ed.D.
Superintendent of Schools
Bellevue, Nebraska

Executive Director
Military Impacted Schools Association

Dr. John F. Deegan was named Bellevue's Superintendent of Schools in 1997. He began his career as a teacher and principal in Iowa in 1967. In 1973 he moved to Bellevue, Nebraska, where he served as an elementary principal, Administrative Assistant for Local, State and Federal Relations, and Assistant Superintendent for Business and Government Relations.

In 1997 Dr. Deegan was appointed Executive Director of the Military Impacted Schools Association. The Association, which represents school districts that serve military installations throughout the United States, was formed in Omaha, Nebraska, in 1986. This is a grassroots organization that works on funding, legislation, partnerships and smooth transitions for military families.

Dr. Deegan received his Bachelors degree from Iowa, and his Masters, Specialists and Doctorate degrees in Administration, Curriculum, Instruction from the University of Nebraska at Lincoln.

Dr. Deegan is the President of the National Association of Federally Impacted Schools, Chairman of the Impact Aid Reauthorization Task Force, a member of the Board of Directors of the Offutt Advisory Council, Metropolitan Omaha Educational Consortium, and Sarpy County Safety Program. He is a member of the Association of the United States Army, Air Force Association, Navy League, and National Military Family Association.

Dr. Deegan was selected to attend the National Security Forum of the Air War College, is an Honorary Member of the Nebraska and Western Iowa West Point Society, was named *Bellevue Leader's* 2003 Man of the Year, received the Bellevue Chamber of Commerce Distinguished Service Award, the Outstanding Educator award from the Nebraska Council of School Administrators, and the Champion for Children award by the Military Impacted Schools Association.

Dr. Deegan and his wife, Deanna, have five children: Alex, Mark, Andrea, Brian, and John.

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**Witness name:** Dr. John F. Deegan

**Capacity in which appearing:** (check one)

___ Individual

✓ Representative

**If appearing in a representative capacity, name of the company, association or other entity being represented:** Military Impacted Schools Assoc.

**FISCAL YEAR 2007**

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# Statement by Victor J. Ferlise, Esq. before the Readiness Subcommittee of the House Armed Services Committee regarding the BRAC Recommendation Closing Fort Monmouth, New Jersey

## December 12, 2007

**OPENING:**

Mr. Chairman and distinguished members of the Committee, good morning. My name is Victor J. Ferlise, and prior to my retirement from the Federal Service last February, I spent 36 years serving the Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance (C4ISR) activities at Fort Monmouth. For the last 14 years, I served as the Deputy to the Commanding General of the CECOM Life Cycle Management Command (CECOM). During that final assignment, my responsibilities encompassed Logistics, Research and Development, Acquisition, Software Engineering, and Depot Maintenance - in short, the full spectrum of CECOM business. I am here today to explain the background and implications of the BRAC 2005 Recommendation closing Fort Monmouth and relocating the C4ISR Research, Development and Acquisition (RDA) activities located there to Aberdeen Proving Ground (Aberdeen). As I will detail, I believe this recommendation:

- is unsupported by any objective facts;
- was developed in violation of the terms of the BRAC law; and
- that crucial financial data was not made available to the BRAC Commission.

It will unnecessarily cost billions of dollars to execute this fatally flawed strategy. Most importantly, it puts the lives of our Warfighters in jeopardy.

1. An October 2006 Report from the Federation of American Scientists concluded that the BRAC Commission's overall deliberations ***suffered from a withholding of critical information by DOD***.[1] *(Emphasis added)* It is a scathing indictment of the manner in which the Department of Defense (DOD) executed the BRAC, particularly as it affected RDA activities, concluding it was a "severely flawed and fatally compromised process." The synopsis of the report highlights only one specific recommendation; the Army recommendation closing Fort Monmouth and relocating the C4ISR RDA activities resident there, and concludes that it was unsupported by any objective data. The BRAC conclusions have critical implications for the Warfighter, as well as the American taxpayer, and I urge this Committee to thoroughly review this report, as a reliable non-partisan evaluation of the BRAC, unburdened by regional bias or prejudice. Unlike prior BRAC rounds, this one is occurring in a time of war, and recommendations with the sort

[1] http://www.fas.org/sgp/othergov/dod/brac/index.html

of profound implications associated with the Fort Monmouth recommendation must be given the most careful scrutiny.

2. The decision to close Fort Monmouth and relocate the C4ISR activities will inevitably impact military readiness in war time, cost unnecessary billions of taxpayer dollars to execute a fatally flawed strategy, and cannot realistically be completed by 2011, as required by the BRAC Statute. In addition, the stated purpose of this BRAC move was to consolidate C4ISR activities within the Army and potentially, other services. In reality, not only was there no consolidation across service lines, there was no consolidation within the Army; not even within CECOM activities. In essence, a part of CECOM is being moved to Aberdeen, an area recognized as having no C4ISR infrastructure, and ill prepared to accommodate the hi-tech work being done at Fort Monmouth. The taxpayers are being asked to pay approximately $2B to execute this deeply flawed strategy. The Commission concluded that the DOD proposal substantially deviated from six of the eight required Final Selection Criteria in the Force Structure Plan and, while yielding to the Secretary of the Army's stated intent to close the installation, expressly provided for continued Congressional oversight and ***required*** an unprecedented DOD Report to Congress on how the move will be effected without negative impact to programs supporting the Global War on Terrorism and other contingency operations. [2] No such report has been provided, yet execution of the move is moving forward. Protecting the mission with a more than 70% reduction in workforce, as disclosed by the most recent Fort Monmouth poll, is impossible.

3. The DOD BRAC Recommendation on Fort Monmouth was:

- Actively opposed by eleven retired Army General Officers with extensive C4ISR background.[3] This advice from the officers most knowledgeable of the mission was totally disregarded, as was the warning submitted by the National Defense University, which predicted a "serious slump in productivity in an area where maintaining a vigorous

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[2] The Fort Monmouth BRAC Recommendation is unique among recommended closures by virtue of the following language:

"The Secretary of Defense shall submit a report to the Congressional Committees of jurisdiction that movement of organizations from Fort Monmouth to Aberdeen Proving Ground will be accomplished without disruption of their support to the Global War on Terrorism or other critical contingency operations and that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce."

As reflected in the "Commission Findings", the Commission added that language "so Congress could exercise the necessary independent oversight" over the Commission's concerns about the effect on contingency operations. The Findings go on to add that "Congress' oversight on this issue may benefit from review by the Government Accountability Office."

[3] See http://www.brac.gov/ShowPubDoc.aspx?Doc_st=8192005124443_fort_monmouth.pdf&Path_st=BRAC%EXECMAIL&DocID_in=7787 Also page 41 of the BRAC Commission Transcripts, at http://www.hqda.army.mil/acsimweb/brac/BRACCommissionTranscripts/BRACHearingFullTranscript24AugAM.pdf

S&T (Science and Technology) program is of national importance for combating terrorism..." as APG has "no core of C4ISR expertise or culture." [4]

- Opposed by NY area organizations benefiting from Fort Monmouth's C4ISR expertise in Homeland Security efforts, in particular, the Port Authority of NY/NJ[5].

- Strenuously opposed by Commissioner Phillip Coyle.[6] Commissioner Coyle was the C4ISR expert on the Commission, nominated by House Speaker Pelosi.[7]

4. In what I believe to be an unprecedented scenario where a closure has been approved, the Commission found that there **were substantial deviations from six** of the Final Selection Criteria. **To offset the impact of these deviations, the Commission took the unprecedented measure of specifically calling for continued Congressional oversight and a prospective reporting requirement. Thus, this recommendation remains subject to Congressional alteration by its very terms.** It has been reported that the Army has formally taken the position, in papers filed with the United States District Court for the District of New Jersey, that the Commission did not have the authority to require such a report, and that the agency views it merely as a "suggestion". I submit that, if the Army is correct about the Commission lacking the authority to address the six substantial deviations through a Congressional reporting mechanism, then the only corrective action they could have taken would have been to reject the recommendation. I respectfully submit that this Committee should seriously consider the merits of that option.

**THE FORT MONMOUTH MISSION: ENGAGED 24/7**

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[4] See http://www.brac.gov/ShowPubDoc.aspx?Doc_st=5110__DOD_Center_for_Technology.pdf&Path_st=BRAC\EXECMAIL&DocID_in=5110

[5] See http://www.brac.gov/ShowPubDoc.aspx?Doc_st=port_authority.pdf&Path_st=BRAC\EXECMAIL&DocID_in=7756

[6] Commissioner Coyle opened his comments on the recommendation stating "In this recommendation, the DoD has proposed breaking up a well-established world-class C4ISR Center of Excellence at Fort Monmouth at the wrong time, a time of war, and proposes to send the pieces to the wrong place, a location that is not known as a Center of Excellence in C4ISR, and has never been known as a Center of Excellence in C4ISR." See pages 39- 42 of the BRAC Commission Transcripts, at http://www.hqda.army.mil/acsimweb/brac/BRACCommissionTranscripts/BRACHearingFullTranscript24AugAM.pdf

[7] In nominating Mr. Coyle to the Commission, Representative Nancy Pelosi (D-CA) stated "Philip Coyle is an expert on the needs of our military, and he understands the lives of military families. He has a strong record as an independent and distinguished voice on the defense of our nation." Coyle is a former Assistant Secretary of Defense and Director of Operational Test and Evaluation in the Department of Defense from 1994 to 2001. He is an expert on missile defense systems, and oversaw the testing and evaluation of more than 200 defense acquisition systems. He has served as Laboratory Associate Director and Deputy to the Laboratory Director at the Lawrence Livermore National Laboratory in Livermore, California. See http://www.house.gov/pelosi/press/releases/Feb05/BRACCoyle.html

5. I need to take a minute to explain the C4ISR mission that Fort Monmouth is engaged in. In his initial testimony before the Commission, former Secretary of the Army Harvey stated that the activities at Fort Monmouth are strictly "R&D" and "Strategic", and that moving them and sustaining a loss of personnel of 74% would not have immediate impact on the Warfighter. He was absolutely mistaken on this point, as more than 50% of the Army's National Stock Numbered items (60,000) currently in the field are acquired, managed and sustained through Fort Monmouth. Fort Monmouth is inextricably engaged in supporting the deployed forces in Iraq and Afghanistan and around the world and performs critical functions in equipping divisions and brigades preparing to re-deploy and modularize. Fort Monmouth has been on a war footing *every day* since 9/11, with 24/7 operations. The impact of what CECOM does to develop, acquire, field and sustain critically needed systems to enhance operational effectiveness and maximize the safety of our Warfighters has immediate, real time consequences RIGHT NOW, while they are in the field. These systems include Force XXI Battle Command Brigade and Below (FBCB2)/Blue Force Tracking to prevent fratricide in battle; Duke, to provide force protection against Improvised Explosive Devices; the FIREFINDER and Lightweight Counter Mortar Radar Systems, to identify incoming artillery and mortar rounds and provide counter fire; Counter Rocket Artillery and Mortar (C-RAM), to intercept and destroy incoming projectiles; counter mine equipment; and missile warning systems, just to name a few. Additionally, Team C4ISR is involved in the development and fielding of classified "quick reaction" systems involving the National Security Agency. ***EVERY ONE OF THESE SYSTEMS AND MANY MORE, OPERATE 24/7.***

6. Team C4ISR is indispensable to transformation to the Future Force as it provides half of the critical technologies necessary to make the Future Combat Systems a reality. Fort Monmouth was recognized by the Army as having generated the Invention of the Year which had immediate impact on the survivability of our Warfighters [the Lightweight Counter Mortar Radar]. This invention has been deployed in Iraq and has helped to keep our Warfighters safe and make them more effective. Because of this invention, there will be young men and women who will come home safely rather than being added to the casualty lists.

7. Virtually every Army C4ISR program (and a good many joint service or Air Force programs) is either managed or supported by Fort Monmouth. Ironically, the June 2005 Edition of C4ISR: The Journal of Net Centric Warfare (Vol. 4, No. 5) published just as the BRAC recommendations were in progress, had a cover story on the "Top C4ISR Programs Worldwide". It identified thirty programs and lists "promising C4ISR programs to watch". Five of these programs are identified as belonging to the U.S. Army (including Warfighter Information Network-Tactical, Future Combat Systems, the Shadow 200 Tactical Unmanned Aerial Vehicle (UAV), and the Extended-Range Multi-Purpose UAV). Fort Monmouth has been heavily involved in each of those programs, either as the Program Manager or in a major support role, e.g., providing the payloads for the UAV programs. The article goes on to characterize two other programs as belonging to the "Military Services" and Fort Monmouth has a major role in both of those as well. Additionally, Fort Monmouth is actively involved in three of the programs that were

identified as belonging to the Air Force: they provide the payloads for the MQ-9 Predator B UAV, and the ground interface for the Transformational Communications Satellite (TSAT) and the Advanced Extremely High Frequency Satellite. It is indisputably the Army's premier C4ISR location.

**LOSS OF INTELLECTUAL CAPITAL - IRREPARABLE AND IRRESPONSIBLE**

8. If the DOD recommendation is implemented as currently crafted, the intellectual capital that produces these outstanding results will be lost and not recovered for an intolerable period of time, if ever. Fort Monmouth evolved in the shadow of giants in the C4ISR industry, such as Bell Laboratories, Sarnoff Laboratories, Telcordia, Bellcore, etc. The personnel lost will be the most experienced, highly trained personnel in the C4ISR field, and replacing them with "smart young guys", as former Secretary of the Army Harvey suggested in his testimony to the Commission, lacking in experience, is not a viable option. Moreover, the employees lost will be the experienced personnel who the organization would have relied upon to train the next generation of C4ISR professionals. It will take many years to re-construct the organization effectively (if it can ever really be re-constructed) during which time there will be catastrophic mission failure, and all of this will occur during a time of war. ***In my judgment, this is an unforgivable error of dramatic proportions.*** The Army does not have a contingency plan to mitigate this disastrous effect, and most importantly, has not identified any legitimate benefit that would result from the recommendation that might conceivably offset that profoundly negative impact, occurring at the worst possible time for the lives of our Warfighters. The Army owns that intellectual capital and the Warfighters are the beneficiaries of it every day. Simply stated, there is no benefit, and the taxpayers should not be asked to pay $2B for this useless and fatally flawed strategy in the face of so many critical funding demands facing the nation.

9. There appears to have been no real assessment of the risks to mission failure posed by the loss of intellectual capital that will occur when a significant number of personnel choose not to re-locate. A recent poll of the Government civilian workforce revealed that no more than 30% will re-locate to Aberdeen. Similarly, a survey of the local contractor personnel who supplement the Fort Monmouth workforce, revealed an even higher percentage of skilled, cleared employees that will not relocate. The profound impact on mission performance that a reduction of this magnitude in the workforce would have is predictable and, given that it will occur in war time, makes its implications even more sobering, and demanding of corrective action.

10. At the time that the BRAC recommendation to close Fort Monmouth was made, the average years of service for Team C4ISR civilian employees at Fort Monmouth was 18.3 years. This statistic reflects the fact that most senior personnel at Fort Monmouth have many years of experience in their field, including extensive formal and on-the-job training. Most Team C4ISR personnel who are hired from college spend two to three years in a formal training program, taking classes and gaining experience that will allow them to perform with relative independence at the completion of the program. However, many years beyond this formal training program are required to develop an expert with

profound knowledge in areas such as acquisition, logistics, radars, sensors, communications or the many technology areas that our scientists and engineers are engaged in. Fort Monmouth can, and has, successfully recruited top graduates with degrees in electronics/computer engineering, but these graduates come to us without any education in the domain areas, such as sensors, radars and electronic warfare. This knowledge is developed over many years and is critical to ensuring the interoperability of systems under development. Typically, a C4ISR expert has achieved at least Level II Certification within the DoD Acquisition, Logistics and Technology Workforce (ALTWF) system, in addition to having completed all training required by that individual's particular career field. ALTWF certification typically requires at least two years (and preferably four years) of specialized acquisition experience and completion of numerous mandatory training courses in a given specialty area, such as acquisition, logistics management, reliability and maintainability, contract administration, systems engineering, etc. 33% of Fort Monmouth's engineers and scientists currently have advanced degrees. For employees who enter the workforce directly from or shortly after college, in addition to the two to three years required to complete the formal entry-level training program, another four to six years are typically required to reach the systems expert level. For individuals who enter the work force in mid-career, there is still a significant training requirement because much of the knowledge these individuals must develop is in Army or Defense-specific domains, such as information warfare. I estimate that even mid-career hires require four to six years of experience before they have achieved the level of systems expert.

11. In accordance with 10 U.S.C. 1724, 1732, 1733 and 1735, in order to qualify as a Contracting Officer, with authority to award or administer contracts for amounts exceeding the Simplified Acquisition Threshold, a DOD employee must have completed all required contracting courses and have at least two years of experience in a contracting position. CECOM Acquisition Center Contracting Officers are GS-13s and award technically complex million/billion dollar contracts. These Contracting Officers must be Level III Certified which requires four years of contracting experience and a BA Degree with a minimum of 24 hours in accounting, law, business, finance, contracts, purchasing, economics, industrial management, marketing, quantitative methods, or organization and management.

12. The percentage of C4ISR experts and senior leaders re-locating to Aberdeen will be even lower than that projected for the overall workforce, since this group is more experienced and older, and most will be retirement eligible. Additionally, the demographics of the workforce indicate that the "bubble" of personnel eligible for early or optional retirement, who experience indicates would otherwise stay in the workforce, will "burst" in 2010/11, impacting mission immediately, and making it difficult, if not impossible, to re-constitute the effectiveness of the organization at a location with no C4ISR activities such as Aberdeen. The requirement to hire at least 70% of the work force (approximately 3,100 employees) will seriously degrade support to C4ISR systems and the Warfighter. This estimate is based on not only the amount of time it takes to develop a systems expert (six to nine years for employees hired directly from or shortly after college; four to six years for employees hired in mid-career), but also on the amount

of time it will take to hire about 3,100 new employees. Such a massive hiring effort would have to take place over at least four years. In addition, we anticipate that we would lose a significant portion of our employees who have direct experience supporting the Warfighter in various deployments such as Operation Desert Shield and Desert Storm, Operation Enduring Freedom and Operation Iraqi Freedom. For example, over the last several years, hundreds of civilian employees from Team C4ISR at Fort Monmouth have deployed in support of the Warfighter. Most of that invaluable and irreplaceable experience will be lost if Team C4ISR at Fort Monmouth re-locates to Aberdeen.

13. Additionally, hiring approximately 3,100 new employees over a four year period would put a tremendous additional burden on an already strained remaining work force, since there would be very few employees available to train the new employees. The Aberdeen area may have a labor pool of college graduates and mid-career candidates to fill these jobs, but as I pointed out above, a long period of formal and on-the-job training is required to produce a C4ISR expert, regardless of the quality or number of job candidates available. The lack of experienced employees to train new employees would further delay the establishment of a viable Team C4ISR work force at Aberdeen. The major costs associated with training the personnel necessary to re-constitute a technical organization such as the one slated for re-location from Fort Monmouth were entirely overlooked. An analysis prepared by the Naval Research Laboratory estimated the costs attributable to training new Government employees required to reconstitute the organization, to be approximately 33% of their respective annual salaries, which in the case of Fort Monmouth equates to $262.5M.

14. Furthermore, actual experience with a very similar re-location indicates that the percentage of personnel who re-locate will be minimal and the effect on mission devastating. When the Army re-located the Electronic Test and Devices Laboratory (ETDL) from Fort Monmouth to Maryland as a result of a 1995 BRAC action, 350 positions were identified for relocation, however ***only 36*** of those employees chose to re-locate. The ETDL re-location resulted in a 66% reduction in the number of patent applications filed resulting from inventions generated by the dramatically reduced number of ETDL scientists. As significant as this factor is in the research and development arena even during peacetime, its ramifications are far more devastating in the tactical arena, where a comparable loss in intellectual capital will have immediate and catastrophic impact on the Army's ability to successfully and safely execute its C4ISR mission.

15. This is precisely the kind of risk that General Ronald Fogleman (USAF Ret.) and former 1995 BRAC Commission Chairman Alan Dixon warned against in their May 2, 2005 Defense News editorial entitled "*Measuring BRAC - Weigh High Tech Aptitude Before Shutting Doors.*"
They observed that the current BRAC round needed to consider:

- "Risk to mission interruption. At many bases, the process of closing a base is nearly as simple as packing assets and reassigning military personnel. But for technical

acquisition facilities, research and development labs and other nontraditional bases, moving the mission is much more complex. These bases have developed deep roots with neighboring universities, research institutions and high tech work forces. In many cases, the experienced engineers and scientists will not follow the mission to other regions, which may not have the intellectual resources or critical mass of skilled workers to continue the critical research and development work."

16. This risk appears to have been taken into consideration with every other Army RDA activity, since other than Fort Monmouth, they all remain at their current locations, despite their installations' limited use and lack of "maneuver space". Inexplicably, it was given short shrift when considering the C4ISR mission being performed at Fort Monmouth.

17. DOD is continuing to struggle to hire qualified engineers and scientists who are able to obtain a security clearance. (Federal Times, February 7, 2005, *the Hardest Jobs to Fill*) Recovering entirely from a loss of intellectual capital of this magnitude will be impossible. Sustaining it in the midst of the Global War on Terrorism could be disastrous. Quantifiable data indicates that the risk of just such a disaster is very real in connection with the recommendation to relocate the C4ISR activities on Fort Monmouth to Aberdeen. However, the Department of the Army (DA) appears to have glossed over any real analysis of that risk, and to the extent they engaged in it at all through the use of their evaluation tool, the data they used was flawed.

18. Further, this specialized experience and training is not just confined to the scientists and engineers supporting Team C4ISR. The entire Team (excluding purely administrative support), including logisticians, acquisition and legal experts, whose expertise and creativity is recognized throughout the Army, as well as its contractor support, are all indispensable parts of the success achieved by Team C4ISR, and their background and training have taken years to develop to the point where they can respond rapidly and effectively to the military's urgent tactical and strategic requirements. Those experts successfully awarded in excess of $14B in contracts for critical goods and services in support of the Warfighter in FY 2007 alone.

