

Statement of
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Subcommittee on Military Construction,
Veterans Affairs and Related Agencies

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Chairman Culberson, Mr. Bishop, and distinguished members of the Subcommittee: I am honored to appear before you today to discuss the Base Realignment and Closure (BRAC) process and the Department's implementation of the 2005 BRAC round.

It is hard to overstate the value of BRAC to the Department of Defense. To be sure, the closure of a military base takes a severe emotional and economic toll, particularly on a local community for which it has been a major source of jobs. To maintain its preeminence, however, our military must adjust to new and evolving threats—by adopting the latest technologies, by taking on new missions and eliminating old ones, and by altering the number of troops we recruit and train and where we position them around the globe. These changes in turn require adjustments to our base infrastructure. Without the ability to conduct a BRAC round periodically, the Department would have no effective means to reduce excess capacity or to reconfigure our bases to accommodate new technologies, evolving missions and changing force structures.

As our implementation of BRAC 2005 draws to a close, it is a particularly good time to review the process. My testimony covers three broad topics. First, I discuss the BRAC 2005 round, focusing on what we set out to achieve and the benefits we are realizing. I highlight our creation of a dozen joint bases—one of the signature achievements of BRAC 2005 and something that could not have been done outside of BRAC. Second, I describe the status of environmental cleanup at BRAC installations, including installations closed in prior BRAC rounds. Finally, I discuss our efforts to provide economic and other adjustment assistance to communities affected by BRAC.

BRAC 2005

BRAC 2005 is by far the largest round undertaken by the Department. The BRAC Commission made 222 recommendations, resulting in 24 major closures, 24 major realignments and 765 lesser actions. These actions affect some 125,000 military personnel at more than 800 locations across the United States. The cost of implementation will total \$35.1 billion, including \$24.7 billion for military construction and another \$10.4 billion to move personnel and equipment, outfit facilities and carry out environmental clean-up. Although the implementation cost far exceeds that of any prior round, so too do the projected savings of \$4 billion annually. That amount represents the recurring savings that the Department will realize beginning in FY 2012 as a result of the reductions in base operating support, personnel and leasing costs that BRAC 2005 actions will make possible. (See table below for a comparison of BRAC 2005 and prior rounds.)

COMPARISON OF BRAC 2005 TO PRIOR BRAC ROUNDS

(TY \$B)	Major Base Closures	Major Base Realignments	Minor Closures and Realignments	Costs ¹ (\$B)	Annual Recurring Savings ² (\$B)
BRAC 88	16	4	23	2.7	1.0
BRAC 91	26	17	32	5.2	2.3
BRAC 93	28	12	123	7.5	2.7
BRAC 95	27	22	57	6.6	1.9
Total	97	55	235	22.0	8.0³
BRAC 05	24	24	765	35.1	4.0

Note 1: Through FY 2001 for prior BRAC Rounds and through FY 2011 for BRAC 2005.

Note 2: Annual recurring savings (ARS) begin in the year following each round's 6-year implementation period: FY 1996 for BRAC 1988; FY 1998 for BRAC 1991; FY 2000 for BRAC 1993; and FY 2002 for BRAC 1995. These numbers reflect the ARS for each round starting in 2002.

Note 3: Does not add due to rounding

The implementation cost is admittedly well above the Department's original estimate (\$22 billion). However, that increase is largely due to deliberate decisions we made to expand the originally envisioned scope of construction and recapitalization either to address deficiencies in our enduring facilities or to expand the capabilities they provide. With military construction accounting for 70 percent of BRAC 2005 costs, as opposed to 33 percent for previous rounds, BRAC 2005 has served as an engine of recapitalization for our enduring military facilities. There are two other significant reasons for the increase in projected implementation costs: the Department's decision to delay the implementation of BRAC 2005 because of competing budgetary priorities (delay adds to the cost of inflation) and the steep rise in construction costs that occurred in 2007 and early 2008, when many of the large MilCon contracts were being competed.

The FY 2012 President's budget requests \$259 million for environmental cleanup and caretaker activities at BRAC 2005 and legacy BRAC installations. (None of these costs are considered part of BRAC 2005 implementation because the funds will be spent after September 15, 2011.)

