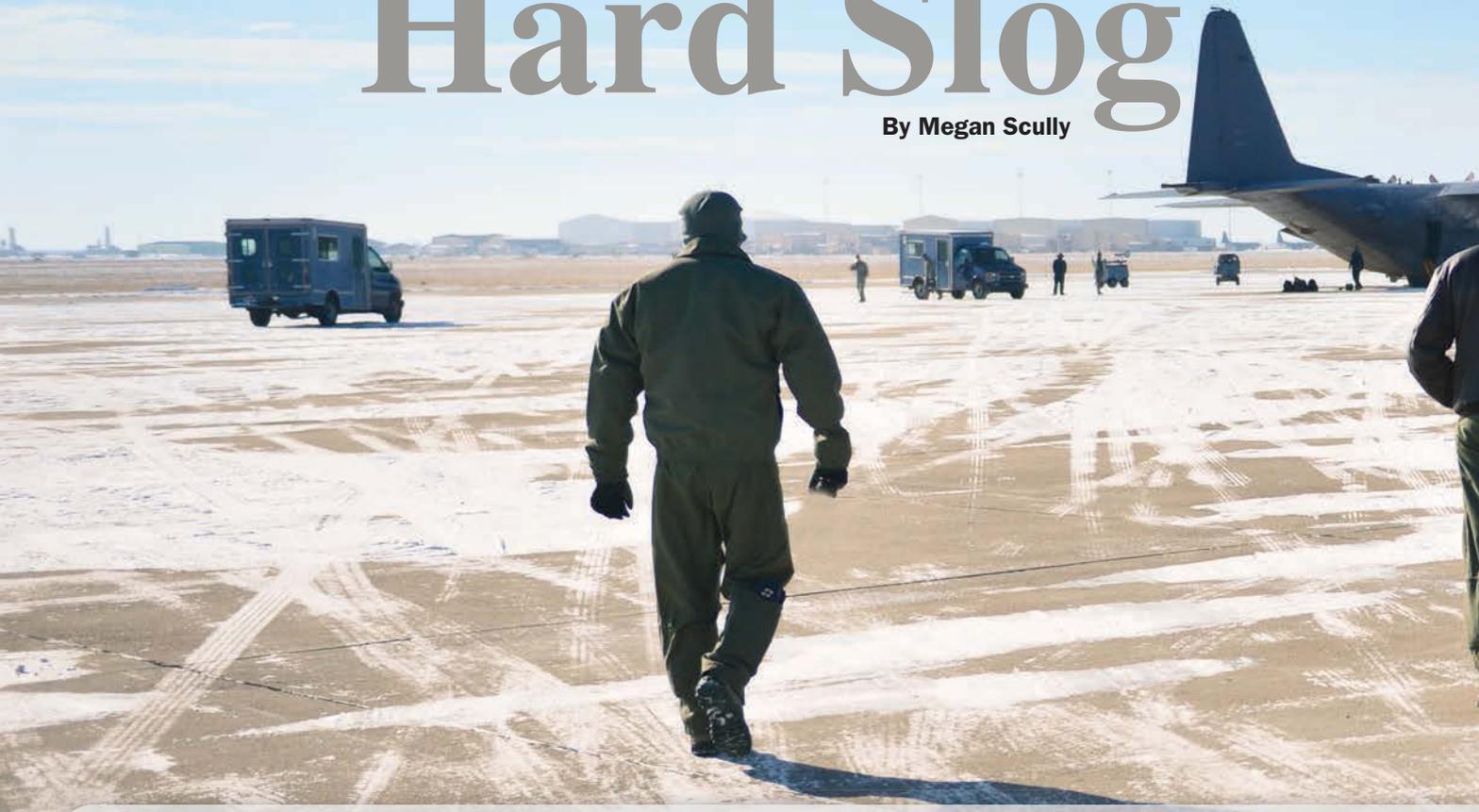


Congress is no fan of base closures.

BRAC's Long, Hard Slog

By Megan Scully



Lawmakers on both sides of the aisle have a powerful hole card to trump the Pentagon's reasoned arguments in favor of another base realignment and closure round: the costs of the last BRAC round relative to the meager savings it produced.

The Defense Department calls the 2005 BRAC an anomaly. It argues that with the military in the midst of fighting two prolonged and manpower-intensive wars in Iraq and Afghanistan—and defense spending at a historic high—the last round focused on “transformation” (the popular catchphrase during the tenure of Defense Secretary Donald H. Rumsfeld), rather than cutting costs.

The next BRAC, defense officials promise, will be different. Its focus will be eliminating unneeded infra-

structure, rather than moving missions and consolidating facilities. As a result, it will cost less and savings will stack up a lot faster.