19. The midst of the Global War on Terrorism is not the time to risk a massive loss of intellectual capital that is essential to C4ISR. In fact, it is irresponsible.

**COSTS - NO SAVINGS**

20. There are ***no*** cost savings that will be realized by the move. As Undersecretary of Defense, Michael Wynne was a vocal proponent of the BRAC. However, shortly after assuming his current duties as Secretary of the Air Force, which made him privy to the details of the actual cost impacts of BRAC, he concluded that the BRAC will not serve to achieve any cost savings whatsoever for his Agency. "Air Force officials have crunched the numbers and concluded the 2005 BRAC round will likely fail to deliver any savings to the service, Air Force Secretary Michael Wynne told reporters at a Sept. 12 breakfast in Washington." *Air Force Times,* September 15, 2006. The Fort Monmouth

recommendation suffers in the same way. The net cost of taking this action was projected in the Army recommendation at $395M[8]. Costs are now estimated at approximately $2B, *exclusive* of the costs for a necessary information technology infrastructure upgrade at Aberdeen, the relocation of the West Point Preparatory School[9], or environmental clean up, which drives the figure upward even more, approaching $2.5B. Thus, the figure projected in the Army recommendation was understated by *400 to 500%*. It was also recently reported that the State of Maryland is requesting approximately $16B in Federal money to fund essential infrastructure upgrades in the region, necessary to accommodate all of the BRAC relocations, which cumulatively add more than 15,000 jobs to the State. By contrast, the Commission had been told that Maryland would require little or no funding to accommodate the proposed relocation!

21. Notwithstanding DOD's ignoring of the reporting requirement mandated by the Commission, it has become clear that the closure of Fort Monmouth cannot be completed by 2011 despite the statutory requirement to do so, even with a massive influx of even more funding beyond the $2B currently needed.

**MILITARY VALUE - FORT MONMOUTH: FIRST IN MISSION RELATED CRITERIA**

22. You will undoubtedly hear testimony from DOD officials attempting to justify the recommendation on the basis of Fort Monmouth's allegedly low "**Military Value**", which was to be the principal consideration according to the BRAC Statute. Essentially, when ranking *relevant* functional military effectiveness, DOD got it exactly right. In applying those rankings to DOD's ultimate recommendations, however, DOD got it completely wrong.

23. The results of the DA evaluation conducted in the major technical areas and functions relevant to Fort Monmouth (i.e., Information Systems Technology {Development and Acquisition, Research, and Test and Evaluation} and Sensors, Electronics and Electronic Warfare {Development and Acquisition, Research, and Test and Evaluation}) make the ultimate DOD recommendation almost unfathomable. Fort Monmouth was ranked *1st* in DA in Information Systems Technology - Development and Acquisition with a rating of .484 out of a possible .600. (Aberdeen was rated at .162.) Fort Monmouth also ranked *1st* in DA in Information Systems Technology - Research at .457. (Aberdeen was rated at .286.) Fort Monmouth was ranked *1st* in DA in Sensors, Electronics and Electronic Warfare - Development and Acquisition, with a rating of .434. (Aberdeen was rated at .225.) Fort Monmouth ranked *3rd* in DA for Sensors, Electronics

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[8] See the Army Recommendation, page 87 at http://www.dod.mil/brac/pdf/VolIII_Army-o.pdf

[9] The Preparatory School relocation was so poorly planned that one proposal put forward by Representative Sue Kelly (R-NY) as to where to locate it now, as reported by MidHudsonRadio.com, involves purchasing the New York Military Academy, a private military school. Thus, one result of this BRAC Recommendation could be DOD acquiring *additional* property. The future location for the Prep School facilities is still an open issue, and another alternative involves moving the Academy Motor Pool off the installation to leased space, in order to free up sufficient area on the Academy grounds. Military Construction costs for this Prep School move originally projected at $20M are now projected to exceed $200M.

and Electronic Warfare - Research with a rating of .339. (Aberdeen was rated at .178.) Fort Monmouth even ranks higher than Aberdeen in Test and Evaluation for Information Systems Technology, Aberdeen's alleged strength.

24. It is only when other **non-mission related attributes** are factored in, that Fort Monmouth's ranking drops to 49th, behind Watervliet Arsenal (48th) and Picatinny Arsenal (47th), both limited use RDA facilities that are remaining open and, in the case of Picatinny, gaining mission. The manner in which this critical functional capability was "diluted" by factoring in categories such as "Heavy Maneuver Area" and "Environmental Elasticity" degrades military effectiveness, and is contrary to the clear intent of the statutorily mandated criteria.

25. Incredibly, even with this "diluted" approach, Fort Monmouth ranks higher in overall Military Value than the other Army Materiel Command (AMC) RDA facilities which are to remain open under the DoD recommendation. These include the Army Research Laboratory (72nd), Soldier Systems Center (57th), Detroit Arsenal (74th), and Rock Island Arsenal (53rd), among others. How Fort Monmouth, home to the undisputed Army leader in C4ISR, could be targeted for closure, while these other activities with lower Military Value ratings, located on even more limited installations with no joint operations and no essential Homeland Security role, could remain open, is just wrong.

26. The recommendation seems to attribute this inconsistency to the exercise of "Military Judgment" that dictated a result that is totally inconsistent with the data-based rankings. However, in this context, military judgment cannot be based upon mere bureaucratic fiat. As stated in the September 28, 2004 Guidance Memorandum for the Secretaries of the Military Departments from the Acting Undersecretary of Defense (Acquisition, Technology & Logistics), military judgment must be "... built upon a quantitative analytical foundation." I have yet to encounter a description of the quantitative analytical foundation that would support this unwarranted departure from the data-driven results and, as the Federation of American Scientists has concluded, none exists. Military judgment should have been relied upon to preserve this critical C4ISR functionality, as was the case with other AMC RDA organizations, *with lower military value*, rather than to inexplicably destroy it, during its most crucial engagement in Iraq and Afghanistan.

27. In attempting to articulate a rationale in his testimony to the Commission, former Secretary Harvey indicated that it was based upon Fort Monmouth's lack of "maneuver space" for testing and his assessment that the functions at the post were "R&D" and "Strategic" and that hence the
inevitable disruption of mission could be managed without immediate tactical impact. As anyone with any C4ISR experience can attest, that rationale is completely unfounded, and certainly not the "quantitative analytical foundation" upon which military judgment must be based. Commissioner Coyle repeatedly made this point. Further, after hearing the Secretary's stated rationale, I queried the Army regarding why the C4ISR test and engineering facilities used by Fort Monmouth activities on nearby Fort Dix and Lakehurst Naval Air Engineering Center (the Joint Base) were not considered. I was

informed that, because of the way installations were categorized, those installations were never asked for data related to those functions, and accordingly, their existence and integral connection to Fort Monmouth were overlooked.

28. A report prepared by Mr. Donald DeYoung, a Senior Research Fellow at the Center for Technology and National Security Policy, National Defense University, in connection with his duties as a member of the DoD Technical Joint Cross Service Working Group, entitled "Scenario Inconsistencies", highlights the fact that the recommendation to close Fort Monmouth resulted from an inconsistent application of strategic objectives. (See discussion of "Strategy #2 and Strategy #3.) In his view, a consistent application of such strategies should have resulted in Fort Monmouth actually *gaining* mission. It does not appear from my review of the published data that Mr. DeYoung's observations were ever adequately addressed. (Mr. DeYoung's reports are referred to in the Federation of American Scientists report mentioned above.)

**WITHHOLDING COST DATA FROM THE COMMISSION**

29. The reality of what it will cost to implement this recommendation was the issue that first drew media attention and highlights what appears to be the case: that closing Fort Monmouth was a pre-ordained determination that was rationalized as best as the Department could in order to support that determination. The cost of taking this action was projected in the Army recommendation at $822.3M, which was reduced to $395M when "savings" that were allegedly expected during the implementation period were factored in. The latest projections are approximately $2B. I have heard rationalizations for this "growth" attributing it to unanticipated factors such as a new National Collegiate Athletic Association rule impacting the relocation of the Army's Military Academy Preparatory School (USMAPS) which makes its home on Fort Monmouth. Those rationalizations are simply untrue. For example, the recommendation cites $21M as the costs associated with re-locating the USMAPS from Fort Monmouth to West Point. The military construction request DD Form 1391, dated June 14, 2005, ***4 months before*** the BRAC recommendations were sent to the President, states that it will require $226M to re-constitute the school at West Point for the construction alone. Further, the School facilities on Fort Monmouth received a $25M upgrade in 2004, and these "sunk" costs have been overlooked in the analysis. If these kinds of errors were made in any commercial business, the responsible executives would be relieved!

30. Further, major cost elements in the DOD estimate supporting the recommendation were either grossly inaccurate or entirely overlooked. For example, the response provided by the Fort Monmouth Garrison to BRAC data call question #811, Base Operating Support Non-Pay Obligations, was initially, due to a misunderstanding of the question, incorrect. For FY03, the Garrison reported a value of approximately $93.4M for installation operations, which was taken from Service Based Costing (SBC) data, "Service Resources Grand Total". This figure erroneously included not only Sustainment, Payroll and Army Family Housing costs but also Global War on Terrorism and regional support costs, as well as costs associated with command activities at remote installations such as Fort Huachuca. (The guidance promulgated by DOD with the data

call asked that reimbursable costs be included. However, a great deal of the reimbursable work being performed by the Garrison supports activities throughout the region and hence has nothing to do with the costs of running Fort Monmouth. Those costs will continue to be incurred, notwithstanding the Fort Monmouth recommendation.) The same errors were made for Fiscal Years 2001 and 2002. Accordingly, the correct average annual cost for operating the post is approximately $50M. When combined with the actual costs of executing the recommendation, it is clear that there ***will be no savings***.

31. The BRAC Commission clearly viewed the recommendation as suspect, and issued 22 questions related to the Fort Monmouth recommendation to DOD regarding it, including one specific to the #811 cost data mentioned above, asking whether the agency had any concerns about the accuracy of the cost data that had been submitted in support of the proposal. Those questions went through DOD channels to Fort Monmouth for input, and a great deal of data was provided, including more accurate detailed cost data that pointed out the errors in the original data provided by DOD and estimated the costs of the action to be approximately $1.44B. As I recognized the dramatic impact that this corrected data would have, I asked that an independent analysis be conducted by the Army Audit Agency (AAA) in order to review the updated cost data for accuracy. However, I was informed that AAA was directed not to audit the numbers. Since AAA was not permitted to perform such an analysis, I directed that the data be audited for accuracy by our local Internal Review and Audit Compliance auditors, who determined it to be valid. Accordingly, in July of 2005, I certified the updated cost data on behalf of the command, and had it sent to our higher headquarters (AMC), and ultimately to DA. That data has never been contradicted because it was accurate. However, the DOD response to the BRAC Commission's question related to costs ***did not include the certified corrected data and, in fact validated the erroneous costs that were originally submitted in support of the recommendation!*** The DOD responses were posted on the Commission web site, and presumably relied upon by the Commissioners. Interestingly, in December of 2005, three months after the BRAC Commission proceedings had concluded, the Army analyst assigned by the department to support the BRAC office, posted Fort Monmouth's answers to the 22 questions on the Commission web site, which included the updated cost data. Earlier this year, the media, which was reviewing the burgeoning costs of the action, became aware of the more accurate set of cost data that had been withheld from the Commission, and began asking who in DOD had made the decision to withhold it. To my knowledge, that question has never been answered. This may well be another example of DOD failing to furnish critical information to the Commission, as was identified in the Federation of American Scientists Report I cited earlier.

**THE ARMY RECOMMENDATION - PRE-ORDAINED**

32. I have heard the DOD recommendation described by its proponents as being "well thought out". For an example of how erroneous that characterization is, one need only look at the risk assessment tool used by DOD that purports to measure "quality of life" factors in the relative locations. The data points are ridiculously flawed. For example, the area surrounding Fort Monmouth is rated "RED" (poor) for medical care, as

compared to "GREEN" (good) for the area surrounding Aberdeen. In fact, the rating for Fort Monmouth is too low -- *by a factor of ~10.*-- because DOD misplaced the decimal point when factoring in the population of Monmouth and Ocean Counties, New Jersey. Pursuant to the 2000 Census data, the population of that area is 1,126, 217. DOD factored in a data point of 11,262,127 - 10 times higher than the actual population, and when compared to the number of physicians and hospital beds, concluded that medical care in the region was vastly inadequate.

33. As mentioned, it appears to me that the decision to close Fort Monmouth was arrived at before any analysis was conducted. I note that, in the published minutes of the DoD Technical Joint Cross Service Working Group session, on more than one occasion (e.g., on April 1, 2005 and again on April 5th, just several weeks before DoD issued their Recommendations), one of the "Close out Checklist" items for the Army representative to the Group (Brian Simmons, a senior official from Aberdeen Proving Ground) was "Ensure Tech 35R is knitted with Monmouth closure for real good picture." "Tech 35R" refers to a scenario that would move C4ISR expertise to Aberdeen. What concerns me is the appearance that this repeated checklist item creates, that the objective of that group, at least as of April, was less focused on mission effectiveness and more focused on creating a "real good picture" that would support closing Fort Monmouth. This may evidence precisely the sort of "preordained" decision that Senators Collins and Lieberman directed the Government Accountability Office to evaluate as it reviews the integrity of the DOD decision-making process. Although it may be merely the result of an extraordinarily poor choice of words, I have yet to find a similar entry related to other closure or realignment recommendations. Additionally, by April, one would have thought that the relevant data supporting the proposed recommendations would have been firmly established, and that there would have been no need to create a "real good picture" for closing a major installation and relocating the Army's premier C4ISR organization. The facts should have spoken for themselves, but that obviously was not the case. In fact, it is impossible to discern the quantitative analytical foundation that purportedly supports this dangerous recommendation, because there is none.

**OTHER STATUTORY VIOLATIONS - ILLEGAL ACTIONS**

34. In addition to violating the Military Value and Cost criteria, discussed above, this recommendation clearly violates Section 2913(e) of the BRAC Statute. That provision requires DOD to consider the costs that will be incurred by non-DOD agencies present on installations identified for closure. The recommendation itself gives lip service to this requirement stating that "The recommendation affects non-DOD agencies. These include the U.S. Post Office, the Department of Justice and the General Services Administration...As required by Section 2913(d) (*The recommendation mis-cites the statute)* of the BRAC statute, the Department has taken the effect on the cost of these agencies into account when making this recommendation."

35. Knowing the full breadth of non-DOD agencies present on the Fort Monmouth installation, I had my office query DOD on this issue. Their response was that, since the Department did not have cost data from non-DOD agencies located on installations

targeted for closure, they merely noted their presence on such installations and assumed that they would experience some undetermined increase in costs.

36. This "lip service" approach was not contemplated by the Congress when it enacted Section 2913(e) of the Statute. For example, the recommendation makes a simple reference to the presence of the "Department of Justice". In fact, Fort Monmouth is home to the Federal Bureau of Investigation's Northeast Regional Data Processing Center, a secured facility employing 120 personnel. The nature of its work is so sensitive that the Bureau is unwilling to openly disclose its function entirely. Again, it is reasonable to assume that the costs the FBI would incur as a result of the closure of this facility could not have been taken into account as required, since the recommendation appears to have failed to consider the nature of its presence on the installation.

37. More fundamentally, even if such an approach was compliant with the law, the recommendation to close Fort Monmouth *completely overlooks* the presence of the Veterans Administration Health Facility, which handles over 10,000 patient visits annually. It also overlooks the presence of the Department of Homeland Security, Federal Emergency Management Agency Region II Contingency Operations Point, an emergency center that has been "stood up" twice since being located on Fort Monmouth after the September 11th attacks. How the increased costs to these agencies caused by the closure of Fort Monmouth could have been taken into account in accordance with the cited statute, when their presence on the installation was completely overlooked, is unexplained. However, the manner in which this statutory violation occurred is readily understandable. DOD simply never asked for any data from the field regarding the non-DOD activities that are present on the installation.

**ABERDEEN - A GREAT TEST FACILITY: BUT NOT FOR C4ISR**

38. As mentioned above, former Secretary Harvey testified to the Commission that the activities at Fort Monmouth were lacking in that they did not have test ranges suitable for "maneuver". The fundamental flaw in this rationale is that the testing required for the Army's C4ISR function is conducted at several locations, including Fort Monmouth, Fort Dix, Lakehurst Naval Air Engineering Center, Fort Huachuca, Arizona, etc., but very little is conducted at Aberdeen. In fact, the Army's Electronic Proving Ground is at Fort Huachuca, Arizona. To the extent that C4ISR testing requires airborne or wide terrain for an "on the move" demonstration, Team C4ISR has that capability at Lakehurst and the 40 x 40 Kilometer range at nearby Fort Dix. In the event that evaluations of C4ISR systems in a "maneuver" environment with division size units are necessary, they are conducted as part of large scale unit training exercises where such exercises are normally conducted, e.g., Fort Hood or Fort Irwin. Aberdeen does not have sufficient area or the requisite equipment or military units to make conducting such exercises feasible at that location. Since virtually all other major Army RDA activities (e.g., Detroit Arsenal, Picatinny Arsenal, Soldier Systems Command, Army Research Laboratory, etc.) are located on installations similarly lacking in "maneuver space", the entire issue appears to be a red herring.

39. During his testimony just prior to the Commission vote, former Secretary Harvey insisted that the major impetus for the proposal was to "co-locate" the C4ISR RDA activities with their test and evaluation activities. In fact, the move collocates ***nothing*** and decouples the Fort Monmouth C4ISR RDA activities ***away from*** their test and evaluation facilities at the nearby "Joint Base". Commissioner Phillip Coyle, who has decades of C4ISR experience within DOD, pointed out that, while that argument would be logical if the mission were being moved to a location where C4ISR testing was conducted, such as Fort Huachuca, *it made no sense* with regard to Aberdeen as no significant C4ISR testing is conducted there. The Secretary insisted otherwise, and the issue was left with him disagreeing with the Commissioner. The fact is that Commissioner Coyle had that point exactly right, while the former Secretary had it completely wrong.

40. Aberdeen is not a better equipped facility. The highly specialized laboratories and engineering and test facilities needed for the C4ISR mission exist on or near Fort Monmouth, not Aberdeen. I believe that inquiry will show that Aberdeen's facilities are generally inadequate by Army facilities standards and there are certainly no facilities specifically configured for the C4ISR mission. Further, preliminary indications are that Aberdeen lacks the capability to accommodate the full range of engineering and test activities currently conducted by Team C4ISR at its electronic warfare facilities located at nearby Lakehurst and Fort Dix. Team C4ISR currently has a permanent component located at Lakehurst engaged in the development and testing of UAV systems, and the Center has been home to Team C4ISR's avionics electronic warfare development and test facility for decades. Occupying "Hanger 5" on the Lakehurst facility, the organization maintains two U/EH-60 Blackhawks, two UH-1 Hueys, three C/RC-12s and a C-23 Sherpa aircraft. These aircraft are used extensively to perform test and evaluation flights for a wide range of airborne electronic warfare systems. Additionally, there are two Spyder UAVs hangered at the facility used for UAV Payload Integration Testing. (These UAVs were used to relay data while airborne during DOD UAV Payload Integration Conferences hosted at the facility.)

41. Co-location of RDA activities (a stated objective of the recommendation) may have been a "nice to have" motivation underlying the recommendation, but that objective has entirely evaporated from the recommendation as it has evolved. All other major Army RDA activities are remaining at their present locations, including the Night Vision Laboratory, and hence the recommendation has evolved into nothing more than closing Fort Monmouth and trying to recreate its capabilities at a location ill prepared to accept them. Team C4ISR is a recognized world class RDA organization, and putting it in jeopardy for no good benefit, particularly during wartime, is irresponsible in the extreme.

42. The Commission heard testimony from Major General (Retired) William Russ, the former Commander of CECOM as well as Commander of the Army Signal Command, where he had responsibility for every signal brigade in the Army, with 17,000 soldiers and civilians world wide. He stated unequivocally that he was *certain* that a re-location of the magnitude contemplated in this case, would have a direct, immediate and catastrophic impact upon the mission performed by Team C4ISR and the Warfighter. He

was joined by 10 other retired General Officers in a letter to the Commission in which they pointed out that the proposed relocation to an area devoid of any real connection to the C4ISR mission was a destructive proposal. However, in the face of former Secretary Harvey putting his personal integrity on the line by guaranteeing that the move would have no impact on mission, the Commission was, I believe, reluctant to reject the recommendation entirely.

**PROXIMITY TO NEW YORK CITY - PROTECTING A MAJOR TERRORIST TARGET**

43. Homeland Security is an additional critical consideration that has been overlooked by the recommendation that Fort Monmouth be closed.

- In the Army's "Summary of Selection Process" to its BRAC recommendations, it was specifically noted that "... the military value criteria specifically directed attention to staging areas in support of homeland defense..." Moreover, the DOD Force Structure Plan specifically recognized the need for "... a reorientation of our military capabilities" to contend with the threats posed to homeland security by terrorist activities.

- The C4ISR activities at Fort Monmouth have played a significant role in Homeland Security, beginning with their immediate support of the efforts in response to the terrorist attack on the World Trade Center on September 11, 2001. Its proximity to New York City has caused the installation to be designated a "Contingency Operations Point" by the Department of Homeland Security. Further, primarily through the use of Cooperative Research and Development Agreements, Team C4ISR has assisted the City of New York, the National Guard Bureau, the Port Authority of New York/New Jersey, Army Corps of Engineers, and the State of New Jersey by bringing their intelligence and electronic warfare expertise to bear in support of their efforts to protect critical infrastructure from terrorist attacks.

- Nevertheless, the recommendation would destroy through re-location the Army organization currently meeting those challenges. As former Defense Secretary Rumsfeld stated in his May 13th letter to Chairman Principi, BRAC 2005 presented his department with a unique opportunity to adjust U.S. base structure to meet the challenges that will be posed by international terrorism over the next two decades. Keeping the C4ISR activities at issue intact and in the vicinity of New York City capitalizes upon that opportunity, and maximizes the potential to successfully meet those challenges in the future.