Implementation Status

As will be clear from the testimony of my colleagues, the Services and other DoD

components are implementing BRAC 2005 conscientiously and transparently, and the Department is monitoring the process closely. To date, 93 of the 222 BRAC 2005 recommendations have been certified as completed. While the Department is facing challenges to meeting the September 15 schedule in a few cases, we are working diligently to ensure that we satisfy our legal obligations.

Enhanced Military Capability

Whereas earlier rounds focused on eliminating capacity made excess by a declining force structure, BRAC 2005 took on a more complex challenge—reconfiguring operational capacity to maximize war fighting capability and efficiency. Last year, I described two of the more visible actions—the expansion of Fort Bliss, Texas, and the closure of Naval Air Station Brunswick, Maine—to illustrate how BRAC 2005 will enhance our military capability. This year I want to highlight several less visible examples.

- The Army closed 176 Army Reserve Centers and 211 National Guard Armories that were substandard, undersized or excess. It replaced them with 125 new Armed Forces Reserve Centers that will accommodate joint training—a key enabler of military readiness. Through these and other actions, the Department invested \$3.4 billion to improve facilities for Reserve Components.
- The Department co-located 2800 personnel from a variety of investigative agencies (the Naval Criminal Investigative Service, the Air Force Office of Special Investigations, the Army Criminal Investigation Command, the Defense Security Service and the Counter Intelligence Field Activity) at Marine Corps Base Quantico, VA. This co-location creates a premier investigative center and facilitates collaboration across the Department as well as with the FBI, which has key offices and training facilities on Quantico.
- The National Geospatial Intelligence Agency (NGA) consolidated its operations from seven aging facilities located around the National Capital Region into a purpose-built, state-of-the-art campus at Fort Belvoir. Once completed, this \$1.7 billion, energy-efficient complex will provide enhanced operational support for, and foster collaboration among, NGA employees.
- The Army created a “Maneuver Center of Excellence” for ground forces training and doctrine development at Fort Benning by consolidating the Armor Center and School that was previously located at Fort Knox with the Infantry Center and School already located at Benning.
- The relocation of its Armor Center and School freed up space at Fort Knox for service support units (e.g., engineers and military police) re-stationing from Europe

and for the activation of a Brigade Combat Team. In addition, Fort Knox will host a new Human Resources Center of Excellence, which will consolidate functions now carried out in Virginia, Indiana and Missouri to better support active and reserve personnel.

Joint Basing

The BRAC 2005 Commission agreed with the Department's recommendation that 26 geographically proximate installations be merged into 12 Joint Bases. This action responded to persistent internal and external criticism that base support was duplicative. The Department also felt that joint operation would enhance the utility and availability of the installations, making them a DoD-wide versus a Service-specific asset.

At each Joint Base, the lead Service assumes responsibility for managing the base support functions for all occupants of the base. (See table below for a list of the Joint Bases. With the exception of the tri-Service McGuire-Dix-Lakehurst, most of the Joint Bases involve just two Services.) Each base is governed by a memorandum of agreement, signed by the vice chief of staff of each of the Services that is a party to the Joint Base. The lead Service takes responsibility for all real property on the base and receives a permanent transfer of budget authority and personnel from the other Service.

The creation of a joint base is complex. The commander must merge diverse, service-specific financial systems, management structures, operating procedures, and staffs, so as to jointly manage functions ranging from facilities sustainment to drug testing to the provision of family support services. Considering the size of many of our installations, such a consolidation is equivalent to the merger of two corporations. As with corporate mergers, moreover, the cultural differences are often the hardest to bridge.

I chair a flag-level group (the Senior Joint Base Working Group, SJBWG) that has met regularly for the last three years to oversee the implementation and operation of Joint Bases. The SJBWG created the initial framework for joint basing, including a body of policy guidance (Joint Base Implementation Guidance) and a collaborative governance structure (Joint Management Oversight Structure). Throughout the process, the SJBWG made key strategic decisions.