Lawmakers, who don't want to risk the loss of installations in their own districts, aren't going for it, repeatedly using the hefty \$35 billion bill from the 2005 BRAC to counter the Pentagon's case that it needs to urgently address the costly excess infrastructure problem.

With budget caps and other pressing priorities, lawmakers have argued again and again that the Pentagon simply can't afford another formal round of domestic base closures.

After Congress flatly denied several requests from DOD to authorize a new BRAC round, John C. Conger, the acting deputy undersecretary of defense for installations and environ-

ment, decided he needed to build a better case.

“We had spent a lot of time talking to Congress about the last BRAC round and always we used a very jargony phrase that said, ‘The last BRAC round was focused on transformation and that's why it did what it did and that's why it cost so much,’” Conger said in a recent interview. “And it occurred to me that many members of Congress might not know what the heck that meant. And in fact, I didn't know what the heck that meant. And I wanted to make sure we were more explicit as far as what we are actually talking about here.”

Conger, a former congressional aide himself, tasked his staff with studying the last BRAC, decision by decision, to determine why it was so different from the four rounds that came before

Airmen walk toward AC-130H gunships on the flight line at Cannon AFB, N.M., in 2014. Some major installations such as Cannon were targeted for closure during the last round of BRAC but were ultimately saved by the independent commission tasked with reviewing the Pentagon's recommendations.



USAF photo by SrA. Eboni Reece

it. What, specifically, were the department's motivations behind that BRAC? And what was the outcome?

"We have a rear-view mirror here. We can actually look at this and figure out what happened," Conger said. "So they did, and what they came up with, I thought, was illuminating."

Conger's staff found that the decisions fell into three categories.

One set of recommendations simply wasn't intended to save money; in fact, it cost money on a recurring basis over time.

A second set was meant to save money, but not for many years.

The third group of recommendations promised savings inside of seven years—more in line with the bulk of decisions in the BRAC rounds of the 1990s.

Half of all the closures or realignments didn't save any money or took so long to generate savings there was no real business case to be made for them. Those decisions, made in the name of transformation, cost the department \$29 billion and delivered an estimated \$1 billion in savings annually, meaning they won't pay for themselves for nearly three decades.

The other half of the decisions—those made with the express purpose of saving money and streamlining operations—cost the department just \$6 billion but produce annual, recurring savings of \$3 billion.

For Conger, this illustrated an important point that undercuts the arguments being made by lawmakers concerned about the up-front costs of another BRAC. "If we are trying to save money,

we can. If we are designing it to save money, we do," he said.

TRANSFORMATIONAL BRAC

As early as 2002, Rumsfeld's direction to the department and the military services was to use the BRAC round to transform the US military's day-to-day activities.

DOD is limited by law in the types of domestic infrastructure changes and major personnel moves it can make outside of a formal BRAC round. When Congress authorized the 2005 BRAC, defense officials decided to use the opening to make management changes and focus on realigning some core business areas—moves that make sense but may not yield savings.

At the time, the Pentagon's accounts were growing at almost unprecedented



rates and the department could afford to make decisions that didn't have a direct financial benefit. The climate was thoroughly different from today's budget-driven need to shutter facilities.

"The reason the BRAC 2005 round cost so much money was we were willing to accept recommendations that did not save money," Conger explained. Those costly decisions helped fuel a \$24.5 billion military construction bill associated with the last BRAC. The four previous rounds collectively cost \$7 billion to implement.

Those management-type decisions didn't make the headlines, getting lost in the frantic political push to keep open major installations like Cannon and Ellsworth Air Force Bases in New Mexico and South Dakota, respectively. Those bases were targeted for closure but were ultimately saved by the independent commission tasked with reviewing the Pentagon's recommendations.

The management decisions were made, in many cases, for efficiency's sake, such as consolidating five investigative services—the Defense Counterintelligence Field Activity, Defense Security Service, Army Criminal Investigation Command (CID), Naval Criminal Investigation Service, and the Air Force Office of Special Investigations—at Marine Corps Base Quantico in Virginia.

While those moves may not have saved money, their results can't be completely discounted: Consolidating functions at one location makes good business sense. The price tag, though, has created a big obstacle to more BRAC rounds.

Charles Battaglia, executive director of the 2005 BRAC commission, said he knew about the focus on transformation before he signed on to the job.

"That was the hand that was dealt us," said Battaglia, who is now a lobbyist for the Principi Group, which

A B-1 takes off from Ellsworth AFB, S.D., in 2012. Ellsworth, like Cannon, was saved from the BRAC chopping block by the review commission's intervention.

focuses on base closures. "We knew what we were getting into."