**RECOMMENDATION:**

44. I would ask this Committee to revisit the recommendation to close Fort Monmouth so as to achieve a more cost effective approach, which adequately protects ongoing programs supporting the Global War on Terrorism and other contingency operations. While I firmly believe it is in our nation's best interest to reverse this decision, if Fort Monmouth must be closed, then other alternatives must be considered such as relocating the C4ISR activities located there to the nearby "Joint Base" (Dix/McGuire/Lakehurst).

This area, with three contiguous service installations (unique in the Continental U.S.) is already home to many C4ISR test and evaluation activities, and near the Army's center for C4ISR expertise at Fort Monmouth, would have been an ideal location for a truly joint DoD C4ISR Command. The loss of intellectual capital would be significantly reduced, and given the proximity to Fort Monmouth, could be accomplished at a fraction of the cost. Although DOD missed this golden opportunity to establish a truly joint DOD C4ISR activity, this mistake should not be compounded by a move that would obliterate the Army's premier C4ISR organization and sever its connections with the location that is the most promising for joint inter-service operations.

**CONCLUSION**

45. I need to conclude by making an observation: The issues under review by this Committee must not be viewed as a parochial "New Jersey v. Maryland" dispute as they are often portrayed. I was greatly dismayed to hear at least one Maryland legislator react to these proceedings by protesting that the state had "won fair and square." This discussion needs to be focused on the best way to support and protect American soldiers, sailors, marines and airmen during a time of war, and to do it in such a way that is consistent with law and the interests of the American taxpayer. I suggest that an honest and non-biased review of the events that culminated in the Fort Monmouth BRAC recommendation such as the findings of the Federation of American Scientists I mentioned earlier will conclude that it was reached in violation of the law, and will yield no discernable military benefits, at exorbitant, inflated cost. Worst of all, I know that the effectiveness and survival of our Warfighters who are in harm's way right now will be irreversibly jeopardized by this approach.

It would be easy to say that many mistakes were made here and we should take steps to avoid a recurrence, and I'm sure we will do that. But that will not suffice for our Warfighters, who are counting on the excellence that is Fort Monmouth as their ticket home. I implore you to do everything in your power to reverse this decision.

I look forward to your questions. Thank you for this opportunity.

**DISCLOSURE FORM FOR WITNESSES**
**CONCERNING FEDERAL CONTRACT AND GRANT INFORMATION**

**INSTRUCTION TO WITNESSES:** Rule 11, clause 2(g)(4), of the Rules of the U.S. House of Representatives for the 110th Congress requires nongovernmental witnesses appearing before House committees to include in their written statements a curriculum vitae and a disclosure of the amount and source of any federal contracts or grants (including subcontracts and subgrants) received during the current and two previous fiscal years either by the witness or by an entity represented by the witness. This form is intended to assist witnesses appearing before the House Armed Services Committee in complying with the House rule.

**Witness name:** VICTOR J. FERLISE

**Capacity in which appearing:** (check one)

✓ Individual

___ Representative

**If appearing in a representative capacity, name of the company, association or other entity being represented:** N/A.

**FISCAL YEAR 2007**

| federal grant(s) / contracts | federal agency | dollar value | subject(s) of contract or grant |
|---|---|---|---|
| | | | |
| N/A | | | |
| | | | |
| | | | |
| | | | |
| | | | |

**FISCAL YEAR 2006**

| federal grant(s) / contracts | federal agency | dollar value | subject(s) of contract or grant |
|---|---|---|---|
| | | | |
| | | | |
| N/A | | | |
| | | | |
| | | | |
| | | | |

**FISCAL YEAR 2005**

| Federal grant(s) / contracts | federal agency | dollar value | subject(s) of contract or grant |
|---|---|---|---|
| | | | |
| N/A | | | |
| | | | |
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**Federal Contract Information:** If you or the entity you represent before the Committee on Armed Services has contracts (including subcontracts) with the federal government, please provide the following information:

Number of contracts (including subcontracts) with the federal government:

Current fiscal year (2007): N/A NONE;
Fiscal year 2006: N/A NONE;
Fiscal year 2005: N/A NONE.

Federal agencies with which federal contracts are held:

Current fiscal year (2007): N/A NONE;
Fiscal year 2006: N/A NONE;
Fiscal year 2005: N/A NONE.

List of subjects of federal contract(s) (for example, ship construction, aircraft parts manufacturing, software design, force structure consultant, architecture & engineering services, etc.):

Current fiscal year (2007): N/A;
Fiscal year 2006: N/A;
Fiscal year 2005: N/A.

Aggregate dollar value of federal contracts held:

Current fiscal year (2007): N/A;
Fiscal year 2006: N/A;
Fiscal year 2005: N/A.

**Federal Grant Information:** If you or the entity you represent before the Committee on Armed Services has grants (including subgrants) with the federal government, please provide the following information:

Number of grants (including subgrants) with the federal government:

Current fiscal year (2007): NONE;
Fiscal year 2006: NONE;
Fiscal year 2005: _____.

Federal agencies with which federal grants are held:

Current fiscal year (2007): NONE;
Fiscal year 2006: NONE;
Fiscal year 2005: NONE.

List of subjects of federal grants(s) (for example, materials research, sociological study, software design, etc.):

Current fiscal year (2007): NONE;
Fiscal year 2006: NONE;
Fiscal year 2005: NONE.

Aggregate dollar value of federal grants held:

Current fiscal year (2007): NONE;
Fiscal year 2006: NONE;
Fiscal year 2005: NONE.

# STATEMENT OF

# FRANK A. LOBIONDO

# BEFORE THE

# HOUSE ARMED SERVICES COMMITTEE

# READINESS SUBCOMMITTEE

# DECEMBER 12, 2007

**HASC READINESS SUBCOMMITTEE HEARING**
**BRAC / Fort Monmouth**
**December 12, 2007**

To all the witnesses . . .thank you for your appearance and testimony before the Readiness Subcommittee.

I welcome the other members of New Jersey delegation as well as other states to this hearing and look forward to their comments and questions.

The issue before the Subcommittee is of great importance to not only to New Jersey but also to the United States Armed Services. I appreciate the opportunity to hear the testimony of the witnesses from both the Pentagon and from representatives of the bases impacted by the BRAC 2005 decisions.

Complex and difficult decisions are made which affect not only the military bases and personnel but also affecting the local communities and surrounding areas.

Based on the GAO Report, it appears the cost estimates have dramatically increased while the anticipated savings have decreased. In the case of Fort Monmouth, the cost of closing Fort Monmouth has soared by $680 Million dollars. Further, potential delays in construction of family housing in Maryland threaten to create a chain reaction of inaction which will delay many other BRAC decisions from being implemented and increasing costs further.

I have serious concerns about the BRAC process in general and about some of the decisions made in regard to Fort Monmouth. However, I look forward to hearing how our witnesses address these significant issues.

Thank you, Mr. Chairman . . . I yield back my time.

## DOCUMENTS SUBMITTED FOR THE RECORD

DECEMBER 12, 2007

# Congress of the United States
## House of Representatives
## Washington, DC 20515

March 20, 2007

Rep. Ike Skelton
Chairman
House Armed Services Committee
2120 Rayburn House Office Building
Washington, DC 20515

Rep. Duncan Hunter
Ranking Member
House Armed Services Committee
2120 Rayburn House Office Building
Washington, DC 20515

Rep. John P. Murtha
Chairman
Subcommittee on Defense Appropriations
Committee on Appropriations
Room H-149, The Capitol
Washington, DC 20515

Rep. C. W. "Bill" Young
Ranking Member
Subcommittee on Defense Appropriations
Committee on Appropriations
1016 Longworth House Office Building
Washington, DC 20515

Dear Chairman Skelton, Ranking Member Hunter, Chairman Murtha, and Ranking Member Young,

Recently, our offices were made aware of previously undisclosed internal Defense Department memoranda that raise serious questions about whether the department was forthcoming in its declarations to the Base Realignment and Closure (BRAC) Commission and the Congress on the need to close or consolidate research, development, testing and evaluation (RDT&E) facilities in the 2005 BRAC round. We want to share that information with you, and request that you take action via the authorization and appropriations process to address the national security implications of these revelations.

In October 2006, the Federation of American Scientists published on their website a series of internal DoD documents from the Pentagon's Technical Joint Cross-Services Group (TJCSG), the joint DoD entity responsible for evaluating the military value of the various RDT&E facilities under consideration for consolidation or closure. Those documents can be found at the following URL:

http://www.fas.org/sgp/othergov/dod/brac/index.html

Among these documents is a series of critiques of the TJCSG's methodology. The critique was prepared by Mr. Don DeYoung of the Naval Research Laboratory, a BRAC alternate representative. Mr. DeYoung served on previous BRAC commissions and is clearly an expert in the field of RDT&E infrastructure. Among Mr. DeYoung's central allegations are the following:

- The methodology used by DoD and the TJCSG to determine which facilities to consolidate or close was fundamentally flawed, and that in fact the entire process was driven by a predetermined outcome (the desire to show facility closures) rather than by the data and facts.

- DoD officials knew on the basis of the data in hand that even without BRAC, DoD's alleged excess RDT&E capacity would vanish within a few years, and that with BRAC, **the closure of such facilities would make it impossible to effectively support the projected DoD force structure.**

- The final TJCSG report submitted to the BRAC Commission deliberately omitted all of the relevant capacity data, thus depriving the Commissioners and their staff the opportunity to judge for themselves whether DoD's claims and recommendations were valid and verifiable.

- DoD's withholding of the data was made on the basis of alleged security considerations, when in fact the data were never classified. In his correspondence, Mr. DeYoung includes an email from an official in the Office of the Secretary of Defense that appears to validate this particular allegation.

Mr. DeYoung cites the decision to close Fort Monmouth as being the most egregious example of how the process was distorted to achieve an outcome that flew in the face of the facts. In his "lessons learned" memorandum from November 2005, DeYoung stated that

> *For example, among all DoD sites performing work in Information Systems (IS), Fort Monmouth was ranked #3 in Research and #2 in D&A. Similarly, for the Sensors technology area, it ranked #9 and #4, respectively. The site's scores for these four "bins" show a multidisciplinary and multifunctional center (i.e., the work spanned two disciplines, IS and Sensors, and two technical functions, Research and D&A). No other Army site appeared within the Top 10 for more than one of the four bins. Therefore, the Army already had an existing multidisciplinary and multifunctional center at Fort Monmouth. By the TJCSG's stated strategy, it would have seemed a logical "gainer" for workload. But that did not happen. Fort Monmouth was proposed for closure.*

Regarding the process that produced this illogical result, DeYoung stated that

> *The above evidence shows two things about the co-sponsored closure: (a) military value was not "the primary consideration in the making of recommendations," as the law requires; and (b) the exercise of expert judgment was not "reproducible," a more stringent standard that could have minimized the negative effects of a judgment-driven process. As shown above, the expert judgment at the basis of the TJCSG proposal failed to be reproduced in the Army proposal where each differed as to what skills at APG would enable the transformation. This disconnect does not inspire confidence in the asserted merits of the idea.*

We have also learned that DoD's cost estimate for moving Fort Monmouth's activities and people to Aberdeen Proving Ground will almost certainly be higher than the Department told the BRAC Commission and Congress. In 2005, DoD told the Commission that the Fort Monmouth-Aberdeen move would result in a one-time cost of $780,400,000. However, at a February 13, 2007 town hall with Fort Monmouth employees, Army officials indicated that $744,800,000 had been allocated for construction **alone** at Aberdeen. Clearly, the cost estimates provided to the Commission and the Congress were not accurate, further undermining DoD's claims about the benefits of closing Fort Monmouth.

In addition to these factors, the Department of Defense has failed to provide a report to Congress outlining how the move from Fort Monmouth to Aberdeen Proving Ground will be accomplished without disrupting support for the Global War on Terror, as required in the BRAC Commission report. Because of the importance of the functions carried out at Fort Monmouth, it was the only base on the BRAC list to have a caveat noting that a report must be filed to ensure these functions would not be disrupted. DoD's failure to comply with this report requirement has only reinforced our belief that it is not possible for this move to occur without significant degradation of support to the warfighter.

Finally, the President's announcement earlier this year of his intent to increase the Army's force structure by 65,000 personnel and the Marine Corps's force structure by 27,000 personnel has clear implications for the validity of the conclusions reached by both GAO and the BRAC Commission. This new 92,000 personnel increase was not part of the 2005 Defense Planning Guidance, nor was such an increase contemplated by DoD or the BRAC Commission during the last BRAC round.

All of these facts and developments raise troubling questions about how DoD and the TJCSG process dealt with our nation's unique yet fragile military RDT&E capabilities. In light of these developments, we ask that you take appropriate action via the authorization and appropriations process to withhold any funding for the consolidation or closure of Army RDT&E facilities under BRAC until the Congress has conducted a comprehensive review of the issues and allegations raised both by Mr. DeYoung's correspondence and the ability of our projected RDT&E infrastructure to support the President's requested force structure increase. We appreciate your personal attention to this matter.

Sincerely,

RUSH HOLT
Member of Congress

FRANK PALLONE
Member of Congress

JIM SAXTON
Member of Congress

CHRIS SMITH
Member of Congress

400 Cedar Avenue – Wilson Hall
West Long Branch, NJ 07764

December 4, 2007

Congressman Solomon P. Ortiz
Chairman, Readiness Subcommittee
House Armed Services Committee
2110 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Ortiz:

Thank you for the opportunity to record my views as Chairman of the Governor's Commission to Support and Enhance Military Bases in New Jersey, during its full term, from 2004 through 2005.

The Commission was chartered by Executive Order to articulate, *inter alia*, the value of New Jersey's military bases to the Defense Department, the BRAC Commission and to the people of New Jersey.

When Fort Monmouth was added to the Defense Department's list of proposed base closures several members of our Commission and I joined with the *Patriot's Alliance* as designated spokespersons for New Jersey on the proposed closing of Fort Monmouth. Mr. Robert Giordano of the *Patriot's Alliance* and I had the opportunity to brief several BRAC Commissioners at Fort Monmouth and presented sworn testimony in a regional BRAC hearing on July 8, 2005.

Below I provide a litany of points which highlight errors in the Army's and Defense Department's proposal and the BRAC Commission's decision. The following points combine information presented in the report we submitted for the record in July 2005 [the so called: "New Jersey Community Rebuttal"] and several new revelations:

1. The paragraphs below argue, on management and financial bases, that the Army made a faulty proposal and, hence, the BRAC Commission made a faulty decision to close and move Fort Monmouth. On a warfighting basis, one also raises concern over the apparent lack of regard for the C4ISR needs of Land Warfare. The BRAC Commission, uniquely, inserted a caveat in its findings that addressed this issue. It intended not to let the Fort Monmouth closure go forward unless the Secretary of the Army certified that no harm would be done [to the Warfighters, presumably] during the Global War on Terrorism. Harm is being done, is likely to be done for decades, and the Secretary of the Army has not delivered his certification, yet Defense funds are being spent on the move.

2. There is no substantial cost growth in the Army proposal to close and move Fort Monmouth. The cost has always been more than $1.5B; not the $700+M that the Army certified. The Army's effort to estimate costs was dangerously faulty.
    a. When confronted with more thorough analysis by the NJ Community in 2005 -- analysis that predicted costs in excess of $1.5B -- the Army never refuted or even commented on the NJ Community analysis. Credible data was ignored by the Army and, hence, the BRAC Commission.
    b. Two years later, when Army budget presentations were made available to the public, the Army's faulty estimate was exposed and received national press attention and the attention of the GAO, DOD IG and the Congress.

3. Neither the Army, nor the Office of the Secretary of Defense (OSD), during its BRAC proceedings, considered Jointness in its Fort Monmouth closure proposal. This is a strange circumstance since Jointness in command and control technology was already an issue in the ongoing hot war, Iraq.
    a. The Army did not consider (either originally or after it was proposed by the New Jersey Community) organizationally uniting Fort Monmouth with the nation's first Joint Base, only 25 miles away.

4. The Army, through the Secretary of Defense, stated in its rationale-of-record, its desire to close and move Fort Monmouth [see BRAC Commission Findings and Recommendations final report, page 11, Department of the Army section] in order "to consolidate research, development, acquisition and test and evaluation in Army Land C4ISR." As a result of Army internal decisions first and, later, exacerbated by BRAC Commission decisions, the rationale-of-record evaporated:
    a. There is no measurable "research" at Aberdeen Proving Ground in C4ISR; and none will move there from its current site in distant Adelphi, MD.
    b. A large percentage of Army "development and acquisition" in C4ISR is at Fort Belvoir in Virginia. It will remain there.
    c. There is no C4ISR capability in "test and evaluation" at Aberdeen and none will move there.
    d. The Army/Defense-stated rationale-of-record also mentioned Fort Dix, but neither the Army nor the BRAC Commission found a way to bring Fort Dix into its proposed C4ISR consolidation at Aberdeen. The NJ Community recommendation did consider the New Jersey Joint Base (including Fort Dix) in its proposal for Fort Monmouth however, but, was ignored.

5. The Army did not consider the probable loss of 80% of its workforce at Fort Monmouth despite overwhelming evidence from all other BRAC-attempted moves involving technical workforces made-up largely of civil servants. The Army believed only 25% would not move - a faulty assumption all now know. They did not consider the impact of such losses on the C4ISR product, nor did the Army calculate the cost and time to reconstitute a workforce in the C4ISR occupations or the time it would take to obtain security clearances for approximately 4,000 new workers.

a. It is remarkable that the Office of the Director, Defense Research and Engineering (DDR&E) in OSD, forwarded-on the Army decision at the same time that the Director himself was delivering briefings predicting difficulty in retaining and attracting technology-educated civilian employees.
b. Early indications are that valuable technical workers from Fort Monmouth are already exiting the Army workforce for jobs in other Federal agencies or in the commercial workplace, both in New Jersey.

6. Under the 2005 New Jersey estimate of costs to close/move Fort Monmouth (according to its certified COBRA analyses) and now verified by the Army's own current public budget data, it will take more than 33 years for the Army to get a positive financial return on its investment. That means 8 Administrations and 16 Congresses will have stood before a net gain can be seen.

7. There is real concern now about transparency, so carefully legislated in the 2005 BRAC process. We know from open internet sources that several documents prepared to analyze R&D workforce requirements were suppressed during the OSD-led "Technical-Joint Service Coordinating Group's" BRAC review. Those documents were never made part of the official, public Defense Department record, thereby violating the transparency requirement of the 2005 BRAC process. Others will report to you in testimony that revised closure cost estimates forwarded to the Army by Fort Monmouth itself were never forwarded on to the BRAC Commission or its staff. If such data was forwarded it was not part of the public record in 2005. Transparency was side-stepped, significantly, twice.

Mr. Chairman, the rationale-of-record for closing Fort Monmouth has been eliminated; Army cost estimates were, at best, faulty; current 2007 Army cost estimates lack a legacy of accuracy; the payback period is wholly unreasonable; talent is already being lost and is unlikely to be affordably recovered; the Warfighter is being penalized; and the Army continues to spend on the move from Fort Monmouth to Aberdeen before making its required certification.

The Army's credibility in this case is so damaged that a certification at this late date cannot be considered believable or accurate.

The Army's headlong rush to fill the, otherwise "un-fillable," base at Aberdeen shows a stubborn disregard for credible analysis and for the value that technology brings to modern warfare. How can the American people, not to mention the Army, afford another ~$1B to conclude a closure that no longer has a rationale?

Sincerely,

Paul G. Gaffney, II
Vice Admiral, U.S. Navy (Ret.)

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**Written Testimony By Robert F. Giordano For The Readiness Subcommittee Of The House Armed Services Committee Regarding The BRAC Decision To Close Fort Monmouth New Jersey**

**INTRODUCTION:**

Mr. Chairman and distinguished members of the Committee, in this Testimony I will prove that the true costs of closing Fort Monmouth were known by the DOD, Army, the BRAC Commission, at least at the Staff level, and that those costs and supporting factual data were ignored in favor of optimistic Army estimates. My name is Robert F. Giordano, and prior to my retirement from Federal Service I spent 33 years at Fort Monmouth, with senior positions as the Director of the Electronic Warfare Reconnaissance, Surveillance, and Target Acquisition Center; the Deputy Program Executive Office for Command and Control and my last position as the Director of Research, Development and Engineering Center. In these positions I was engaged in every program at Fort Monmouth, at every level as I climbed the "ladder" from a GS-9 to a Senior Executive position. I have the utmost respect for the contributions of Fort Monmouth to our National Defense and know the significant dedication and capabilities of the Fort Monmouth workforce. It is in this context that I helped work the New Jersey Community rebuttal to the unsubstantiated BRAC decision to close Fort Monmouth. The NJ Community work was done under the auspices of the Governor's Commission To Support and Enhance Military Bases in New Jersey and the Patriot's Alliance a not-for-profit organization of local businessmen. We enlisted the support of Mr. Frank Day, formerly a senior member of the Fort Monmouth Comptroller staff and Mr. Harry Kirk, formerly a senior member of the PEO Enterprise Information Systems---both experts in Fort Monmouth ranging from cost accounts and acquisition related programs.

**COST:**

In June 2005, the Community briefed Commissioners Anthony Principi (Chairman); Retired Air Force Brigadier General Sue Ellen Turner; and Retired Air Force General Lloyd Newton. At the completion of that briefing Gen ( R ) Newton challenged me and VADM ( R) Gaffney ( Community briefers ) stating that if the Community provided substantative data the Commissioners would be in a position to challenge the Army and overturn an unjust recommendation. We accepted that challenge and all our follow on activities were focused on providing data and conclusions that could not be refuted by the Army. We provided the Commissioners a Report With Annexes (over 300 pages) containing rational, assumptions, computations and cost data demonstrating that the majority of the BRAC criteria had been violated--- the Commissioners did conclude that much of the BRAC criteria had been violated and inserted special language in the BRAC findings. Perhaps the most egregious example of the Army ignoring actual cost occurred in the movement of the Military Academy Preparatory School from Fort Monmouth to West Point, New York. The U.S. Military Academy and the U.S. Army Corps of Engineers, New York District conducted a Feasibility Study with a report dated October 29, 2004---the study was started in 2003. This Feasibility Study analyzed every aspect of moving the USMAPS to West Point to include sharing education and sports facilities. It concluded after a detailed examination of nine options that any sharing of facilities would

have a negative impact on both organizations, with those nine options ranging in estimated (FY 03) costs from $125M to $383M--- none even close to the Army estimate in the 2005 BRAC of $24M ($21.5M MILCON; $2.5M Other). In addition to this report we also had access to a U.S. Military Academy prepared DD Form 1391 FY 2007 Military Construction (MILCON) Project Data dated 14 June 2005 (before final BRAC deliberations were completed) which showed that the estimated cost of MILCON was $207M. The Army cannot assert that their "cost growth" was due to the uncertainty of whether or not facilities could be shared since that conclusion was known well in advance of BRAC and ignored because it would have significantly raised the cost to close Fort Monmouth by $200M—almost 25% increase of their then 2005 very optimistic total estimate. And for USMAPS alone the increase is over 800%.