First, to hold the lead Service accountable for its performance, the SJBWG created a comprehensive set of Common Output Level Standards, or COLS. Previous efforts to create joint bases had encountered strong resistance because of concerns by one Service that another Service would not adequately provide base support—i.e., that it would adopt a “lowest-common-denominator” approach to installation management. To allay this fear, the SJBWG led an exhaustive effort to define a COLS metric for every relevant aspect of base support—274 COLS in all. For example, one COLS metric specifies the maximum height that grass on an installation can reach before it must be cut. In addition to defining the underlying metric (grass height, measured in inches), the SJBWG selected the actual

value (standard) for that metric to which the Joint Bases as a whole would be held. Significantly, in every case the SJBWG opted for the highest standard used by any of the Services as the COL standard for Joint Bases.¹ Although this “highest-common-denominator” approach allayed the fears that had doomed joint basing in the past, it did so at a price: installation support costs for the Joint Bases have gone up by six percent on average. However, we expect the savings from consolidation to offset this. Moreover, COLS give the Department a solid basis for estimating and budgeting for installation support requirements—a best practice that we hope to apply to all military bases, not just Joint Bases.

Second, the SJBWG opted to give the Joint Bases a transition period to merge their organizations before asking them to achieve a savings target. Specifically, Joint Base commanders were given leeway to adjust resources within their portfolios, for fear that premature staff reductions could compromise the design and implementation of their new organizational constructs. (Ironically, the Joint Bases have had to function with a large number of civilian vacancies largely because of the Services’ backlog of personnel actions.) This represents a conscious decision by the Services to defer the near term savings from joint basing in order to increase the odds that it will succeed in the long run. It is directly analogous to the Department’s approach to traditional BRAC actions, which often require an up-front investment such as MilCon in order to achieve the long-term savings.

Joint Bases represent a fundamental change in our approach to installation management. Although these bases have been operating for only a short time, we are already beginning to see the expected economies of scale from consolidation. For example, by combining its recycling operations, Joint Base McGuire-Dix-Lakehurst is avoiding \$1 million in facility and equipment costs and \$200,000 a year in contract costs. Less expected, however, is that our Joint Bases are proving to be incubators for problem-solving and innovation: faced with inconsistent Service rules and requirements, Joint Base commanders are implementing new, cross-cutting business processes out of necessity. For example, at Joint Base San Antonio, the commander standardized security procedures and created a single chain-of-command across the three facilities that make up the installation, thus facilitating cooperation with state and local law enforcers. This ability to transcend traditional practices and develop innovative solutions to long-standing inefficiencies is key to positioning ourselves for future, Department-wide reforms.

I had the opportunity to meet personally with most of the Joint Base Commanders in February at our Program Management Review. I am encouraged by their can-do attitude and dedication to providing the highest quality service, not only in support of the military

¹ The Air Force was the Component most concerned about losing service at a joint base where it was not the lead. Not surprisingly, the SJBWG found that the Air Force had the highest standard for most metrics—and thus it adopted them as the Joint Base COL standard. In several cases, however, the SJBWG selected an Army or Navy standard because it was more demanding than the Air Force standard.

missions on their sites, but to Service Members and their families as well. I am also excited about the prospects for Joint Bases serving as incubators for innovation.

BRAC 2005 Joint Bases

<u>Joint Base</u>	<u>Components</u>	<u>Established on</u>
JB Andrews-NAF Washington (Air Force lead)	Andrews AFB Naval Air Facility Washington	1 Oct 09
JB McGuire-Dix-Lakehurst (Air Force Lead)	McGuire AFB Ft Dix NAES Lakehurst	1 Oct 09
Joint Expeditionary Base Little Creek-Ft Story (Navy Lead)	NAB Little Creek Ft Story	1 Oct 09
Joint Region Marianas (Navy Lead)	Naval Base Guam Anderson AFB	1 Oct 09
JB Myer-Henderson Hall (Army Lead)	Ft Myer Henderson Hall	1 Oct 09
JB Charleston (Air Force Lead)	Charleston AFB NWS Charleston	1 Oct 10
JB Elmendorf-Richardson (Army Lead)	Elmendorf AFB Ft Richardson	1 Oct 10
JB San Antonio (Air Force Lead)	Lackland AFB Randolph AFB Ft Sam Houston	1 Oct 10
JB Langley-Eustis (Air Force Lead)	Langley AFB Ft Eustis	1 Oct 10
JB Anacostia-Bolling (Navy Lead)	NSA Anacostia Bolling AFB	1 Oct 10
JB Pearl Harbor-Hickam (Air Force Lead)	NB Pearl Harbor Hickam AFB	1 Oct 10
JB Lewis-McChord (Army Lead)	Ft Lewis McChord AFB	1 Oct 10

Environmental Cleanup of BRAC Sites

BRAC sites often require a significant amount of environmental cleanup, and the Department has worked to speed up that process. Looking at installations affected by the four prior BRAC rounds, we have completed cleanup at 81 percent of hazardous waste sites under the Installation Restoration Program (IRP) and 67 percent of munitions sites under the Military Munitions Response Program (MMRP). This excludes long-term management activities such as maintaining land use controls and periodically reviewing site conditions to ensure protection of human health and the environment. We anticipate that cleanup other than long-term management will be complete at 95 percent of both the hazardous waste sites and the munitions sites by 2019. The remaining five percent of sites are technically complex and some will take years to complete. For example, on one site at McClellan Air Force Base, a BRAC 1995 closure, cleanup of groundwater contamination will continue until FY 2066 although it will not impede base reuse.

For BRAC 2005 installations, we have completed cleanup at 39 percent of munitions sites and 40 percent of hazardous waste sites. We project that cleanup other than long-term management will be complete at 95 percent of munitions sites by the end of FY 2016; for hazardous waste sites, the comparable date is FY 2032. As with the legacy BRAC sites, the remaining five percent of the BRAC 2005 sites have complex clean-up challenges, some of which will take years to resolve. For example, at Brunswick Naval Air Station, cleanup of contaminated soil will continue until FY 2041.

BRAC Environmental Inventory Summary

	Sites	Sites w/Remedy-in-Place or Response Complete ¹	Cost to Complete ² FY 2011-completion (\$ Millions)
IRP – BRAC 1990	4,953	4,355	2,501.7
IRP – BRAC 2005	174	106	204.6
IRP Total	5,127	4,461	2,706.4
MMRP – BRAC 1990	285	200	559.8
MMRP – BRAC 2005	61	24	209.9
MMRP Total	346	224	769.7
BRAC Total	5,473	4,685	3,476.1

¹ A site has achieved remedy-in-place or response complete when the selected remedy is installed, functional, and operating as planned or when all cleanup goals have been met.

²The cost to complete represents funding projected for cleanup activities, including long-term management, from FY 2011 through completion of cleanup. Numbers may not add due to rounding.

Although we strive to complete the process faster, environmental cleanup is not necessarily an impediment to reuse of BRAC property, and we often transfer the property “early.” In some instances, the property recipient agrees to assume responsibility for cleanup—typically in exchange for a reduction in the price of the property or some other payment from the Department. This allows the property recipient to accelerate the pace of cleanup.

For example, last year the Army transferred more than 14,000 acres of land at the Lone Star Army Ammunition Plant in Texas. Although it was a BRAC 2005 closure, Lone Star will continue to operate as a commercial ammunition plant. The commercial operator agreed to accept the cleanup liability for 5,424 acres under a negotiated sale in which the Army reduced the price of the property by the cost of cleanup. The cleanup will not interfere with the operation of the plant. In addition, the Army completed an early transfer of 8,874 acres to the Red River Redevelopment Authority under an Economic Development Conveyance. Although the Army retained the responsibility for cleaning up that portion of Lone Star, early transfer of the land facilitates the redevelopment authority’s reuse plans.

The FY 2012 President’s budget requests \$521 million for BRAC Environmental Programs (\$394 million for legacy BRAC sites and \$127 million for BRAC 2005 sites). These funds will help us continue to meet stakeholder expectations and complete cleanup at an additional 138 sites. This request represents an increase of \$76 million over the FY 2011 request.

Comparison of BRAC Environmental Funding

(\$ Millions)	FY 2011 Requested	FY 2012 Requested
BRAC 1990	336.5	393.5
BRAC 2005	108.3	127.3
TOTAL	444.8	520.8

Local Community Impacts

The Department is mindful of the severe toll that a BRAC decision can take on the host community. As in previous BRAC rounds, we are directing significant resources to affected communities, largely through the Office of Economic Adjustment (OEA). Traditionally, most of OEA’s resources have gone to communities harmed by the closure of an installation. Although that process continues, OEA and the Department are

devoting more resources to communities experiencing significant growth as a result of the consolidation that occurred under BRAC 2005. In addition, my office is implementing the language in the FY 2010 National Defense Authorization Act which clarified and revised our authority to transfer property through an Economic Development Conveyance (EDC).