In analyzing the Army cost estimates to close the remainder of Fort Monmouth we knew that Fort Monmouth operated many high technology laboratories and facilities focused on its C4ISR missions. These capabilities are supplemented by aviation assets, local outside test facilities, highly classified and specialized facilities and facilities that have a 24/7 mission with one-of-a-kind equipment. The methods employed by the Army to collect costs (replication, moving etc.) were flawed with respect to the descriptors of intent and data fields provided-----consequently many of the costs associated with the facilities were not adequately captured in the COBRA runs and many cost elements to execute a move of this magnitude external to the rigid COBRA data input format were not considered. We decided to do a "bottoms up" review of facilities and capabilities and to take into account items not considered such as: infrastructure upgrades; recruitment and retraining to name a few, and to validate the results by running Army COBRA data. (NOTE: Since the Night Vision Electronic Sensors Directorate at Fort Belvoir and the Research and Development Aviation facilities at Lakehurst Naval Air Station were omitted from the final BRAC the cost numbers shown below have been adjusted to reflect those differences)

1. MILCON---we utilized the Army Facilities Details (R-Plans) Reports for Fort Monmouth that detail every building and facility in terms of their usage and provide accurate size details in useable square feet. In addition we verified that those facilities were in fact occupied and being used for their intended purpose. For the USMAPS discussed above we utilized the Army's DD Form 1391 data. We found significant underestimating of the square foot areas of the facilities which would result in a significant increase in cost, as shown below.

| ITEM | ARMY ORIGINAL | COMMUNITY | CURRENT ARMY |
|---|---|---|---|
| MILCON | $326.5M | $703.9M | $938.8M |

This shows that our bottoms up analysis was far more accurate than the Army estimates and is validated by Army current DD Form 1391 cost data which even exceeds the Community estimates significantly. This dramatically shows that the cost of facilities (which is relatively easy to calculate) will be three times the Army estimate, not caused by any increase in cost but by ignoring the real data. These numbers would have been

even greater but during the BRAC process, the Research and Development Aviation facilities at Lakehurst Naval Air Station New Jersey, was eliminated from consideration--The Army estimated this cost at $56M but the Community estimates again based on actual hanger and ramp space was $110M---a $54M increase. This along with the BRAC Commission's, last minute, decision not to move the Night Vision and Sensors Directorate is totally inconsistent with the Army's original desire to consolidate all C4ISR Research, Development Acquisition Test and Evaluation activities at Aberdeen. The Community provided considerable data in this area to the Commission Staff with source data identified and included in multiple COBRA runs conducted by a certified COBRA analyst/consultant for the NJ Community. For some unexplained reason the Commission Staff chose to ignore this data conducting its own analysis (using the faulty data) and agreeing with the Army original assessments-----this is completely wrong and inexcusable. In addition Fort Monmouth submitted revised certified costs estimates ( in 2005) approved by Mr. Victor Ferlise who will be testifying to the Subcommittee which support the above but never reached the Commission because they were withheld by the Army.

2. PEOPLE---represent the next largest cost item and once again Army estimates were wrong and ignored some very significant cost items. I will address the people issue only from a cost perspective here and discuss later the implications of significant losses in Intellectual Capital and the impact that has on the critical Global War On Terrorism (GWOT). The COBRA data utilized a much higher percentage of personnel that would make the move which actually raised the cost of moving people, but when the Secretary of the Army testified to the Commissioners he used a much lower estimate of people moving. Based on an analysis of technical workforce moves in prior BRACs we concluded that only around 20% of the people would move and adjusted Army numbers downward. In addition Army estimates provided no cost for the significant reconstitution of the workforce at the gaining organization. This important factor is ignored by DOD's terms of reference yet applicable to their stated criteria. Significant hiring must occur at the gaining organization especially at Aberdeen Proving Ground where little or no skills exist in the Fort Monmouth mission areas. The Commission Staff glibly commented that Fort Monmouth had an aging workforce that would eventually be changed so the impact at Aberdeen would be minimal----this is inexcusable and ignores the contributions of a mature workforce with an average of 18 years experience----who provide the glue and training for the younger workforce and whose products are central to every aspect of Army operations. This capable workforce does not exist at Aberdeen. There are extensive studies available that analyze and describe the cost of recruitment, training, and lost productivity when an employee must be hired to backfill the "leaver". The Army COBRA used a single salary factor for civilians of $59,959. For purposes of recruitment and training of senior and journey personnel this number is totally unrealistic. We used the model developed by Bliss and Associates in their study "The Business Cost and Impact of Employee Turnover (2000) that concluded that the cost of employee turnover is at least 150% of the "leavers" annual salary. In addition we used data that the Naval Research Laboratory, one of the most highly respected technical organizations in DOD, used, in credibly and successfully calculating its cost of recruitment and training which was similar to the Bliss and Associates approach.

For Senior Scientists and Engineers we utilized 150% of annual salary; for Junior Scientists and Engineers we used 75% of annual salary; for Senior Acquisition/Logistics we used 100% of annual salary and for Junior Acquisition/Logistics we used 50% of annual salary. Training was conservatively estimated to be required for a least a three year period. (Note because of the fact that a C4ISR workforce does not exist at Aberdeen the training period for a new and junior workforce will actually be greater and more expensive.) Training costs were calculated as a percentage of full salary and that training time is non-productive in the year of training. We created a high and low estimate for recruitment and training and used the middle of that estimate in the Community cost analysis. That is reflected in the chart below. It is noted that the Current Army cost now contains some recruitment and training cost and is very close to the Community estimate and almost double what the Army estimated in their original cost numbers.

| ITEM | ARMY ORIGINAL | COMMUNITY | CURRENT ARMY |
|---|---|---|---|
| PEOPLE | $221.8M | $450.6M | $412.5M |

3. MOVE "THINGS" , SPECIAL FACILITIES, AND INFRASTRUCTURE --- the next largest cost area consists of several items discussed below:
   - MOVE "THINGS"---this represents the cost of moving desks, computers, and lab equipment etc. In this area the Community estimate was actually lower than the Army because the Special Facilities discussed below are a separate category and it is illustrative to note that the current Army cost estimate is $68.5M—18% higher than originally estimated based on a more accurate count of facilities especially in the laboratory area.
   - SPECIAL FACILITIES. A special laboratory facility is one with an integrated capability that cannot be simply moved and re-assembled. Generally these facilities have been built into laboratory capabilities that cannot be de-coupled and must be re-built at the new facility. For some unexplained reason the Army COBRA analysis attributed no special facilities to Fort Monmouth. With our extensive background in the facilities (my last position was as the Director of Research, Development and Engineering) we knew this was incorrect and would represent a significant cost increase. We surveyed all the laboratory facilities (over 94 laboratories), determined equipment and capabilities and concluded that at least 15% were in the "special category". We then estimated these special costs based on replacement cost and capital investment numbers for the original facility. For example the Photonics/Microware Systems Lab includes a Femtosecond Spectroscopic Tested, A Plasmonic Beam Characterization System, a Large Polarization Mode Dispersion Testbed and an Anechoic Chamber---none can be moved because they are integrated with the laboratory. We estimated the cost to rebuild that one facility at $3M. Another item is an Anechoic Chamber

which is the largest type facility in New Jersey which has a turntable and a digitally controlled "positioner" for use in testing large platforms electronic equipment. There were 13 more similar facilities considered special.

- INFRASTRUCTURE—There are considerable technology-based infrastructure requirements at Aberdeen especially around the locations of the new C4ISR facility center. These consist of Information Technology (for example: high bandwidth fiber optic grid at least as robust as the grid that exists at Fort Monmouth today) and Utility (e.g., uninterruptible power supplies and certain kinds of RF shielding) infrastructure and the source of our Current Army estimates are from the Army's recent DD Form 1391 data. Our community estimates were based on knowledge of Fort Monmouth, upgrades to the infrastructure over the last several years and inputs from the Post Engineering staff.

The Army original; Community and Current Army costs in these areas are shown below:

| ITEM | ARMY ORIGINAL | COMMUNITY | CURRENT ARMY |
|---|---|---|---|
| MOVE THINGS | $56.4M | $55.3M | $68.5M |
| SPECIAL FACILITIES AND IT etc. | $0M<br>$81.1M | $162.7M<br>$112.6M | $427.5M |
| | | | |
| TOTALS | $137.5 | $330.6M | $496M |

Once again we see that the Army costs are inaccurate by over a factor of 3 in this area with current costs exceeding the Community estimates as well ... this is not cost growth or inflation, it is a faulty calculation at best. The above indicates that the Army costs were severely understated and in my opinion known from the beginning and certainly known once the Community data was available. *The normalized (based on some original items not part of final BRAC) Army costs of $685.8M will now cost over $1.9B with the end not in sight yet.*

*An enigma is how the Commission Staff assigned to analyze Army bases could not nor would accept any portion of the Community data-----this implies that a decision on Fort Monmouth had already been made and no matter what the Community did it would not change the output----we are stuck today with Army budget numbers, that not only validate the original 2005 NJ Community data, but are turning out to be even higher . I believe this violates transparency in the process and should not be permitted.*

The Commission Staff assigned to Army issues was led by Army Col ( R) Gary Dinsick; LTC. Wes Hood; and Major Karl Gingrich and the Community interacted with them extensively to include transmittal of our validated COBRA runs with rationale and justifications. At the completion of one of our briefings on "real costs" to this staff, they reported no problems with and made no objections to our approach , analysis or conclusions----yet for some reason in their final briefing to the Commissioners (DCN 8330 Entitled Final Deliberations) they concluded the following:

" COST --- *Significant Savings Do Exist*

--- *Cost Data For Facilities Is Valid*

--- *DOD Numbers Are "Best Case; Community Numbers " Worse Case"*

They then concluded that the Staff Excursion in their analysis came out to the same amount of the Army Baseline data at $822.3M. *This just doesn't pass the "common sense"* test after the Community provided hundreds of pages of credible and transparent data to the BRAC staff; provided core data for all our conclusions; used Army data in all cases; used valid DD Form 1391s for the USMAPS move to West Point; briefed the Staff extensively; used an experienced Contractor to conduct COBRA analyses and provide Community estimates in the approved-Army format; and provided Community data (in advance of the Fort Monmouth reply to its"22 questions") that was compatible with "certified" Fort Monmouth data---which apparently never reached the Commissioners. *While I feel the Commissioners were aware of the significant increased cost to close Fort Monmouth, it appears the magnitude of those increases were diminished by the Army Staff Final Deliberation briefing. The rationale for the Army Staff conclusions should be investigated further since I don't believe they can be substantiated.*

The Table below summarizes the costs discussed in this testimony. The Current Army costs are considerably above the Community estimates and are considered unreasonable given the loss of Intellectual Capital; length of time it will take to reconstitute a new workforce; disruption of critical programs and the impact this BRAC will have on providing superior products to the Warfighter.

| ITEM | ARMY ORIGINAL | COMMUNITY | CURRENT ARMY |
|---|---|---|---|
| TOTAL | $686M | $1.5B | $1.9B |

**PROGRAM DISRUPTION:**

There is another aspect of cost and more importantly readiness that I feel is extremely important to the future of C4ISR in the Army----the impact of loss of intellectual capital. While the cost impact is less tangible and difficult to predict accurately, I believe it should be important to this Sub Committee because it impacts readiness as

well as cost. The Secretary of the Army, Mr. Harvey, testified to the BRAC Commissioners that when he was in Industry he had successfully moved people to new locations and that the impact was totally manageable. He saw no problems in closing Fort Monmouth and establishing that capability at Aberdeen. With due respect to the Secretary, it is unlikely he moved highly skilled personnel from one location to another where *no foundation* capability existed and where 80% of the workforce would need to be reconstituted basically from entry level personnel---that is just never done in industry and any attempt would result in a significant loss of revenue and business. In that same testimony before the Commission, Secretary Harvey stated that the activities on Fort Monmouth are strictly "R&D" and "Strategic", and that moving them and sustaining a loss of personnel of 74% would not have immediate impact on the warfighter. He is mistaken: funding increases to support the war, regular travel by Fort Monmouth engineers to the war, and shifting priorities to counter evolving threats like Improvised Explosive Devices (IED) indicate a deep involvement in immediate "tactical" challenges. In the IED area hundreds of engineers, scientists, and logistics cxperts are engaged on a day to day basis on countering these threats. They have been responsible for developing, fielding and supporting over 20,000 IED jamming systems. Fort Monmouth is inextricably engaged in supporting the deployed force in Iraq, Afghanistan and around the world. One may find it interesting to note that Fort Monmouth total dollar throughput in FY 2006 was $6 Billion with considerable "plus up" specifically for the GWOT---- not an indication of irrelevancy. It performs critical functions in equipping divisions and brigades which are "modularizing" and/or are preparing to re-deploy. The impact of what Fort Monmouth does to develop, acquire, field and sustain critically needed C4ISR systems to enhance operational effectiveness and maximize the safety of our Warfighters has immediate, real time consequences while they are in the field. The BRAC will disrupt all programs by needlessly stripping the Army of its core engineering team, not just for IEDs but across the total spectrum of C4ISR programs.

I had to move a skilled workforce from Virginia to Fort Monmouth in 1995, a workforce engaged in Signals Warfare---highly technical mission executed by highly skilled personnel. Only 16 % of that workforce moved, and more surprisingly only 10% of the contractor support workforce moved. Even though I had a small foundation in place upon which to rebuild it took over 10 years to reconstitute the necessary skill levels to the originally capability. While I don't have the details of specific losses of personnel across Fort Monmouth I do have examples which show an alarming trend that if allowed to continue, will have an increasing impact on the stability of critical programs. I've examined the losses in the most technical organization (Communications Electronics Research and Development Center CERDEC) from the announcement of BRAC to 1 June 2006 which shows (in my opinion) the beginning of an unacceptable trend. In that organization there are 1349 Engineers and Scientist engaged in far reaching technology and development for the current and future force. In that short period of time 104 people left but most alarming is that 61 people were resignations (left for other jobs) with greater than 50% of this group being younger than 40 years of age. For one Directorate within the CERDEC (300 personnel) in 2007, 16 Engineers and Scientists left all with BRAC as the stated reason. Of these 16 people 10 had a Masters Degree; the average years of experience

was 10 years with the majority leaving for other government and industry jobs in New Jersey. It is anticipated that this exodus of key personnel which are the future of any organization will increase and the disruption of programs will increase. With the move now slated for late 2010 and 2011 I anticipate that the loss of key personnel will increase significantly in 2008 and more program disruption is anticipated.

The type of work accomplished at Fort Monmouth requires years of experience and "greening" of the workforce to understand the needs of the Army and now the Joint Warfighter. It is not just a matter of replacing an engineer with a new hire out of some university. It takes roughly 10-15 years for an engineer/scientist to progress to a mid level manager and 20 years to a senior manager. It is those mid level and senior managers that will not move and cannot be replaced simply by a new hire. "Greening" a replacement workforce will take over 10 years at least and that's an intangible that hasn't been adequately considered by the BRAC process. In addition, there is a considerable salary differential between government mid/senior managers and industry and I do not anticipate any significant number of "experienced" industry personnel taking government jobs due to significant pay differences. I conclude the following:

- Disruption to existing programs, both the Current and Future Force, were not mentioned or calculated in any BRAC scenario or in the final recommendation and will have a significant impact both in terms of cost and capability.
- The Military Value assessment of disruption and the resultant cost implications were never considered. An assumption that people and programs would move without loss of capability and increases in cost and schedule is naïve and not borne out by history.
- Cost implications are in the billions of dollars and schedule implications (dependent of phase of program) could exceed 3 years. The impact on the security of the warfigher cannot be estimated because they are so large.
- The BRAC recommendation to close Fort Monmouth and re-create it at Aberdeen risks serious program disruption in current abilities to support an ongoing war and to deliver priority Army and Joint C4ISR programs. Particularly at risk are programs with major development, experimentation, test and acquisition milestones in the period 2007 -2011.
- The loss of cleared, certified, trained, experienced DOD civilian personnel will accelerate as Fort Monmouth approaches its nominal closing date. Replacement hiring will be slow to gain momentum. One sees a major "personnel time gap" in the last half of this decade.

## OPTIONS DO EXIST:

We know the costs to close Fort Monmouth are at least three times the Army estimate and that the loss of intellectual capital is an increasing problem that will get worse. Protection of the Global War On Terrorism is in jeopardy unless immediate action is taken—erosion of capability will be a growing problem. We also know one cannot execute the sophisticated C4ISR programs without an experienced staff and that one cannot recruit and train staff at Aberdeen in time. It also can be stated that the Army goal

to create a C4ISR Center of Excellence at Aberdeen has been abandoned because: Night Vision Electronic Sensors Directorate; Army C4ISR Research; and Soldier C4ISR Research and Development were "taken" off the BRAC list for Cost and Loss of Intellectual Capital reasons. In addition Fort Monmouth C4ISR Army R&D Aviation remains at Lakehurst NAS in New Jersey and C4ISR On The Move Experimentation remains at Fort Dix New Jersey. There appears to be no compelling reason to "move" all the people to Aberdeen except to close the Post. The Army's desire to close a small military base is recognized, but I would submit there is a significant difference to closing a military base and retaining an experienced C4ISR workforce that does not need all the trappings of a military base to accomplish its mission. The current size of Fort Monmouth is 1126 acres, and our analysis indicates the workforce could be located on < 200 acres with existing facilities already in place. Under this option USMAPS would move to West Point and Fort Monmouth would be officially and organizationally closed (per BRAC definition of a closure) with the technical workforce occupying a small portion of the former base. This "enclave" could either be an enclave of the Joint Base New Jersey or a "non-contiguous" portion of Aberdeen, similar to what is being done in Virginia for Fort Belvoir and the people occupying GSA space not on Fort Belvoir. This would permit the BRAC law to be enacted while permitting the following:

- Provides maximum cost savings > $1.5B and makes closure very affordable.
- Stems the loss of intellectual capital and allows the mission to be accomplished without disruption.
- Allows certification of GWOT protection.
- Retains expertise of the contractor workforce (4000 strong) to further protect the mission.
- Permits the Fort Monmouth Economic Revitalization Planning to continue and will enhance revitalization.

By eliminating the large cost of building new facilities ($745M); Saving all personnel costs ($413M); Saving cost of Special facilities and IT etc ($496M); selling land for approximately $463M; moving USMAPS for a cost outflow of $220M; and incurring some small cost ($20M) for consolidation activities we can save over $1.6B that could be well spent to enhance warfighter capability in the critical area of C4ISR.

*This makes sense----close the post; get revenue for land; retain intellectual capital; save excessive costs; and protect the mission. I urge the Congress to:*

- *Halt Army expenditures on the move to Aberdeen until the Secretary of the army certifies no adverse impact will occur during the GWOT as required by the BRAC decision.*
- *Investigate unusually faulty assumptions and calculations by the Army.*
- *Study whether the United States can afford to spend $1B more than planned on a move whose rationale-of-record has disappeared.*

Robert F. Giordano, (former Director of Research, Development, and Engineering)

Testimony of
New Jersey Governor Jon S. Corzine

House Armed Services – Readiness Sub-Committee Hearing
"Cost Escalations and Savings Reductions in the BRAC 2005 Process"

December 12, 2007

Thank you, Chairman Ortiz, and Members of the Sub-Committee for giving me the opportunity to submit written testimony today and for your leadership in addressing the critical issues surrounding the 2005 Base Realignment and Closure process.

Budgetary limitations and burgeoning costs are a concern at every level of government from local municipalities to the federal government. These factors limit our ability to provide services and present an ongoing challenge to every elected official. The Base Realignment and Closure process has been promulgated as an efficient way to divest excess capacity and provide significant cost savings to the Department of Defense (DoD). As the military underwent transformation from a cold war entity to a smaller lighter more efficient force trained to meet the challenges of today's world, many functions were consolidated rendering some installations as surplus property.

As a Member of the United States Senate in 2005, I expected the BRAC closures recommended by the Department of Defense to follow the same ideology as previous rounds: Close installations that were no longer relevant to today's military. That's why it was so surprising to find Fort Monmouth, the Army's hub of Command and Control, Communications, Computers, Intelligence, Sensors and Reconnaissance (C4ISR) research and development and acquisition included as one of the installations slated for closure. Given Fort Monmouth's relevancy to a modern technologically efficient military, the closure recommendation was certainly not based on that.

The 2005 closure recommendations left many of us in Congress questioning how the Department of Defense arrived at their decisions. In New Jersey, the Governor's Commission to Support and Enhance Military Installations along with the local community group, the Patriot's Alliance, began reviewing the data made available by the Army. It quickly became apparent that cost estimates used by the Army and DoD were inaccurate. I had the opportunity to make that point in testimony before the BRAC Commission in July of 2005. The more accurate costs the Commission and Alliance estimated have now been borne out by the Army's own recent budget documents – provided in New Jersey's 600 page set of data and Cost of Base Realignment Actions (COBRA) analyses. Further, recent analysis of available data on the internet suggests that the workload projection analyses relating to DoD labs was also suppressed early in the BRAC process. This breach of transparency in the BRAC process is out of line with the intent of the BRAC 2005 law and is unfair to the American taxpayer and the men and women of the military.