Economic Adjustment Assistance

OEA represents the Department's primary mechanism for providing technical and financial assistance to communities affected by BRAC. OEA provides planning grants to enable communities to assess economic impacts caused by Defense actions, evaluate alternatives for local response, identify resource requirements, and develop and implement adjustment plans. In addition, OEA coordinates the delivery of adjustment assistance across federal agencies through the Defense Economic Adjustment Program. The Department lacks the authority to fully support state and local defense adjustment activities, including road construction, infrastructure development, demolition and site preparation, workforce development, and general economic development. Accordingly, the Executive Order 12788, as amended, calls for 22 federal departments and executive agencies to give priority consideration to requests from Defense-impacted communities for federal assistance. Following the prior BRAC rounds, federal agencies outside of the Department of Defense provided close to \$2 billion in assistance to affected areas. The relevant federal agencies have yet to budget specific resources to address the comparable problems resulting from BRAC 2005, however, because they are facing major demands related to the national economic crisis.

Property Disposal

The Department has used the full range of its authorities to transfer and convey excess property under BRAC. One of the most important authorities is the Economic Development Conveyance (EDC), which Congress created in 1994 to promote the rapid transfer of BRAC property for job-creating economic development. In recent years, EDC conveyances have been delayed by complicated negotiations over the value of one-of-a-kind parcels of property. As negotiations dragged on, the Department paid for property maintenance and the community was unable to redevelop the property and create jobs. Last year, Congress amended the statutory authority underlying EDCs to remove the requirement that the Department seek to obtain Fair Market Value for an EDC. The amended law also provides explicit authority for the Department to use flexible tools for receipt of "consideration" (payment), such as so-called "back-end" financing.

We are finalizing a regulation that will implement the amended EDC law. Our goal is to simplify the application and negotiation processes by ensuring a balance between the needs of both the communities and DoD by sharing in the success of the redevelopment efforts. The Department published the proposed regulation on December 17, 2010, and

public comments closed on February 15, 2011. We have received widespread support for our proposed changes and hope to issue the final regulation soon.

Even without the final regulation in place, however, we have processed five Economic Development Conveyances under the new authority and have another eight under active negotiation.² We hope to conclude these negotiations before the end of the current fiscal year.

Transportation Impacts

While some communities are coping with the closure of the local base as part of BRAC 2005, others are seeing significant growth. By and large, communities welcome an expanded military presence, and in fact many of them seek it. That said, some of those communities feel that potential adverse effects of growth have been ignored—in particular, the impact on local transportation networks. Although the Department has the authority to mitigate the local transportation impacts of BRAC actions through the Defense Access Road (DAR) program, we have been criticized for defining those impacts too narrowly, particularly in urban areas. In response to congressional direction, the National Academy of Sciences studied the effects of BRAC on local transportation, and issued its report in early February. We are revising the DAR funding criteria based on the findings of the National Academy study, and this revision will make it easier for us to mitigate adverse traffic impacts caused by the Department's actions, particularly in congested urban areas. The formal process of revising the DAR criteria will take some time, but I can assure you there will be a change in policy.

Conclusion

Thank you for giving me this opportunity to testify on BRAC. We are close to accomplishing what we set out to do in BRAC 2005: transform, recapitalize and rationalize our infrastructure to meet today's challenges. I am very pleased with what the Department has been able to accomplish through BRAC and proud of the central role my office has played in that process. I have been delighted to work with the House and Senate on the full range of issues related to BRAC, including making sure we properly address the impact on local communities and maintain the current pace of environmental cleanup. I appreciate your strong support for military installations and look forward to working with you to continue to improve the effectiveness of our efforts.

² EDCs processed include Naval Station Treasure Island, CA, Kansas Army Ammunition Depot, KS and Lone Star Army Ammunition Plant/ Red River Army Depot, TX. Naval Station Ingleside, TX and Naval Station Pascagoula, MS are also complete, but address personal property associated with real property transferred under reverters. Current applications in active negotiations include Riverbank Army Ammunition Plant, CA, Fort Gillem, GA, Fort Monmouth, NJ, Fort McPherson, GA, Newport Chemical Depot, IN, Naval Air Station Brunswick, ME, Naval Air Station South Weymouth, MA and Naval Station Roosevelt Roads, PR.