The Department of Defense had assured Congress that all data used to evaluate an installation and its mission would be available for review. However, numerous requests for this data were made by individual and coalitions of lawmakers to no avail.

As a result, in 2005, I joined with my colleagues to co-sponsor S1127, legislation requiring the Secretary of Defense to submit to Congress all documentation related to the Secretary's recommendations for the 2005 round of defense base closure and realignment. The introduction of this legislation and subsequent media attention prompted the DoD to release some additional data but not all.

Transparency became a reoccurring theme throughout the 2005 BRAC process and today remains a central focus.

When the Fort Monmouth Community Support Groups began analyzing the DoD data including the COBRA figures it became apparent that the mission relocation cost estimates were inaccurate and flawed. The Army certified that entire cost for relocation of all Fort Monmouth elements including the US Military Academy Prep School would total $780 million. After a thorough analysis of all cost factors, the Fort Monmouth Community Support Group determined the cost to relocate the Fort's mission actually totaled upwards of $1.38 billion. The findings of the Community Support Group were presented to the BRAC Commission at the regional hearing on July 8, 2005 and are part of the official record.

These calculations were ignored by the DoD, who maintained that their numbers were correct and would allow a significant cost savings to be realized through the consolidation of functions at Aberdeen Proving Ground in Maryland.

Deviations in the cost estimates were also supported by data certified and submitted by the Deputy Commander of Fort Monmouth to Army Materiel Command in response to twenty-two questions posed by the BRAC Commission. The certified data supporting the assertion of flawed cost estimates was never released to the members of the BRAC Commission, another example of the opaque nature of the process.

Two years later, the Army now admits that their original cost estimates were inaccurate and recognize the relocation will cost $1.5 billion. This revision reflects a miscalculation submitted as official data on only one installation. The cost of closing and realigning bases nationwide, originally estimated at $22.3 billion, is now projected by the Department of Defense to be over $30.7 billion, or an $8.4 billion miscalculation.

Contentions that the Department of Defense has underestimated costs and overestimated savings from the BRAC moves have been supported in a series of reports issued by the Government Accountability Office (GAO). One GAO report found numbers and methodology used to calculate some savings were bloated by as much as 92 percent.

Unfortunately, Mr. Chairman, the burden of increasing costs for the BRAC recommended closure is not limited to Department of Defense appropriations. In order to support the massive relocations, states have requested infrastructure funding, transportation monies, education allocations and other appropriations. These supplementary allocations represent a hidden BRAC implementation component that the public is forced to sustain. If these supplementary allocations were added to the current Fort Monmouth relocation estimate from the Army of $1.5 billion the total cost balloons to $1.7 billion.

Mr. Chairman, the flawed cost and savings estimates are just one example of the lack of transparency evidenced throughout the entire 2005 BRAC process. It has left taxpayers with ballooning closure costs. I urge the Committee to address these miscalculations and lack of transparency.

Thank you.

# WRITTEN TESTIMONY ON BEHALF OF AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES LOCAL 1904 LOCATED AT FORT MONMOUTH, NJ

We are much appreciative of the opportunity to address this Honorable Committee in regard to the proposed move of Army activities located at Fort Monmouth, New Jersey to other locations, primarily Aberdeen Proving Ground, Maryland.

Because this Committee has had and will have the benefit of much informed and detailed testimony regarding the proposed move it is not our intent to duplicate or repeat the specifics of that competent testimony, but rather to address some additional facts and to take the liberty of presenting some observations and opinions regarding the proposal.

We believe it has by now become amply evident that the proposed move is, at best dangerous and fiscally counterproductive. Regrettably it further appears to be the product of deliberate deception. While we can not identify with certainty every possible perpetrator of this deception, it is far easier to identify the victims: they are first and foremost our warfighters, followed closely by Fort Monmouth employees and residents of New Jersey and ultimately every concerned American whose tax dollars would be squandered to undermine our national security.

We submit that the BRAC process has spun seriously off course and dangerously out of control, and most particularly in regard to Fort Monmouth now presents an unprecedented scenario: i.e. the BRAC Commission, after finding that DoD failed to meet 6 of 8 legally mandated selection criteria expressed its skepticism by conditioning the move on continued Congressional oversight to be provided by a report to Congress on how the move may be effected "without negative impact to programs supporting the Global War on Terrorism and other contingency operations." To date, more than 2 years later DoD has yet failed to submit the required report. We submit that DoD's failure so to do is attributable to the fact that it is impossible; Fort Monmouth's precious C4ISR resources, in fact can not be relocated to Maryland without undermining "the Global War on Terrorism and other contingency operations."

The failed criteria dealt, generally with areas of military preparedness, economic impact and costs. Mission breakage and workforce decimation emerge now as virtual certainty according to experts' testimony. DoD's own cost figures have currently ballooned from $780 Million to $2 Billion. DoD's own numerous experts whose advise DoD chose to ignore, have indeed now been proven to be correct.

The genuine data ignored and/or manipulated by DoD leads to the ineluctable conclusion that DoD acted in bad faith to attempt to effectuate a predetermined outcome, i.e. movement of Fort Monmouth's fragile and critical C4ISR expertise to Aberdeen, Maryland. It must be noted at this juncture that despite Maryland officials' and DoD's assurances to the BRAC Commission that Maryland could readily accommodate the proposed influx of population, Maryland now seeks approximately $20 Billion in federal funds to remedy its belatedly admitted lack of preparedness. We submit that although this enormous cost may not have been considered by the BRAC Commission, it is a bona fide cost of this ill advised proposal which would be borne by the American taxpayer to the detriment of all concerned.

The disingenuous conduct on the part of DoD may be attributable at least in part to the fact that the recommendation was orchestrated by Army personnel with deep and clear ties to Aberdeen. An excellent investigative report published in the Asbury Park Press on 8/05/07 addresses specifics in this regard and is attached as Attachment #1.

Further evidence of DoD's bad faith is its total disregard of the advice of its own experts. The Federation of American Scientists concluded that the subject recommendation was "unsupported by any objective data." This harsh denunciation cited a report prepared by Mr. Don DeYoung, a Senior Research Fellow at the Center for Technology & National Security Policy, National Defense University, in connection with his duties as a member of the Technical Joint Cross Service Group (TJCSG) which was charged with recommending closures and realignments of military research labs, Fort Monmouth among them. Mr. DeYoung, the Army's own expert concluded that consistent application of strategic objectives would and should have resulted in Fort Monmouth actually gaining mission. Similarly, eleven retired Army General Officers with extensive C4ISR expertise actively

opposed the proposed move; their expert counsel like Mr. DeYoung's was totally ignored.

Additional evidence of DoD's disdain for facts may be gleaned from examination of the recommendation presented to the BRAC Commission which cited $21 Million as the cost to relocate the Army's Military Academy Preparatory School from Fort Monmouth to West Point, while the DD Form 1391 dated June 14, 2005 stated that it would actually cost $226 Million to reconstitute the School at West Point. Adding insult to injury a $25 Million upgrade of School facilities had just been completed; these "sunk" costs were likewise ignored.

DoD has evidenced indifference to law as well as fact and expert opinion. As informed and detailed testimony has addressed and the Findings of the BRAC Commission have shown, DoD failed to meet 6 of 8 of the selection criteria mandated by the 2005 BRAC statute. Additionally Sec. 2913(e) of the BRAC statute required DoD to consider the costs that will be incurred by non-DoD agencies present on installations recommended for closure. The DoD recommendation itself acknowledges the requirement and essentially goes no further, save to identify some non-DoD agencies affected and acknowledging that unknown costs will be incurred. We submit that this cavalier and superficial treatment shows further indifference to the clear intent of the statute enacted by the Congress.

In fact, Fort Monmouth is home to the FBI's Northeast Regional Data Processing Center a secured facility employing 120 people; the nature of its work is so sensitive that the Bureau is unwilling to openly disclose its function entirely. DoD's recommendation failed to even identify the facility, and costs to be incurred by the FBI were surely not considered as the Statute required.

Another flouting of Sec. 2913(e) shows apparent DoD indifference to the interests of our veterans as well as the costs associated with a VA Health Facility. The VA Facility on Fort Monmouth treats 10,000 veterans annually, including veterans of Iraq. No geographically feasible replacement location is available to 10,000 infirm and aging veterans. DoD completely neglected to mention the VA Facility, thus both costs connected with and veterans who depend upon the facility were never considered.

DoD's failure to respect both law and fact is unfortunately apparent; given the facts adduced it becomes impossible to attribute DoD's conduct to other than deliberate distortion, neglect and misrepresentation to effectuate a predetermined, senseless and costly outcome. The obvious duplicity and misconduct show a process which has veered dangerously out of control. The BRAC Commission acted to insure Congressional oversight and continued involvement in a unique and unprecedented manner by requiring that DoD report to Congress as discussed above. DoD has thus far failed to do so and based on information and belief has destroyed and rejected a truthful and accurate report prepared for presentation to Congress; DoD, as sworn testimony has shown has acted in precisely the same manner on a prior occasion. We believe it to be a reasonable and fair expectation that any report ultimately submitted to Congress by DoD will be no more truthful or reliable than the prior information which gave rise to the reporting requirement imposed by the BRAC Commission.

We respectfully submit that in view of the foregoing, Congress must not allow relocation of Fort Monmouth to proceed.

*John R. Poitras*
*President of A.F.G.E.*
*Local 1904 (AFL-CIO)*
*Fort Monmouth, NJ 07703*

*2 BRAC analysts had Aberdeen ties*
*Posted by the Asbury Park Press on 08/5/07 BY BILL BOWMAN AND KEITH BROWN STAFF WRITERS*

*Post Comment*
*Two Defense Department officials with deep ties to Maryland's Aberdeen Proving Ground headed a Base Realignment and Closure analytical team that helped form the recommendation to close Fort Monmouth and transfer thousands of high-paying jobs to Aberdeen.*

*The prospect of those new jobs, in turn, have helped spur a "renewed interest" among private companies seeking to license military technology developed at the proving ground for commercial use, according to a published report.*

*Brian Simmons, now the director of the U.S. Army Evaluation Center in Alexandria, Va., and John B. Foulkes, who now holds a position in the office of the Secretary of Defense, at separate times between 2003 and 2005 led the Analytic Team — also called the "A Team" — for the DOD's Technical Joint Cross Service Group.*

*The TJCSG was charged with recommending closures and realignments of military research laboratories, Fort Monmouth among them.*

*Simmons had the most direct tie to Aberdeen before and after serving in the BRAC process.*

*Before becoming the AEC director in January 2007, he was the deputy commander and technical director of the Army Developmental Test Command at Aberdeen, according to his official biography. In this position, Simmons was involved in Aberdeen's revenue-generating efforts to lease military technology to the private sector, according to a published report.*

*An Aberdeen spokesman did not respond to an Asbury Park Press inquiry last week regarding the amount of money technology transfer leases generate for the base.*

*Simmons will soon return to Aberdeen. His evaluation center, part of the Army's Test and Evaluation Command, is being transferred from Alexandria, Va., to Aberdeen as a result of a separate BRAC recommendation.*

*Simmons, through an ATEC spokesman, declined to comment for this story. He referred all questions to the DOD.*

*Foulkes began his military career at Aberdeen and held several supervisory roles in the Air Warfare division of the Army Material Systems Analysis Activity based there, according to his official biography.*

*A spokesman for Foulkes did not respond to several requests for comment.*

*Rep. Frank J. Pallone Jr., D-N.J., questioned the propriety of the two heading the analytic group, in light of their connection to Aberdeen.*

*"I think what it shows is that there were people on the group who clearly wanted to cook the books to say that it made sense to move to Aberdeen," he said.*

*Foulkes in 2003 was named the first overseer of the TJCSG's analytic team. The TJCSG was one of seven subject-specific cross service groups established in 2003 by then-Secretary of Defense Donald Rumsfeld to recommend closures and consolidations.*

*Areas analyzed by other cross service groups included education and training facilities, headquarters and support activities, industrial sites, intelligence operations, medical facilities, and supply and storage facilities.*

*Foulkes was replaced by Simmons in early 2005 when Foulkes went on to become director of the Test Resource Management Center in the office of the Secretary of Defense.*

*According to the TJCSG's Analysis Plan, published in July 2004, the A Team's responsibilities included "supporting the technical analysis carried out by the TJCSG sub groups" and "protecting the integrity of the database, the models and the analytic process."*

*"In protecting the database, the models and the analytic process the "A' Team manages and maintains the database, runs the various analytical models and methodologies, and establishes a documentation process that archives all essential TJCSG records," according to the report.*

*An April 28, 2006, Baltimore Daily Record article discusses the effect moving thousands of scientists and engineers from Fort Monmouth and other research installations to Aberdeen would have on the latter's technology transfer program.*

*The BRAC decision has generated "renewed interest" in Aberdeen's technology transfer program, according to the story, headlined, "With base realignment, Aberdeen about to become Army's most diverse tech facility in the world."*

*The article noted that about 300 people attended an Aberdeen Technology Transfer Initiative — developed by the Maryland Technology Development Corp., or TEDCO — showcase, when only about 150 were expected.*

*TEDCO was formed to partner with Aberdeen and other federal laboratories to move military research into the private sector.*

*Simmons was quoted in the Daily Record story saying he believed the TEDCO relationship would become even more important as the gains Aberdeen experienced from BRAC took effect.*

*An Asbury Park Press continuing investigation into the process behind the decision to shutter Fort Monmouth found that the cost of closing the fort has doubled — from $780 million to $1.5 billion — since the 2005 decision. It also has revealed that DOD officials knew the official cost estimate to close the fort was wrong, but chose to ignore the information.*

*Army insists plans are on to move jobs to Aberdeen—*

Dec. 12. 2007 10:03AM ASW JENNIFER BECK 732 772 1587 No. 0903 P. 1

**NEW JERSEY STATE LEGISLATURE**

JENNIFER BECK
ASSEMBLYWOMAN, DISTRICT 12
MONMOUTH & MERCER COUNTY
256 ROUTE 79, SUITE 1B
MORGANVILLE, NJ 07751

COMMITTEES
TRANSPORTATION
HIGHER EDUCATION

December 11,2007

To Whom It May Concern,

Please find attached a letter from nine New Jersey legislators regarding the House Armed Services Committee's Readiness Subcommittee meeting being held tomorrow December 12th, 2007 at 10:00am.

The signatories of the attached letter wish to have their letter read into the official record of the proceedings or otherwise recognized as official testimony.

Please contact me with any questions or concerns, or if there are additional steps I need to take to have this letter accepted by the subcommittee.

Thank you for your consideration.

Sincerely,

Tom Fitzsimmons
Legislative Aide
Assemblywoman Jennifer Beck
12th Legislative District-NJ

PHONE: (732) 772-1571 FAX: (732) 772-1587 E-MAIL: ASWBECK@NJLEG.ORG

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NEW JERSEY SENATE

GENERAL ASSEMBLY

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(609) 292-5339

December 11, 2007

The Honorable Ike Skelton, Chairman
House Armed Services Committee
2120 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Skelton:

As the recently elected state representatives of the 11th, 12th and 13th Legislative Districts of the State of New Jersey, we write to you in unified opposition to the decision to close Ft. Monmouth made by the 2005 BRAC commission. We urge you to use the meeting of the House Armed Services Committee's readiness subcommittee meeting, scheduled for Wednesday December 12th, 2007, to shed some light on what appears to have been a faulty and possibly biased decision making process which led to Ft. Monmouth being included on the list of bases to be closed.

The purpose of the BRAC-recommended closures was consolidation and the resulting cost savings to taxpayers. However, an investigation by the *Asbury Park Press* found that the projected cost of closing Fort Monmouth and moving its research functions to Aberdeen, Md., will now cost twice what was originally estimated – an increase from $780 million to $1.5 billion. (The General Accounting Office has largely supported those cost estimates.) Add to that the $3.3 billion loss to New Jersey's economy coupled with the estimated $16 billion it will cost Maryland for needed infrastructure improvements to accommodate the largest job influx since World War II. We fail to see how this is a cost-savings plan.

While the increase in cost alone is staggering and flies in the face of a supposed "cost-cutting plan," most troubling are news reports that critical information relevant to the impact of the closure was withheld by the Department of Defense (DOD). Based on this new information, it is obvious that both the BRAC Commission and Congress were misled by the DOD.

While the shuttering of Fort Monmouth would certainly have adverse economic implications for the State of New Jersey and the communities surrounding the facility, one must also consider the impact this closure would have on our nation's security.

It is estimated that the closure of the base would result in a future deficit of nearly 7,000 scientists and engineers who are critical to the development of weapons technology to fight the current wars in Iraq and Afghanistan as well as future conflicts.

It is by now fairly well documented that the decision to close Ft. Monmouth was based on questionable and possibly manipulated data, a conclusion we are certain will be confirmed as a result of the testimony which will be heard by the readiness subcommittee. On behalf of our constituents and the State of New Jersey, we are requesting that if those conclusions are confirmed, you reconsider the BRAC recommendation to close Ft. Monmouth.

Thank you for your consideration in this matter.

Sincerely,

Senator-elect Sean Kean
11th Legislative District

Mary Pat Angelini

Assemblywoman-elect Mary Pat Angelini
11th Legislative District

David Rible

Assemblyman-elect David Rible
11th Legislative District

Senator-elect Jennifer Beck
12th Legislative District

Assemblyman-elect Declan O'Scanlon
12th Legislative District

Caroline Casagrande

Assemblywoman-elect Caroline Casagrande
12th Legislative District

Senator Joseph Kyrillos
13th Legislative District

Amy Handlin

Assemblywoman Amy Handlin
13th Legislative District

Assemblyman Sam Thompson
13th Legislative District

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HEALTH, EMPLOYMENT, LABOR, AND PENSION

Joe Courtney
Congress of the United States
2nd District, Connecticut

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December 18, 2007

The Honorable Solomon Ortiz
Chairman, Readiness Subcommittee
House Armed Services Committee
2340 Rayburn House Office Building
Washington, DC 20515

The Honorable J. Randy Forbes
Ranking Member, Readiness Subcommittee
House Armed Services Committee
2340 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Ortiz and Ranking Member Forbes:

Thank you for holding the December 12, 2007 hearing on the implementation of the 2005 Base Realignment and Closure (BRAC) decisions.

During the last BRAC round, countless individuals in my district came together to challenge the Department of Defense's (DoD) recommendation to close Naval Submarine Base New London. Through careful examination of the proposal, they learned then what the Government Accountability Office (GAO) confirmed last week: that the estimated long term savings from BRAC 2005 would be much lower than suggested by DoD while the estimated cost of implementing it would be much higher. While the fight to save Sub Base New London was ultimately successful, subsequent review of the process and the analysis on which the DoD based their recommendation found that both were seriously flawed.

As our subcommittee continues to consider the implementation of the BRAC 2005 process, I believe it is important to fully examine the fundamental flaws with the last round so as to avoid them in the future. One critical shortcoming in DoD's 2005 analysis was the net present value (NPV) discount rate used to estimate the potential savings of closing selected facilities. As described in the attacbed letter from the State of Connecticut's Office of Military Affairs, DoD used an artificially low discount rate to calculate estimated BRAC savings – inflating the potential benefit to DoD that would come with the closure of Sub Base New London and other facilities around the nation.

I hope you will consider placing both this and the attached letter explaining the NPV discount rate issue in greater detail into the record of last week's hearing. Again, thank you for your leadership in holding this hearing and I look forward to continuing to work with you to improve the readiness of our Armed Forces.

Sincerely,

Joe Courtney

JOE COURTNEY
Member of Congress

PRINTED ON RECYCLED PAPER

STATE OF CONNECTICUT
# OFFICE OF MILITARY AFFAIRS

*Justin Bernier*
*Acting Executive Director*

December 18, 2007

Mr. Brian J. Lepore
Director, Defense Capabilities and Management
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Lepore:

Congratulations on the completion of your recent report, "Military Base Realignments and Closures: Estimated Costs Have Increased and Estimated Savings Have Decreased." This report will almost certainly help U.S. decision-makers better understand current and future issues surrounding the Base Realignment and Closure (BRAC) process. In the interest of furthering this understanding, I would like to bring to your attention an important but overlooked problem in the net present value (NPV) discount rate used to calculate estimated savings from the 2005 BRAC recommendations.

During the 2005 BRAC round, Department of Defense (DoD) models used a discount rate of 2.83% to determine NPV – the value of a dollar today to the value of that same dollar in the future after accounting for inflation and returns. In reality, for debt-financed economic evaluation, the correct discount rate is not the forecasted inflation rate, but rather the "cost of money" to the borrowing entity. For the federal government, the cost of money should be no less than the cost of debt financing, such as the long-term treasury rate (about 4.25% at the time).

In other words, the value of a future dollar today depends on the cost of achieving that dollar savings. If the cost requires the issuance of debt – as do the 2005 BRAC recommendations – then the cost to the U.S. Government of acquiring that money must be included when evaluating a future revenue stream. That cost diminishes the value of the future dollar above the simple projected cost of inflation.

In practical terms, the difference between a discount rate of 2.83% and 4.25% has a significant impact on estimated BRAC savings. In the recommendation to close Naval Submarine Base New London, DoD's use of a 2.83% discount rate likely resulted in overstated savings of roughly $350 to $400 million. As your report and testimony suggest, the error is compounded when the cost of inflation on necessary BRAC expenditures (i.e. building materials) outpaces average inflation rates as estimated by DoD.

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This discount rate problem applies to other BRAC scenarios as well. We encourage you to consider this modeling problem as you continue to evaluate the BRAC process. Should you have any questions, please do not hesitate to contact me at (860) 270-8074 or justin.bernier@ct.gov.

Sincerely,

Justin Bernier
Acting Executive Director

cc: Sen. Dodd
Sen. Lieberman
Rep. Shays
Rep. DeLauro
Rep. Larson
Rep. Courtney
Rep. Murphy

## QUESTIONS AND ANSWERS SUBMITTED FOR THE RECORD

DECEMBER 12, 2007

## QUESTIONS SUBMITTED BY MR. ORTIZ

Mr. ORTIZ. One of the things that we have been trying to get from the Navy is their implementation program. We have been asking the Navy to give us a copy as to how they are going to make their plan work, their implementation.

Do you think that, before you leave, you might be able to help us get the Navy to give us this plan?

Secretary GRONE. The Department of Navy provided a redacted copy of the business plan of record to Chairman Ortiz.

Mr. ORTIZ. In March 2004, the Department indicated that it had 24% excess infrastructure. As a percentage of the overall enterprise, how much did the Department actually reduce their overall footprint with the BRAC 2005 process?

Secretary GRONE. The Department's recommendations were projected to result in a Plant Replacement Value (PRV) reduction of 5.1 percent. After the Commission's independent review produced a revised number of recommendations, the Department's PRV projection was reduced to 3.4 percent. The Department's overall PRV is impacted by a variety of factors such as demolition/disposal, non-BRAC construction, and Grow the Force initiatives that would have to be considered in reviewing the post-BRAC end state.

Mr. ORTIZ. Has the Department made a determination as to funding primary and secondary education requirements for communities impacted by BRAC recommendations?

Secretary GRONE. The Department continues to rely upon state and local government to fund local hard (construction) and soft (overhead and maintenance) education requirements. In some instances, DoD supplemental impact assistance, in addition to impact aid, has assisted with some of the soft expenses of educating military dependent children.

We also recognize that some affected communities, in conjunction with their states, lack sufficient resources to fully respond to the education requirements that arise with this growth. Through the President's Economic Adjustment Committee, we are collaborating with the Department of Education to undertake federal team visits to some growth locations with student impacts to better understand local capacities and tailor responsive Federal assistance.

At the same time, DoD is working with the Department of Education to assess the viability of forward funding Impact Aid vice the current practice of funding based on the student count from the previous school year with funds normally arriving in Winter/Spring of the following year. As pointed out at the hearing, this is especially problematic for school districts experiencing significant growth in one year.

Local education is the jurisdiction of the State and local government; however, the Department of Defense (DoD) has a vested interest in quality education for military families. The Department of Defense Education Activity (DoDEA), which has provided military students with an exemplary education for over 60 years, received expanded authority in the John Warner National Defense Authorization Act for Fiscal Year 2007 to create educational partnerships with local education agencies who educate military students. Launched on October 1, 2007, the DoDEA Educational Partnership Directorate (EPD) has begun to: (1) develop partnerships with schools and districts that focus on educational best practices, seamless transitions, and deployment support services, (2) facilitate agreements at the local and state levels to positively impact military children's education and wellbeing, and (3) extend opportunities for student learning via online and other research-based models.

Moreover, the Department is using its influence to help build productive relationships with States and Federal Agencies to create policies that help Local Education Agencies (LEA) expand and construct schools and help communities provide educational opportunities that help meet the needs of military families.

An important, recent outgrowth of this DoD effort has been the Interstate Compact on Educational Opportunity for Military Children, which addresses the educational transition issues affecting military dependent students because of frequent moves and deployments. While properly deferring to state prerogatives in education policy, the Interstate Compact transcends state and local boundaries to create uni-

form standards of practice for identified transition issues like the transfer of records, course placement, graduation requirements, redundant or missed testing, entrance-age variations, etc. Based on recent research and best practices, the Office of the Under Secretary for Personnel and Readiness in cooperation with the Council of State Governments (CSG) developed the Interstate Compact. It becomes effective once ten states sign it into law. DoD is currently seeking legislation for it in 54 states and US territories. In 2008, 25 states will review it, of which at least 10 have already filed bills to enact it.

Mr. ORTIZ. Is the Department's 78% execution rate of BRAC 2005 funds in fiscal year 2007 indicative of the difficulty that should be expected in implementing the recommendations of the BRAC commission? Is the Department expecting similar difficulties in executing the fiscal year 2008 increment of funding?

Secretary GRONE. Seventy-eight percent execution on a $5.6B appropriation received nearly seven months after the fiscal year started is an exceptional achievement. To the extent the Department receives its funding in a timely manner, we will be able to execute the resources consistent with our plans.

Mr. ORTIZ. With greater transparency, the BRAC implementation costs have increased. In retrospect should the BRAC process have built-in additional methods to increase cost accuracy?

Secretary GRONE. The BRAC statute provides that we treat all bases equally in a limited amount of time. Cost increases are not a question of transparency; rather the nature of the analysis. This precludes us from doing more detailed planning and conducting the site surveys that are necessary to support detailed budget quality submissions. As was done in the past, the requirements for equal treatment and limited time for analysis make it necessary for the Department to rely on the use of cost estimating tools such as the Cost of Base Realignment Actions (COBRA) model.

The COBRA model is a tool for comparative, consistent, and auditable analyses of a variety of options using standard factors applicable during the timeframe within which the BRAC analysis was conducted. As such, COBRA was not designed to produce budget quality estimates. For instance, in arriving at its comparative assessments, COBRA displays financial information in constant dollars which are unaffected by inflation. Revised cost and savings estimates, supported by the detailed planning and site surveys necessary to support budget submissions, were not conducted during the BRAC process.

A recent Government Accountability Office (GAO) report supports the utility of COBRA. In this report, the GAO stated: "we have recognized in the past and continue to believe that COBRA is a reasonably effective tool for the purpose for which it was designed—to aid in BRAC decision making—and that the BRAC Commission's COBRA-generated estimates are the only reasonable baseline to use to identify BRAC cost and savings changes since the recommendations became effective."

Mr. ORTIZ. The Department is still trying to finalize the implementation details of several recommendations including joint basing. Why has the Department not finished determining how to implement all the BRAC recommendations? What is the monetary cost of delaying implementation of these remaining recommendations?

Secretary GRONE. With over 200 recommendations, there are only a handful that have yet to be finalized. Those include three Chemical Demilitarization recommendations that are tied to treaty obligations, and 12 Joint Basing recommendations that are tied to policy decisions now being made (the Department is developing guidance to establish a comprehensive framework for joint basing implementation). There are a few others pending that involve personnel transfers and siting issues that the Department continues to work through. We will realize savings even though we are still in the planning stages with these recommendations.

(Since the time of the hearing, the Deputy Secretary of Defense issued guidance on Joint Basing on January 22, 2008.)

Mr. ORTIZ. According to GAO and DOD the 2005 BRAC round is supposed to bring about military transformation and increased jointness. Are you seeing these results?

Secretary GRONE. Yes, BRAC is a catalyst for transformation and will increase jointness. The Department is on the glide path to achieve what the recommendations were set out to do. A few examples include:

- Creation of a Defense Media Agency at Fort Meade supporting DODs public affairs mission.
- Establishment of joint medical operations in the San Antonio and National Capitol Region.
- Realignment of the Defense Finance and Accounting Service (DFAS). This reduces total facilities from 30 to 10 sites, accomplishes a major facilities reduction and business line realignment, and transforms the current DFAS organiza-

tion into an optimum configuration, to include strategic redundancy to minimize risk associated with man-made or natural disasters/challenges.

Mr. ORTIZ. Is BRAC an appropriate vehicle for military transformation?

Secretary GRONE. Absolutely; absent BRAC authorization, existing statutes preclude us from making significant changes to the base structure. Any significant force restructuring requires changes to the supporting infrastructure and without BRAC this is not possible. The BRAC process focuses our functional personnel (Training/Operations/Medical, etc.) to objectively and systematically look at their force structure and compare it to the base structure.

Mr. ORTIZ. The Department non-appropriated fund mangers have identified 42 non-appropriated fund construction projects costing over $737 million that are validated as restationing or BRAC requirements that are currently unfunded. Of that list, 31 projects at a cost of $496.8 million are related to Army installations. How is DOD planning to address restationing and BRAC implications of these projects? Will appropriated funds be found to support this construction so that service member non-appropriated funding can be reserved for routine construction and renovation?

Secretary GRONE. We have a structured process for reviewing projects, to include their source of funding. Every project that has been validated as a BRAC requirement has already been or will be funded through BRAC. Those that are not validated BRAC requirements will compete for funding in the normal budget process.

Mr. ORTIZ. Are you aware of the letter from Senator Inouye regarding the need to use appropriated funding to support commissary construction at restationing and BRAC impacted installations? Apparently, the letter received a great deal of attention and resulted in the reconsideration of plans to use non-appropriated funding to support commissary construction projects at Fort Riley and Fort Bliss. What is the current status of the construction projects at Fort Riley and Fort Bliss? What affect has the letter from Senator Inouye had on the DOD attitude regarding the use of non-appropriated funds to support restationing and BRAC related construction projects?

Secretary GRONE. Every project that has been validated as a BRAC requirement has already been or will be funded through BRAC. The Ft. Riley and Ft. Bliss commissary construction projects are being reviewed to determine their eligibility in whole or in part for BRAC funding or for normal MilCon.

Mr. ORTIZ. Is the BRAC recommendation to close Fort Monmouth conditional?

Secretary GRONE. The closure of Fort Monmouth is legally required and unconditional. This is not, as some would contend, a "conditional closure" that may not occur because a report cannot be written but of how the move will occur without disruption to support of the Global War on Terrorism and other critical contingency operations. Fort Monmouth can be closed, and its functions relocated, without jeopardizing support for warfighters in the field—the BRAC Commission agreed with that conclusion.

Mr. ORTIZ. Is the report to Congress required?

Secretary GRONE. The BRAC Act requires the Department to close and realign all installation so recommended by the Commission. The BRAC Act does not require DoD to submit reports recommended by the BRAC Commission, or follow any other Commission recommendations that are not either base closures or realignments. It is therefore the Department's position, as reflected in its filings in the United States District Court for the District of New Jersey, that there is no legal requirement, in the BRAC Act or elsewhere, that DoD submit the report to Congress that the BRAC Commission recommended, although DoD nevertheless intends to submit such a report by the end of this year.

(Since the time of the hearing, the report was provided to the Committees of Jurisdiction on December, 28, 2007.)

Mr. ORTIZ. Where did the certified data that supported the closure of Fort Monmouth originate?

Secretary GRONE. The certified data was provided by Fort Monmouth and the Department of the Army.

Mr. ORTIZ. Did the Department provide all the certified data to the Commission on the Fort Monmouth recommendation?

Secretary GRONE. All certified data, classified or unclassified, for all recommendations was provided to the Commission and Congress.

Mr. ORTIZ. There have been complaints that DoD suppressed internal papers/data from the BRAC Commission. Specifically, that there was information in the Technical JCSG report that was withheld. Was information suppressed in the Technical JCSG final report submitted to the Commission?

Secretary GRONE. All certified data, classified or unclassified, was provided to the Commission. As the Department was finalizing release of the BRAC 2005 rec-

ommendations, there was concern that the vast amount of data collected and arrayed could provide a national security threat when aggregated in a central or easy to access manner (e.g., website, report).

The Technical Joint Cross-Service Group (TJCSG) Chair, Dr. Ron Sega, pulled back his report to the Secretary (the longer 496 page document dated 10 May 2005) and reviewed it in light of the security concerns. He determined that the array and summary of the capacity analysis (Appendix A) conducted by his group could expose sensitive information to the public. He, therefore, directed his group to revise the appendix in a manner that would relate the results of the capacity analysis while protecting the sensitive information. The revised appendix was incorporated into Volume XII of the DoDs final report and submitted to the Secretary of Defense on 19 May 2005. While it is unfortunate that the transmittal memo date was not modified to reflect the actual date transmitted to the Secretary, the report was accurately dated to reflect when it was submitted into the DoD security review process.

It is important to note that the data Dr. Sega's group used during the course of the capacity analysis was never altered nor withheld from the Commission. Following a thorough security review of the capacity data, all of the capacity data that the Department used, including that generated for the TJCSG, was deemed unclassified. As a consequence, the capacity data in a disaggregated form was made available to the public on both DOD's and the BRAC Commission's website in June 2005, where it resides today.

Mr. ORTIZ. Was the Commission bound by statutory data certification requirements?

Secretary GRONE. The Commission was not bound by the statutory data certification requirement. It could, and did, ask for anything additional it deemed necessary—its representatives visited the installation and it heard testimony from community witnesses. Further, the local community took advantage of its ability to supply the Commission with data directly.

The Commission's record demonstrates it had access to a variety of data when it made its closure recommendation to include information on potential cost increases (Reference: Commission hearings of May 18, 2005; July 8, 2005; and, August 24, 2005 as well as material on the Commission website drawn from visits to Ft. Monmouth). Attached are documents obtained from the Commission website.

The Commission carefully scrutinized the recommendation to close Fort Monmouth and the majority supported its closure. It is important to note that the Commission modified this recommendation by retaining night vision at Ft. Belvoir (vice relocating to Aberdeen). This is clear evidence that the Commission could have changed this recommendation and reverse the closure recommendation if it saw fit—and it did not.

The Commission voted 7 (yes), 1 (no), and 1 (abstention) to close Fort Monmouth.

- James Bilbray—No vote
- ADM Harold Gehman—abstained

Mr. ORTIZ. With the substantial cost increase for implementation, does the action to close Fort Monmouth still save?

Secretary GRONE. Yes, implementation will save over $154M annually beginning in FY 2012, reducing infrastructure overhead, even with the cost growth. The payback period for this recommendation, using the Cost of Base Realignment Actions (COBRA) model's methodology, is ten years. While this is five years longer than the original COBRA estimate, the implementation costs will still be recouped in a reasonable amount of time and, more importantly a significant benefit will be achieved by consolidating the C4ISR (command, control communications, intelligence, surveillance, reconnaissance) community, and research and test elements at one installation.

Mr. ORTIZ. Was the community and/or opponents to the closure of Fort Monmouth provided an opportunity to communicate with the Commission?

Secretary GRONE. The Commission could, and did, ask for anything additional it deemed necessary—its representatives visited the installation and it heard testimony from community witnesses and received information from personnel at Fort Monmouth. Further, the local community took advantage of its ability to supply the Commission with data directly, both at hearings and in other correspondence. The BRAC Commission library has documents that clearly indicate the community provided input on all of the topics raised (e.g. loss of intellectual capital, costs, and disruption to mission).

Mr. ORTIZ. Why is the Department closing Fort Monmouth and moving to Aberdeen Proving Ground?

Secretary GRONE. Ft. Monmouth is an acquisition and logistics installation with little capacity for other purposes. The Army ranked it 50th of 97 installations in military value.

Moving research, development and acquisition capabilities from Ft. Monmouth and other locations (Ft. Knox and Redstone) allows the Army to concentrate these capabilities at Ft. Belvoir and Aberdeen as part of its transformational goal of achieving Network Centric Warfare. This goal requires access to test and evaluation ranges which do not exist at Ft. Monmouth. Additionally, new construction at Aberdeen allows physical and organizational reorganization that is not possible at Fort Monmouth.

Moving the United States Military Academy (USMA) prep school currently located at Ft. Monmouth to West Point increases efficiency and enhances coordination in this key officer corps-training program.

Moving the logistics functions to Columbus, OH and Aberdeen, MD is an important part of the larger BRAC effort to increase efficiency by consolidating procurement management.

Implementation will save over $154M annually beginning in FY 2012 even with the cost growth, by reducing infrastructure overhead.

Mr. ORTIZ. The Technical JCSG ranked Monmouth higher than Aberdeen for Information System Development and Acquisition (Monmouth ranked #2 and Aberdeen #41) and Research, (3 for Monmouth vice 11 for Aberdeen). If that is the case, why didn't the functions get moved from Aberdeen to Monmouth?

Secretary GRONE. The Army, in consultation with the Technical Joint Cross-Service Group (TJCSG), examined a number of factors to make its decision including the raw military value scores cited in your question. Together they believed that the best decision, using their military judgment, was to consolidate functions at Aberdeen which has access to test ranges and could accommodate the consolidation of many activities. The consolidation specifically enables the Army to establish a Land Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR). Life Cycle Management Command at an installation that has access to ranges. This decision comports with the Technical JCSG strategic goal of establishing integrated C4ISR centers.

As stated in the Secretary of Defense justification "The closure of Fort Monmouth allows the Army to pursue several transformational and BRAC objectives. These include consolidating training to enhance coordination, doctrine development, training effectiveness, and improve operational and functional efficiencies, and consolidating Research, Development, and Acquisition (RDA) and Test and Evaluation (T&E) functions on fewer installations. Retain DoD installations with the most flexible capability to accept new missions. Consolidate or collocate common business functions with other agencies to provide better level of services at a reduced cost."

Mr. ORTIZ. Does the Department record reflect any disagreement with the decision to close Fort Monmouth?

Secretary GRONE. As was the case with all recommendations developed by the Department, there were a series of analyses, reviews and decisions that resulted in the recommendation to close Ft. Monmouth. In the decision meetings, there is no record of senior officials disagreeing with the decision. That said, there are certainly individual DoD employees who were privy to DoD's recommendations that were free to object to any decision with which they disagreed. These opinions were primarily expressed verbally. DoD's recommendation development process encouraged open debate and discussion of alternatives. This is evidenced by the approximately 1200 closure and realignment scenarios that were evaluated by the Military Departments and the seven joint cross-service groups during the deliberative process.

On occasion individuals did put their concerns in writing. For example, during the course of its work, the Technical Joint Cross-Service Group (TJCSG) staff often used issue papers to communicate personal ideas, views, etc., regarding the TJCSG process. Five such papers were authored by Mr. Don DeYoung. These were not deliberated on by the TJCSG principals. Since these documents were not a part of the TJCSG deliberative record, they were not submitted to the Commission. In response to a request from Senator Warner, the Deputy Secretary of Defense provided these five papers to Senator Warner on 25 July 2005. It is unclear if the BRAC Commission knew these papers existed, but if they needed and requested them for their review, they would have been provided through the established Clearinghouse process.

Mr. ORTIZ. Has the Department captured the impact on "intellectual capital" when personnel with special skills choose not to relocate as part of a BRAC recommendation?

Secretary GRONE. Implementation of BRAC recommendations allows the Department to integrate relocated personnel to produce synergies and obtain new capabilities that actually enhance intellectual capital.

While changes in installation configuration produce turmoil, the Department, no different than industry, must be allowed to balance the impact on intellectual capital with the benefits achieved through reconfiguring its infrastructure.

The Department has six years to implement BRAC recommendations, providing ample time for managers to mitigate the impact of personnel turmoil.

The Department deals routinely with personnel changeover and will have programs in place to mitigate personnel impacts during implementation. Relevant examples from prior BRAC rounds include the movement of the Naval Air Systems Command from Crystal City, VA to southern Maryland and the relocation of the Space and Warfare Systems Command from Crystal City, VA, to San Diego, CA.

Mr. ORTIZ. What is DoD's policy for funding QOL facilities as part of BRAC? Do QOL facility availability need to coincide with the six year deadline?

Secretary GRONE. If the projects are required to implement the recommendation they are funded as part of the BRAC effort. For example, the construction necessary (and funded) to implement Commission Recommendation #10, Operational Army, includes two Child Development Centers, a Physical Fitness center, and a Youth Activity Center. Often times these types of projects fall into a gray area because they accommodate BRAC and non-BRAC requirements. Additionally, military construction is not the sole means for addressing BRAC and non-BRAC requirements where the private sector is a viable option for some requirements. For example, child care needs to support the relocation/co-location of Investigative Agencies at Quantico will rely on the private sector.

Mr. ORTIZ. Have you responded to the recent GAO report on Cost and Savings? If so, would you please characterize them?

Secretary GRONE. Yes, the response was as follows:

"The report accurately characterizes the Department's viewpoint that, even though the BRAC 2005 round is costing more and saving less than originally estimated in 2005, implementation of these recommendations are expected to enhance defense capabilities as the Department reshapes and realigns forces to meet future national security needs."

"Regarding the increase in one-time costs between the original Cost of Base Realignment Actions (COBRA): FY05 constant dollar estimates and the estimates reflected in the FY 2008 President's Budget, the Department agrees that the majority of that increase is associated with funding Military Construction (MilCon) projects. With approximately 70 percent of the BRAC 2005 FY08 President's Budget allocated to facilitize new capabilities, it is understandable that most of the increase would be associated with MilCon."

"The reasons for such increases, beyond inflation, include management decisions to pursue new construction versus use of renovated space, use of site specific survey assessments, and to accommodate changes in unit sizes, functions or responsibilities by increasing facilities, changing configurations or building additional facilities. In other cases, business decisions were made to enhance quality of life and training infrastructure at installations receiving missions beyond those initially estimated by COBRA. Specifically, the Army added approximately $2 billion to improve training ranges, consolidate reserve centers, for child care and other quality of life facilities and in support of medical facilities."

"The Department concurs with the GAO assessment that the original COBRA model estimates, while valuable as a comparative tool, do not provide estimates that the Department is expected to use in formulating the BRAC budget against which Congress will appropriate funds. Specifically, the Department's experience is such that the combination of actual on-site surveys and better definition of requirements contributed to MilCon cost increases as the more detailed implementation planning process progressed."

"Regarding the treatment of annual recurring savings, the Department considers military personnel reductions attributable to a BRAC recommendation as savings that are as real as savings generated through end-strength reductions. While the Department may not reduce overall end-strength, the reductions in military personnel for each recommendation at a specific location are real. As is the case of monetary savings, personnel reductions allow the Department to re-apply these military personnel to support new capabilities and to improve operational efficiencies. In this context, savings from military personnel reductions are real savings. However, the Department acknowledges that these savings may not be available to fund other Defense priorities because they have already been spent to fund military personnel priorities."

"Finally, in spite of the fact that net annual recurring savings (ARS) have decreased from $4.2 billion to $4.0 billion, as indicated in the report, the Department emphasizes that the ARS still represents a significant benefit that will result from successful implementation of these recommendations."

Mr. ORTIZ. DOD's estimates of the cost to implement its BRAC recommendations have increased by $10 billion to date. What is GAO's assessment as to why estimates increased? In what areas might costs increase in the future?

Mr. LEPORE. Our analysis shows that DOD's estimates of the cost to implement the BRAC recommendations have increased from the 2005 Defense Base Closure and Realignment Commission's (the Commission) estimates in 2005[1] to those in DOD's fiscal year 2008 BRAC budget request for the following four reasons.

- *Military construction:* Estimated military construction costs accounted for about 64 percent, or about $6.5 billion, of the increase in expected one-time costs. Specifically, the Commission estimated that to implement the BRAC recommendations, military construction costs would be about $13 billion, whereas DOD's estimates for military construction presented in the fiscal year 2008 budget submission, without inflation, were about $20 billion. Military construction costs increased because of changes in assumptions or plans between when the original recommendations were developed and approved in 2005 and when DOD submitted its fiscal year 2008 budget justification materials. For example, the military construction cost for the recommendation to close Fort Monmouth, New Jersey, increased by more than $550 million due to the decision to build new facilities rather than renovate existing facilities in some cases at Aberdeen Proving Ground, Maryland, and build new facilities rather than share existing facilities at West Point, New York, to accommodate the U.S. Army Military Academy Preparatory School. Additionally, the military construction cost for the recommendation to consolidate the National Geospatial-Intelligence Agency at Fort Belvoir, Virginia, has increased by nearly $350 million, in part because the agency identified the need for additional supporting facilities, such as a technology center and additional warehouse space.
- *Inflation:* Inflation accounted for about 25 percent, or about $2.6 billion, of the increase in expected one-time costs. This occurred because the Commission presented its estimates using constant fiscal year 2005 dollars, which does not include the effects of projected inflation, whereas DOD's budgeted estimates were presented in current (inflated) dollars.
- *Environmental clean-up:* Environmental clean-up added about 6 percent, or about $590 million, in expected one-time costs. The Commission's estimates did not include projected environmental clean-up costs for BRAC-affected bases, which is a consistent practice with past BRAC rounds because DOD is required to perform needed environmental clean-up on its property whether a base is closed, realigned, or remains open.
- *Other costs:* Finally, other projected expenses such as operations and maintenance accounted for about 5 percent, or about $500 million, to the increase in expected one-time costs. Because the Commission's data do not include some specific budget categories that are used in the DOD BRAC budget, we could not make direct comparisons and precisely identify all estimated cost and savings changes.

Based on our work to date, we have identified three areas where expected costs may continue to evolve. First, as we reported in our December 2007 report,[2] the details for implementing several key recommendations had not been decided when DOD submitted its fiscal year 2008 BRAC budget request. For example, expected costs to realign Walter Reed Army Medical Center could increase if the time frame to complete the implementation of the recommendation is accelerated, as recommended by the Office of the Secretary of Defense's independent panel to review current rehabilitative care at Walter Reed. Additionally, expected costs to relocate miscellaneous Office of the Secretary of Defense, defense agency, and field activity leased locations to Fort Belvoir are likely to change—either increase or decrease—as the Army is considering alternative sites in Northern Virginia for about 6,000 personnel.

Secondly, if the Army's newly implemented efforts to transform and streamline its process to manage and contract for military construction do not produce the anticipated savings, military construction costs could increase because a majority of the Army's projects already include a 15 percent reduction of cost into its cost estimates. The Army is expected to incur almost 60 percent ($12 billion) of the estimated BRAC construction costs. Finally, environmental clean-up costs are preliminary and could increase. However, as bases where property is to be disposed undergo more

[1] GAO, *Military Base Realignments and Closures: Estimated Costs Have Increased and Estimated Savings Have Decreased*, GAO–08–341T (Washington, D.C.: Dec. 12, 2007).

[2] GAO, *Military Base Realignments and Closures: Cost Estimates Have Increased and Are Likely to Continue to Evolve*, GAO–08–159 (Washington, D.C.: Dec. 11, 2007).

complete and in-depth environmental assessments, a clearer picture of environmental clean-up costs will likely emerge, as has happened in prior BRAC rounds. Moreover, environmental clean-up costs can be incurred after the implementation of BRAC recommendations is complete in 2011 and costs after 2011 are not presented in the BRAC budget.

Mr. ORTIZ. BRAC is affecting many communities across the nation and DOD has the Office of Economic Adjustment to assist these communities financially in the form of planning grants. Are these costs reflected in DOD's current $31 billion cost estimate?

Mr. LEPORE. DOD's cost estimates to implement the 2005 BRAC round do not include the Office of Economic Adjustment grants provided to communities affected by BRAC actions. While these costs are incurred by the federal government, they are not funded through the BRAC account.

We are currently undertaking work directed by the House Committee on Appropriations in the report accompanying the 2007 defense appropriations bill[3] looking at the combined effect of various rebasing initiatives, including BRAC, overseas rebasing, and modularity, on the communities surrounding bases that are receiving a large number of personnel. Specifically, we are looking at the economic impact—both positive and negative—on communities surrounding growth bases, the challenges they face in providing for additional infrastructure to help support the military's needs, and the extent to which federal agencies, including agencies outside DOD, have assisted communities in planning for and financing this growth. We expect to issue the report in the spring of 2008.

Mr. ORTIZ. In your statement you mentioned that the 2005 BRAC round is the biggest and most complex BRAC round to date. Based on the size of this BRAC round, should Congress be concerned about DOD being able to complete all of these actions within the 6-year statutory time frame?

Mr. LEPORE. While DOD has more than 3 years remaining to implement the 2005 BRAC recommendations, we raised two challenges in our December 2007 report that increase the risk that DOD might not meet the statutory deadline for implementing recommendations by 2011.[4] First, we reported that DOD faces challenges in synchronizing BRAC actions, including synchronizing personnel movements with construction. Additionally, part of this synchronization challenge is that some installations are affected by multiple recommendations. For example, Fort Belvoir, Virginia, is affected by 14 separate recommendations and 27 installations are affected by 6 or more recommendations. Moreover, some recommendations are dependent on the completion of others. For example, DOD cannot begin renovating facilities at Aberdeen Proving Ground, Maryland, to accommodate personnel from the closure of Fort Monmouth, New Jersey, until the training activity currently occupying the Aberdeen facilities relocates to a new facility being built for them at Fort Lee, Virginia, which is expected to be completed in 2009. At that point, the Army can begin to renovate existing facilities at Aberdeen Proving Ground for the move of organizations from Fort Monmouth.

Second, we reported that DOD faces challenges related to coordination among multiple services and agencies—43 percent of the 240 business plans involved formal coordination between at least 2 services or agencies. For example, there are several potential issues between the Defense Logistics Agency and the military services that may affect the planned implementation of the recommendation to realign supply, storage, and distribution management and, while baseline agreements have been reached on the transfer of supply-related personnel positions and related inventories to the Defense Logistics Agency, some aspects of the implementation plans, such as performance-based agreements that establish responsibilities and metrics to measure performance, are incomplete. As a result of these coordination challenges, the planning process has lengthened beyond what DOD initially expected, which could result in delayed implementation of certain recommendations.

Mr. ORTIZ. In your statement you provided several examples where costs, particularly military construction costs, have increased significantly. Do these recommendations still achieve savings?

Mr. LEPORE. Six recommendations make up one-half of the expected military construction cost increases. Our analysis of DOD's fiscal year 2008 BRAC budget data indicates that three of these recommendations will still achieve savings within 20 years and three will not achieve savings within 20 years. This data may change with DOD's submission of its fiscal year 2009 BRAC budget.

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[3] H.R. Rep. No. 109–504, at 46 (2006).
[4] GAO–08–159.

- The estimated military construction cost for the recommendation to relocate the Army's armor school from Fort Knox, Kentucky, to Fort Benning, Georgia, to support the creation of a maneuver school has increased by nearly $670 million, or 128 percent. DOD estimates this recommendation will save $133 million per year after implementation, for a 20-year net present value savings of $63 million.[5] The Commission estimated 20-year net present value savings of $948 million.
- The estimated military construction cost for the recommendation to close Fort Monmouth, New Jersey has increased by more than $550 million, or 125 percent. DOD estimates this recommendation will save $154 million per year after implementation, for a 20-year net present value savings of $381 million. The Commission estimated 20-year net present value savings of $1.1 billion.
- The estimated military construction cost for the recommendation to realign the Walter Reed Army Medical Center in the District of Columbia and relocate medical care functions to the National Naval Medical Center, Bethesda, Maryland, and Fort Belvoir, Virginia, has increased by almost $440 million, or 61 percent. DOD estimates this recommendation will save $172 million per year after implementation, for a 20-year net present value savings of $251 million. The Commission estimated 20-year net present value savings of $831 million.
- The estimated military construction cost for the recommendation to move various DOD activities from leased space to Fort Belvoir and Fort Lee, Virginia has increased by more than $500 million, or 124 percent. DOD estimates this recommendation will save $72 million per year after implementation, for a 20-year net present value cost of $359 million. The Commission estimated 20-year net present value savings of $256 million.
- The estimated military construction cost for the recommendation to consolidate medical enlisted training and establish the San Antonio Regional Medical Center at Fort Sam Houston, Texas, has increased by almost $540 million, or 71 percent. DOD estimates this recommendation will save $91 million per year after implementation, for a 20-year net present value cost of $468 million. The Commission estimated 20-year net present value savings of $476 million.
- The estimated military construction cost for the recommendation to consolidate the National Geospatial-Intelligence Agency at Fort Belvoir, Virginia, has increased by nearly $350 million, or 37 percent. DOD estimates this recommendation will save $35 million per year after implementation, for a 20-year net present value cost of $1.4 billion. The Commission estimated 20-year net present value savings of $535 million.

Mr. ORTIZ. In your assessment, has the Department been able to provide accurate forecasts to gaining installations that coincide with community infrastructure?

Mr. LEPORE. In September 2007, we reported that expected personnel movement numbers differed between Army headquarters and the bases where these people would move at several locations, thus affecting whether adequate infrastructure would be in place when personnel arrive.[6] As of March 2007, the nine bases we visited were expecting different numbers of personnel arrivals and departures than those generated by Army headquarters. While these nine installations are not necessarily representative of all Army growth locations, they could nonetheless lead to unnecessary infrastructure improvements on some bases or inadequate improvements on others and under- or overbuilding of community-funded infrastructure off of the installation by surrounding communities.

We are continuing to evaluate this issue in our ongoing work reviewing the effect of various rebasing initiatives, including BRAC, overseas rebasing, and modularity on the communities surrounding bases that are receiving a large number of personnel. We expect to issue our report in the spring of 2008.

Mr. ORTIZ. With regards to GAO's observations on the Department's commitment to using appropriated funds to support the construction of facilities for non-appropriated fund activities at sites impacted by restationing and BRAC, what are the DOD policies regarding the use of appropriated funds to support non-appropriated fund construction and has the Department demonstrated a commitment to those

[5] The 20-year net present value is a financial calculation that accounts for the time value of money by determining the present value of future savings minus up-front investment costs over a specified period of time. Determining net present value is important because it illustrates both the up-front investment costs and long-term savings in a single amount. In the context of BRAC implementation, net present value is calculated for a 20-year period from 2006 through 2025.

[6] GA0, *Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth*, GAO–07–1007 (Washington, D.C.: Sept. 13, 2007).

policies? Has the Department of Defense adequately accounted for the facility requirements of non-appropriated fund activities at installations impacted by restationing and BRAC decisions?

Mr. LEPORE. We have not specifically reviewed DOD's use of appropriated funds to support non-appropriated fund construction on a widespread basis. However, in September 2007, we reported that because of expected budgetary pressures and competing priorities, and to limit short-term construction costs, the Army plans to delay construction of certain quality of life facilities at some gaining installations.[7] Quality of life facilities include child development and youth centers, physical fitness centers, chapels, on-post shopping and convenience areas, and athletic fields. BRAC recommendations do not require specific construction projects, and thus the Army has chosen to defer some quality of life facilities beyond 2011 at various BRAC locations.

Mr. ORTIZ. How is the local community planning on reuse?

Mr. FERLISE. I am not closely involved with the re-use issue but I know the Fort Monmouth Economic Revitalization Planning Authority has been established and regular meetings and planning is on going. Additionally I would recommend you contact John G. Donnelly, Policy Advisor, Office of the Governor, State of New Jersey, P.O. Box 001, Trenton, NJ 08625–0001.

Mr. ORTIZ. How effective is the Department's relocation assistance in helping impacted employees?

Mr. FERLISE. I have been retired for one year so do not have current knowledge which would permit me to comment on this question.

Mr. ORTIZ. There have been some reports that many employees do not intend to relocate to the gaining installations. Can you characterize the impact on the mission if sufficient employees do not relocate?

Mr. FERLISE. If adequate numbers of employees do not relocate to Aberdeen Proving Ground the impact will be catastrophic on warfighters and the Army. The Commission heard testimony from Major General (Retired) William Russ, the former Commander of CECOM as well as Commander of the Army Signal Command, where he had responsibility for every signal brigade in the Army, with 17,000 soldiers and civilians world wide. He stated unequivocally that he was *certain* that a re-location of the magnitude contemplated in this case, would have a direct, immediate and catastrophic impact upon the mission performed by Team C4ISR and the Warfighter. He was joined by 10 other retired General Officers in a letter to the Commission in which they pointed out that the proposed relocation to an area devoid of any real connection to the C4ISR mission was a destructive proposal. I need to take a minute to explain the C4ISR mission that Fort Monmouth is engaged in before answering further. In his initial testimony before the Commission, former Secretary of the Army Harvey stated that the activities at Fort Monmouth are strictly "R&D" and "Strategic", and that moving them and sustaining a loss of personnel of 74% would not have immediate impact on the Warfighter. He was absolutely mistaken on this point, as more than 50% of the Army's National Stock Numbered items (60,000) currently in the field are acquired, managed and sustained through Fort Monmouth. Fort Monmouth is inextricably engaged in supporting the deployed forces in Iraq and Afghanistan and around the world and performs critical functions in equipping divisions and brigades preparing to re-deploy and modularize. Fort Monmouth has been on a war footing *every day* since 9/11, with 24/7 operations. The impact of what CECOM does to develop, acquire, field and sustain critically needed systems to enhance operational effectiveness and maximize the safety of our Warfighters has immediate, real time consequences RIGHT NOW, while they are in the field. These systems include Force XXI Battle Command Brigade and Below (FBCB2)/Blue Force Tracking to prevent fratricide in battle; Duke, to provide force protection against Improvised Explosive Devices; the FIREFINDER and Lightweight Counter Mortar Radar Systems, to identify incoming artillery and mortar rounds and provide counter fire; Counter Rocket Artillery and Mortar (C–RAM), to intercept and destroy incoming projectiles; counter mine equipment; and missile warning systems, just to name a few. Additionally, Team C4ISR is involved in the development and fielding of classified "quick reaction" systems involving the National Security Agency. **EVERY ONE OF THESE SYSTEMS AND MANY MORE, OPERATE 24/7**.

Mr. ORTIZ. Are communities able to provide sufficient education facilities to support the 50,000 dependents expected to relocate as a result of BRAC 2005?

Dr. DEEGAN. No. Most of the relocation, as I understand it, will be focused on approximately 11 military installations. Many of these school districts are at or near capacity. An average elementary school holds 500–600 students; a middle school 800–1,000 students; and a high school approximately 2,000 students. It would take

[7] GAO–07–1007.

multiple schools at each installation to accommodate the tremendous movement that is being discussed. The cost of one new school could range anywhere from $12 million (for an elementary) to $50 million (for a high school)—cost may vary by area.

It takes planning and funding to accommodate this large an influx of students. Once the funding for a new school is in place, it takes approximately six months to develop the architectural plans and bid the project, and a minimum of two years to actually construct the school. There is only $17 million included in the Impact Aid program for the construction needs of over 1,200 school districts (Indian lands as well as military).

Some schools have had to purchase trailers and old business buildings to accommodate the new students—and many times the class size is greater than other districts in order to accommodate all of the students.

Mr. ORTIZ. Some rural communities have indicated that their bonding capacity is not sufficient to absorb an influx of additional dependents without federal assistance. Could you explain some of these difficulties?

Dr. DEEGAN. School districts that serve military installations typically have more than 20% of their property removed from the tax roles. These school districts do not have enough bonding capacity to address the construction needs as a result of BRAC, Global Re-basing, and Army Modularization. While the state realizes some of the economic benefits of a military installation, the local school district, which typically receives funding through property taxes and business personal property taxes, could have 20% or more of their funding removed—the business (military installation) is tax exempt, businesses located on the military installation (Burger King, Commissary) are tax exempt, and millions of dollars are lost as a result of the military personnel, through the Soldiers and Sailors Relief Act, who register their automobiles in their home state.

How can a community be encouraged to vote for a bonded debt for 20 years on a project when the military may not be there that long or the installation could have a substantial cutback in troops? The locals have a limited tax base and all the responsibility.

Mr. ORTIZ. Closing installations—how are school districts responding to a decrease in federal assistance?

Dr. DEEGAN. The funding that was available through the DoD Impact Aid program has assisted schools that are experiencing changes as a result of BRAC. In addition, Impact Aid is paid one year in arrears. If a student enters the school district after January 15, it will be two years before the school receives any funding for that student. What will bridge that gap? Where will the funding come from to pay for the teachers, textbooks, etc.? What else will suffer if funding is not found?

As it relates to BRAC, school districts need time to reduce staff, honor contract obligations and to pay for equipment and facilities that have been added to meet the needs of children from the installation. Currently funding is for one year in arrears. What is needed is a gradual reduction in federal funding over a three year period to help school districts work through the challenges and survive the impact of BRAC.

Mr. ORTIZ. How are communities responding to installations that have gained increased missions?

Mr. HOULEMARD. Immediately after the 2005 BRAC recommendations became law, growth communities formed planning groups to prepare for an expanding population. These organizations have been instrumental in educating their respective communities about the impacts of mission growth. With the assistance of the Defense Department's Office of Economic Adjustment and the Department of Labor's Employment and Training Administration, the groups are creating strategic plans to accommodate the influx of soldiers, sailors, airmen, scientists, engineers, and mission support contractors. State level organizations have also been created to assist communities with mission growth planning. Growth communities and states are eager to support local installations and anxious to welcome the arriving missions. For example, numerous communities are holding "road shows" to recruit civilian DoD workers whose jobs are being transferred.

As communities complete their growth plans, funding to implement these plans becomes the highest priority. Most communities, especially rural ones, face overwhelming financial challenges to fully support such a large influx. While this growth may generate additional funds for state and local governments, any such revenue will significantly lag behind the need for improvements. Also, these revenues lack the certainty to finance needed infrastructure. Direct assistance—in the form of assurances, loans, grants, or a combination thereof—from federal and state governments is essential. Otherwise growth communities will be thwarted in bridging the funding gap to meet initial military growth infrastructure requirements.

Mr. ORTIZ. The Government Accountability Office has indicated that the Department was having difficulty in accurately assessing the number of personnel and dependents that gaining installations were receiving. How is this impacting your associates' ability to provide community infrastructure?

Mr. HOULEMARD. For several months following the BRAC decisions, most growth communities were having difficulties ascertaining the number of personnel and dependents assigned to their area. Since accurate population numbers are essential to community infrastructure planning, this hindered communities' efforts to accurately plan for mission growth.

Recently, however, communities have stated that they have received more accurate and timely data from the military services. This has greatly assisted their ability to plan for mission growth.

One cause for concern, however, in addition to general uncertainties about scheduling, is the recent announcement by Secretary Gates that several brigades from Europe may not be returning to the United States as planned. Changes in planned movements, such as the return of overseas troops, create numerous problems for growth communities. As communities plan for infrastructure improvements, many times they must issue bonds to finance those improvements. Many growth communities are pledging their full faith and credit in bonds to prepare for the growth. The chance that brigades may not arrive on time, and that the growth will be delayed, places the community in a risky situation. When new residents do not arrive, then tax revenues will not increase, which will, in turn, place communities in risk of defaulting on their bond obligations.

Of course, there is a moderate level of uncertainty when planning for such a large influx of new residents and communities understand they need to be flexible to accommodate the growth. However, if changes do occur, they must be informed in a timely manner. ADC hopes that the military services will keep local officials updated on the numbers of troops, airmen, sailors and contractors expected to move to their communities.

Mr. ORTIZ. Are gaining communities able to sequence the construction of community infrastructure with actual arrival of military personnel?

Mr. HOULEMARD. For most growth communities, the growth has yet to begin. Therefore, this question is more difficult to answer. Until new missions arrive in gaining communities, it will be difficult to assess the success of communities' planning efforts.

The process of constructing new infrastructure or adding to existing infrastructure takes years. Communities can only respond if they can start the process now. Many growth communities are struggling to finance the necessary infrastructure to accommodate the wave of new residents and are not confident that new schools, roads, environmental infrastructure and other needs will be in place in time. The result could be problematic with overcrowding and service disruptions to soldiers and families, similar to those that occurred at some installations in the 1980's.

On the other hand, several communities believe they are in better shape to host the thousands of new arrivals expected. They have plans in place to address many infrastructure needs and have identified sources of funding to complete at least some of the work. Even these communities cannot say with certainty that they will be ready in time. However, due to the lack of precise estimates of the level of new personnel moving and the timing of their arrival, the long lead time required to complete construction projects and regional labor shortages in the construction industry.

Mr. ORTIZ. The State of Maryland stands to receive an additional 60,000 employees as a result of BRAC 2005. What challenges confront the State when faced with such a significant impact?

Mr. BROWN. The relocation will generate the single largest job growth in Maryland since the end of World War II. While poised to reap the tremendous benefits of BRAC, Maryland also faces some challenges posed by the expansion. The State has begun efforts to address these obstacles, and will continue to seek innovative and effective solutions to ensure a fully successful transition. As Maryland prepares to accommodate the thousands of relocating employees and families, the State must use this unusual opportunity to plan for growth by thinking through the full ramifications of where it should occur.

With the level of growth anticipated from BRAC, the State must confront its limited land resources and rein in land consumption by promoting Smart Growth. Controlling sprawl will enable the State to ensure that sprawl will not compromise the integrity of our infrastructure, our ability to sustain BRAC growth or our cherished quality of life.

Despite the State's superior transportation network, the substantial increase in workers and residents relying upon the transportation system will strain its current

capacity. Because the system must be able to accommodate these increased demands, the State will not only have to augment capacity for existing modes of transportation, but will also have to engage in innovative planning and judicious decision-making with respect to the allocation of resources.

Maryland is fortunate to enjoy a low unemployment rate which, at 3.8%, is well below the national average. While generally a positive sign of Maryland's healthy economy, it sounds a cautionary note that the State may need more employees to fill the jobs generated by BRAC. Moreover, many of the jobs associated with the military installations and the BRAC transition generally will require specialized or technical training. The State must, therefore, ensure that it establishes adequate workforce development and education programs capable of producing a pipeline of future workers with the skills necessary for BRAC-related employment.

Mr. ORTIZ. Has the Department provided sufficient information to coincide the arrival of employees with State infrastructure expansions?

Mr. BROWN. The commands that are realigning, as well as the military installations within the State, are in communication with the State, providing the State with the latest employee movement information. In addition, the Governor's Subcabinet on Base Realignment and Closure, under the guidance of Lieutenant Governor Anthony G. Brown, have met on several occasions with the commands based in Ft. Monmouth in New Jersey and the Defense Systems Information Agency based at Ft. Myers in Virginia, to dialogue with military officials about their planning needs and activities. The Subcabinet intends to have regular meetings with these commands as the BRAC process continues to ensure accurate and effective communication exchange between the realigning capabilities and the State. Within Maryland specifically, both Governor Martin O'Malley and Lieutenant Governor Anthony G. Brown have met with the base commanders at Fort George G. Meade and Aberdeen Proving Ground to foster a working relationship between the gaining installations and their host state.

Through the Maryland Military Installation Council (MMIC), Maryland has developed a state-wide strategy to address the BRAC 2005 decision. In addition, the military alliances throughout the state, which are composed of business partners that have a direct relationship with the various military installations, have become an invaluable conduit for information from the installations and continue to exemplify the public-private partnership that makes Maryland's BRAC planning efforts successful.

Mr. ORTIZ. The State has organized a regional partnership to address the increase in personnel that is rather unique in the overall management of BRAC 2005. How has the composition of the partnership allowed the State to address overall BRAC management?

Mr. BROWN. The Governor's Office on Base Realignment and Closure was created through State of Maryland legislation to horizontally integrate among state departments and vertically coordinate between state and county agencies to ensure a successful transfer of military personnel as mandate by the BRAC 2005 decisions. The Subcabinet is composed of nine State departments including; Department of Business and Economic Development, Governor's Office of Minority Affairs, Maryland Department of Planning, Maryland Department of the Environment, Department of Housing and Community Development, Maryland Department of Transportation, Maryland State Department of Education, Maryland Higher Education Commission, and the Department of Labor, Licensing and Regulation.

The Local Government Subcommittee was first convened on August 20, 2007 to supplement the planning actions of the Subcabinet and to vertically integrate the State, county and local BRAC initiatives. This group has served to create a designated point of contact at both the county and municipal level within in each county to ensure that communications and coordination among State, county and local agencies take place efficiently and effectively.

The Subcommittee is composed of county representatives from each of the nine affected jurisdictions, including Baltimore City, as well as, municipal representatives from one town or city in each county. The Subcommittee meets monthly to discuss BRAC-related planning issues. To more effectively achieve this goal, the Subcommittee has convened four working groups; Education and Workforce, Public Safety, Transportation, and Land Use and Infrastructure, which meet and serve to focus the Subcommittee's efforts. To assist the Subcabinet in the development the State's BRAC Action Plan, the Subcommittee coordinated with local jurisdictions which provided advice in identifying and prioritizing BRAC-related projects and evaluations studies. This information was submitted in a report to the Subcabinet which evaluated and incorporate portions in the State Action Plan. As the State continues to progress with the BRAC process, the Local Government Subcommittee will

remain an important resource to assist the Subcabinet as 'boots on the ground' through the plan's implementation.

Mr. ORTIZ. How is the state managing the community infrastructure to support the Maryland installations? Specifically address roads, housing, medical facilities etc.

Mr. BROWN.

Transportation

The Maryland Department of Transportation (MDOT) has a strategy to support Maryland's military installations, focused on short-term and long-term improvements. In the short-term, MDOT has identified intersections surrounding Maryland's installations, most significantly impacted by BRAC growth. A $139 million program has been created to fund improvements to those high priority intersections, providing additional turn lanes, capacity and geometric improvements, intended to maintain service levels. These projects are targeted for completion by 2011. The Maryland Transit Administration continues to study potential new transit services to implement by 2011, as well. In the long-term, MDOT will continue to develop larger, higher capacity projects (highway and transit) which will serve the bases as well as other regional needs.

Overall, Maryland currently has $1.7 billion programmed over the next six years for 31 projects improving access to BRAC-impacted bases, within both the 2008–2013 Consolidated Transportation Program and Maryland Transportation Authority capital program. In December, the Maryland General Assembly approved a $450 million annual increase in revenues for MDOT's Transportation Trust Fund, which supports the operating and capital needs of the department. This increase will provide for investments in transportation going forward, such as the intersection program and the MARC Growth and Investment Plan. Expanding MARC will enhance transit access in central Maryland, serving Fort Meade and Aberdeen Proving Ground. In support of the MARC plan, $200 million was programmed to acquire additional rolling stock and to make line improvements.

Housing

Maryland does have a variety of resources and tools for households and communities to respond to affordable/workforce housing needs. The Department of Housing and Community Development, which is Maryland's housing and community development finance agency, manages nationally recognized programs to help individuals and communities prosper. The Department administers a range of mortgage and down payment assistance programs and participates in financing the construction of affordable rental housing opportunities for seniors, families, and individuals with special needs through a range programs that leverage federal, State, local and private resources. In fiscal year 2007, DHCD helped 3,900 households buy a home and financed 2,800 rental housing opportunities.

The Maryland Mortgage Program, which has competitive mortgage rates, a variety of mortgage products, and range of down payment assistance options, is an important tool in DHCD's BRAC response. Particularly efforts related to the mortgage program will include incorporating BRAC businesses into the "House Keys for Employees" program which matches down payment assistance provided by participating businesses to their employees. The program is enriched by its Smart Growth incentive—"Smart Keys"—which provides additional down payment assistance if the participating household lives within 10 miles of their employer or within the same county.

In addition to the homeownership activities, rental housing is also a focal point of DHCD activities. It is projected that 14% of BRAC households will be renters. DHCD will use the compendium of rental tools it has available and prioritize resources for BRAC to provide for the construction and rehabilitation of affordable rental housing. Rental housing can take a variety of forms and will be primarily needed for households with family members employed in lower paying BRAC jobs, as well as jobs in the service sector or that provide support services to BRAC related businesses.

While enhancements to housing programs will serve to assist direct and indirect populations in need of housing assistance, DHCD's neighborhood revitalization programs will play a key role in shaping the location and quality of BRAC-related growth. DHCD's investment programs provide critical resources to spur redevelopment to support residential opportunities as well as revitalize commercial corridors and older retail shopping centers that provide key services for BRAC households. Through Maryland's Main Street Program, as well as flexible grant programs such as community legacy, Maryland is seeking to ensure that BRAC growth and housing market activity are connected to areas where there is both need and capacity.

Planning (using Smart Growth principles)

To promote optimal use of the Maryland's mass transit options, the State will consider the development of BRAC Zones that will provide incentives for both employers and workers to relocate to areas of the State, such as Baltimore City, with ample, existing infrastructure and transportation capabilities. In keeping with a main tenant of Smart Growth to accommodate and encourage growth without contributing to sprawl, BRAC Zones will also provide local jurisdictions with incentives to enhance public infrastructure, such as streets, utilities and recreation venues, in designated revitalization and redevelopment areas. These incentives will reduce development pressures outside Priority Funding Areas (PFAs), while motivating BRAC employers and workers to relocate to desired areas.

Environment

The Maryland Department of the Environment (MDE) is working closely with local governments, reviewing each local BRAC action plan, and identifying those items that require specific action by MDE. The agency is aligning its efforts to facilitate prompt MDE response to local government regarding water and wastewater infrastructure planning and, where desired, to assist in local efforts to reduce landfill capacity through innovative approaches. In addition, MDE is prepared to work with BRAC-related project sponsors (i.e. the Army or defense contractors) to ensure timely processing of environmental reviews that may involve air quality analysis, wetlands and storm water approvals, wastewater discharge permitting, Brownfields clean-up or hazardous materials approvals. As part of its FY08 budget, MDE is investing over $118.5 million to enhance local ability to provide safe drinking water and ensure adequate wastewater treatment protective of Chesapeake Bay and local waterways throughout Maryland's BRAC-impacted jurisdictions.

Healthcare

Maryland is in the middle of an ambitious multi-billion dollar rebuilding of our hospital infrastructure, including the construction of new hospitals, the addition of new patient towers to existing facilities, and the renovation and modernization of hospital buildings. Maryland's hospital certificate of need process is based on projected clinical needs, which are in turn based on projected population changes. Population changes associated with base relocations have been incorporated into our planning estimates, assuring that there will be adequate hospital capacity throughout the state, particularly in those areas most affected by the BRAC process. Maryland's professional licensure boards have evaluated licensing and reciprocity policies to assure a smooth transition for health professionals relocating to Maryland as part of BRAC.

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## QUESTIONS SUBMITTED BY MS. BORDALLO

Ms. BORDALLO. Were there savings on these closing the bases in Guam? Can I ask you to provide the committee with the cost savings?

Secretary GRONE. There were savings associated with the BRAC 1993 recommendation to close Naval Air Station (NAS) Agana and the BRAC 1995 recommendations to "disestablish" the Fleet Industrial Supply Center, realign Naval Activities Guam and Public Works Center (PWC), and close the Ship Repair Facility. As reflected in the FY 2008 President Budget Navy Justification Data submitted in February 2007, total savings for the period 1996–2001 approximate $260M. The annual recurring savings (ARS) beyond that period approximates $65M.

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## QUESTIONS SUBMITTED BY MRS. BOYDA

Mrs. BOYDA. What savings are we trying to realize by not moving equipment around and storing it? What savings—are we looking at what we can save, our BRAC dollars, and use them for something else, if equipment is merely going to be moved and stored to just leave it? Do you have any thoughts that you could share with us on that?

Secretary GRONE. The Department of Army is taking only the equipment required to implement the BRAC 2005 actions and to support operational requirements at other military installations. The Army anticipates moving 212 pieces of equipment as part of the BRAC relocation. There are capabilities laid away at Kansas Army Ammunition Plant (AAP) that BRAC law requires the Army to move (Detonators/Relays/Delays and 105MM Improved Conventional Munitions). The Army is selectively moving laid away equipment for those capabilities and will keep them in a laid away status at the gaining sites.

## QUESTIONS SUBMITTED BY MR. LOEBSACK

Mr. LOEBSACK. I was informed that the Army informed the Iowa National Guard they do not intend to fund construction of field maintenance facilities that are meant to support multiple armories, despite having previously approved designs that are intended to do just that.

I am, of course, deeply concerned that cost overruns and delays in the BRAC process have led the Army to prioritize funding in such a way that the National Guard is being left behind with the possible result that the Cedar Rapids, Muscatine and Middletown sites will have to be scaled back and the effectiveness of BRAC 2005 reduced.

Can you just speak to some of those concerns that I have raised, Secretary Grone? I really appreciate that very much.

And I guess one of the major questions is, are the cost overruns and construction delays resulting in scaled-back goals for the BRAC 2005 process?

Secretary GRONE. The Army has not deleted any BRAC 2005 field maintenance facilities from the BRAC projects planned in Iowa. The issue described in testimony, "The Army informed the Iowa National Guard they do not intend to fund construction of field maintenance facilities that are meant to support multiple armories, despite having previously approved designs that are intended to do just that . . .", is incorrect. The Army has not informed the Iowa National Guard that their regional field maintenance mission will be deleted. When a BRAC closing maintenance facility supports regional armories, the Army constructs a replacement facility with the same regional mission. There are four BRAC 2005 Reserve Component projects in Iowa—one awarded in FY06 and three planned for FY10—and none have had an issue with maintenance facility scope.

If the projects are required to implement the recommendation, they are funded as part of the BRAC effort. Delays in funding availability have presented execution challenges, however, at this time, we are not aware of any recommendations that cannot be implemented within the statutory timeline.

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## QUESTIONS SUBMITTED BY MR. REYES

Mr. REYES. I know in the case of Fort Bliss we are waiting on $32 million. We need to have it by January, because otherwise that commissary project is delayed. Soldiers are coming back. We have promised them that everything we could do would be done.

And yet we have got this issue because of an internal bureaucratic dispute that the decision hasn't been made. Two things. Can you tell me what the status is?

Secretary GRONE. The Army is committed to replacing the Ft. Bliss commissary and is reviewing all options for early funding.

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## QUESTION SUBMITTED BY MR. HOLT

Mr. HOLT. In their final report, the BRAC Commission stipulated that: "The Secretary of Defense shall submit a report to the Congressional Committees of Jurisdiction that movement of organizations, functions, or activities from Fort Monmouth to Aberdeen Proving Ground will be accomplished without disruption of their support to the Global War on Terrorism or other critical contingency operations and that safeguards exist to ensure that necessary redundant capabilities are put in place to mitigate potential degradation of such support, and to ensure maximum retention of critical workforce." Why, more than two years after the BRAC Commission recommendations became law, has the Department thus far failed to give Congress this report?

Secretary GRONE. The recommendation did not specify timeline or conditions associated with the report and the Department expects to provide the report by the end of this calendar year.

(Since the time of the hearing, the report was provided to the Committees of Jurisdiction on December, 28, 2007.)

Mr. HOLT. So let me get this straight: you told the Commission in 2005 that you could make the move without jeopardizing support to the warfighter, but you provided no plan to back that up?

Secretary GRONE. The Department has gained extensive experience in implementing the four previous BRAC rounds, one of which was conducted and implemented during Operation Desert Storm in 1991. This experience also involved highly technical organizations providing support to warfighters. One example of a difficult Research, Development, Test and Evaluation (RDT&E) mission relocation facing simi-

lar intellectual capital challenges was the Navy's closure of ten and realignment of sixteen RDT&E and Fleet Support Facilities. This move involved intellectual capital and relocation concerns that are present at Fort Monmouth. Based on this experience, the Department is confident it can implement this recommendation within the statutory time frame without affecting the Army's mission support to our warfighters.

Mr. HOLT. It's taken you two plus years to develop a plan you claimed you already had in 2005?

Secretary GRONE. The Department's detailed implementation planning did not begin until after the Congress failed to enact a joint resolution of disapproval (November 9, 2005). To do otherwise, would presuppose the outcome of the Congressional review.

Mr. HOLT. You blew the cost estimate on this move by more than 100%. Why should we believe you now when you say you can make the move without putting troops' lives at risk?

Secretary GRONE. The Department's BRAC recommendations are complex and were not undertaken lightly. They will provide significant benefits. The movement of the functions at Fort Monmouth to Aberdeen allows the Army to concentrate these capabilities at Aberdeen as part of its transformational goal of achieving Network Centric Warfare. Additionally, new construction at Aberdeen allows physical and organizational reorganization that is not possible at Fort Monmouth.

As noted in my testimony, in arriving at its original estimates, the Department and Commission used the Cost of Base Realignment Actions (COBRA) model, which is a tool for comparative analyses of a variety of options using standard factors applicable during the timeframe within which the BRAC analysis was conducted. This provided for an equitable treatment of all facilities. As such, COBRA was not designed to, nor does it produce, budget quality estimates. For instance, in arriving at comparative assessments, COBRA displays financial information in constant dollars in the initial year of implementation, which are unaffected by the inflation experienced during the implementation period. Revised cost and savings estimates, supported by the detailed planning and site surveys necessary to support budget submissions, could not be conducted during the COBRA analyses. For Ft. Monmouth in particular, as planning proceeded users indicated that Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance (C4ISR) required specific research and development lab facilities and Secret Compartmented Information Facility (SCIF) space not believed to be necessary when the COBRA estimates were developed, and dedicated supporting facilities were added to benefit incoming missions (e.g., communication building, special operations facility, classroom/video teleconference center/auditorium facility, and storage).

Mr. HOLT. During a May 18, 2005 hearing before the BRAC Commission, then—Army Secretary Francis Harvey engaged in the following exchange with BRAC Commissioner James Bilbray:

> Bilbray: "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."
>
> Harvey: "Well, remember this is now R&D so that's the more strategic activity. *It's not operational in that sense . . .*" (emphasis added)

Mr. Ferlise, at the time Secretary Harvey made this statement, were personnel at Fort Monmouth providing direct, 24/7 operational support to troops in Iraq and Afghanistan? If so, could you give us some examples?

Mr. FERLISE. He was absolutely mistaken on this point, as more than 50% of the Army's National Stock Numbered items (60,000) currently in the field are acquired, managed and sustained through Fort Monmouth. More than 1000 requisitions are processed at Fort Monmouth daily in support of warfighters. Fort Monmouth is the National Inventory Control Point for Electronics for the Army and is inextricably engaged in supporting the deployed forces in Iraq and Afghanistan and around the world and performs critical functions in equipping divisions and brigades preparing to deploy and modularize. Fort Monmouth has been on a war footing *every day* since 9/11, with 24/7 operations. The impact of what CECOM does to develop, acquire, field and sustain critically needed systems to enhance operational effectiveness and maximize the safety of our Warfighters has immediate, real time consequences RIGHT NOW, while they are in the field. These systems include Force XXI Battle Command Brigade and Below (FBCB2)/Blue Force Tracking to prevent fratricide in battle; Duke, to provide force protection against Improvised Explosive Devices; the FIREFINDER and Lightweight Counter Mortar Radar Systems, to identify incoming artillery and mortar rounds and provide counter fire; Counter Rocket Artillery and

Mortar (C–RAM), to intercept and destroy incoming projectiles; counter mine equipment; and missile warning systems, just to name a few. Additionally, Team C4ISR is involved in the development and fielding of classified "quick reaction" systems involving the National Security Agency. **EVERY ONE OF THESE SYSTEMS AND MANY MORE, OPERATE 24/7**.

Mr. HOLT. We've heard estimates that at most only a third of Fort Monmouth's current workforce may move to Maryland. If two-thirds of the workforce is lost, how would that impact support for our troops in the field?

Mr. FERLISE. If adequate numbers of employees do not relocate to Aberdeen Proving Ground the impact will be catastrophic on warfighters and the Army. The Commission heard testimony from Major General (Retired) William Russ, the former Commander of CECOM as well as Commander of the Army Signal Command, where he had responsibility for every signal brigade in the Army, with 17,000 soldiers and civilians world wide. He stated unequivocally that he was *certain* that a re-location of the magnitude contemplated in this case, would have a direct, immediate and catastrophic impact upon the mission performed by Team C4ISR and the Warfighter. He was joined by 10 other retired General Officers in a letter to the Commission in which they pointed out that the proposed relocation to an area devoid of any real connection to the C4ISR mission was a destructive proposal. I need to take a minute to explain the C4ISR mission that Fort Monmouth is engaged in before answering further. In his initial testimony before the Commission, former Secretary of the Army Harvey stated that the activities at Fort Monmouth are strictly "R&D" and "Strategic", and that moving them and sustaining a loss of personnel of 74% would not have immediate impact on the Warfighter. He was absolutely mistaken on this point, as more than 50% of the Army's National Stock Numbered items (60,000) currently in the field are acquired, managed and sustained through Fort Monmouth. Fort Monmouth is inextricably engaged in supporting the deployed forces in Iraq and Afghanistan and around the world and performs critical functions in equipping divisions and brigades preparing to re-deploy and modularize. Fort Monmouth has been on a war footing *every day* since 9/11, with 24/7 operations. The impact of what CECOM does to develop, acquire, field and sustain critically needed systems to enhance operational effectiveness and maximize the safety of our Warfighters has immediate, real time consequences RIGHT NOW, while they are in the field. These systems include Force XXI Battle Command Brigade and Below (FBCB2)/Blue Force Tracking to prevent fratricide in battle; Duke, to provide force protection against Improvised Explosive Devices; the FIREFINDER and Lightweight Counter Mortar Radar Systems, to identify incoming artillery and mortar rounds and provide counter fire; Counter Rocket Artillery and Mortar (C–RAM), to intercept and destroy incoming projectiles; counter mine equipment; and missile warning systems, just to name a few. Additionally, Team C4ISR is involved in the development and fielding of classified "quick reaction" systems involving the National Security Agency. **EVERY ONE OF THESE SYSTEMS AND MANY MORE, OPERATE 24/7**.

Mr. HOLT. And what would be the specific impact on our counter-IED programs like Warlock?

Mr. FERLISE. The mission of Fort Monmouth encompasses far-ranging Research and Development of hardware and software for future C4ISR systems, as well as, Quick Reaction Capability [QRC] items for deployed forces for specially designed capabilities needed to meet crucial, urgent warfighter needs. These QRC capabilities are generally classified and represent the most compelling and urgent needs of warfighters on today's battlefields whether those battlefields are in Iraq, Afghanistan, or for that matter, in Cyberspace—today's newest battlefield. When it comes to C4ISR, these battles are invariably a battle of intellectual capacity. This is especially true in the area of counter IEDs. As I am sure the members of this Committee know, IEDs have accounted for more than half of the US fatalities in Iraq. Logistics support for all counter IED systems is orchestrated through Fort Monmouth, as well as the lion's share of the crucial Research and Development work. While many organizations are working on this issue, Fort Monmouth is the recognized center of excellence by all who are involved in this crucial technology. This is a very complex and rapidly changing technology, and enemy actuating mechanisms for IEDs have changed more than 500 times since the start of the war. As those actuating mechanisms changed, engineers at Fort Monmouth rapidly developed specifically designed counter measures. In fact, Fort Monmouth engineers continuously develop countermeasures before insurgents field their newest actuating measure and they already have solutions on the shelves at Fort Monmouth designed, developed, tested, and validated against the likely future threats.

As I said, it is a battle of intellect and engineering skill with real life and death consequences for our warfighters. IEDs are the weapon of choice for our enemies and, like it or not, it is only a matter of time before they are used domestically.

## QUESTIONS SUBMITTED BY MR. ROGERS

Mr. ROGERS. Do you know what the timeline is for the Armor Center to move from Fort Knox to Benning?

Secretary GRONE. Elements of the Armor School and Basic Combat Training at Fort Knox will move to Fort Benning based on course completion. Starting in October 2010 courses will be shifted to Fort Benning with all courses available by August 2011.

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