Moreover, the Pentagon oversold the savings it could generate, even if it shifted focus from savings to management. Rumsfeld and other defense officials believed the 2005 BRAC would yield a \$49 billion return on investment over the following two decades, a projection the commission believed was "vastly overestimated."

In delivering its final report, the commission estimated that the round would save \$35.6 billion over 20 years, a much more modest (but still sizeable) sum.

Excluding the Defense Department's claimed cost avoidances attributable to military personnel actions—which both the commission and the Government Accountability Office believed were necessary—the commission estimated



USAF photo by Scott M. Ash



Above: Deputy Defense Secretary Robert Work speaks at National Defense University in 2014. Work says the best way to become efficient is to cut excess overhead, but USAF has not been allowed to do so. **Right:** Capt. George Cannon prepares to spin in the centrifuge during flight acceleration training at Holloman AFB, N.M., in 2010. He was Holloman's last student to do so—centrifuge training was consolidated with other missions at another base, as directed by the 2005 BRAC round.

actual savings to the taxpayer of just \$15 billion.

In the end, the cost of implementing the base closures and realignments totaled \$15 billion more than even the commission estimated, thanks in large part to a 72 percent spike in anticipated military construction costs. In a 2012 report, GAO projected the department would net only a \$9.9 billion savings through 2025, barely making a dent in the Pentagon's annual budget.

"Part of the problem is getting the Defense Department to come up with some realistic cost estimating on this thing. That has really caused a real problem with this particular BRAC," Battaglia said. "And rightfully so, by the

congressional people who say, 'Look, we still haven't accrued real savings out of the 2005 BRAC,' and they're right."

Eventually, even the 2005 BRAC will yield real savings, Battaglia emphasized.

For his part, Conger has decided to take a conservative approach to estimating cost savings, relying on the outcome of the earlier BRAC rounds. In discussions on Capitol Hill, he has told lawmakers that the next BRAC would yield \$2 billion in recurring savings.

Some of that is driven by DOD's plan to invest only \$6 billion in the next BRAC. That makes it much more constrained than the 2005 round, which, even with its costs, still yields \$4 billion in annual recurring savings: \$1 billion from trans-

formational actions and \$3 billion from the saving-money, streamlining actions.

Conger appears to have learned from Rumsfeld's mistakes, though, and doesn't want to oversell the potential for savings.

"We might be very conservative with \$6 billion in, \$2 billion out. It might be a lot more," he said. "But I think we're on firmer ground if we ... say, 'Let's look at past rounds and model it against that.'"

INHERITED PROBLEM

The Air Force has been the most adamant that it needs to close down some of its bases. Going into the 2005 round, the Air Force said it had about 24 percent more real estate than it needed. By the end of the round, though, USAF

L-r: Lt. Gen. James Jackson, commander of Air Force Reserve Command, Gen. Mark Welsh, USAF Chief of Staff, Deborah Lee James, USAF Secretary, Army Gen. Frank Grass, chief of the National Guard Bureau, and Lt. Gen. Stanley Clarke, ANG director, testify in April 2014 before the Senate Appropriations Committee.





USAF photo by SSgt. Carlin Leslie

Kathleen Ferguson, Air Force principal deputy assistant secretary for installations, environment, and logistics, reviews notes during a hearing with the Senate Armed Services subcommittee on readiness. She says USAF knows “intuitively” that it has excess infrastructure.

had shed only one percent of its infrastructure, barely making a dent in its excess capacity problem.

That was due as much to the focus of the BRAC as it was to the commission’s decision to keep open bases like Cannon and Ellsworth. Those two facilities alone represented a total of nearly 7,000 jobs, and saving them became a key priority of their respective congressional delegations.

In retrospect, Battaglia now says they probably should have closed Cannon, which has since become home to the 27th Special Operations Wing.

“They could have put that special mission anywhere and I don’t know if they needed it there or not,” said Battaglia, who added that the commission’s compressed four-month time frame to do its work produced some rushed decisions.

Since the 2005 round, the Air Force hasn’t done a thorough analysis of its infrastructure; such work is politically sensitive and is typically done only during a formal base-closure round. Worth noting, though, is the fact that USAF has 500 fewer aircraft than it had a decade ago, and its end strength has been cut nearly eight percent.

“Even though we’ve not done an updated capacity analysis, ... we intuitively know we have excess infrastructure capacity and continue to spend dollars maintaining [bases] that could be put towards readiness and modernization,” said Kathleen I. Ferguson, principal deputy assistant Air Force secretary for installations, environment, and energy. She spoke at an April 2, 2014, hearing

before the Senate Armed Services subcommittee on readiness.

The Air Force estimates it spends \$7 billion operating, sustaining, recapitalizing, and modernizing its facilities. Money spent on excess infrastructure, officials have repeatedly argued, could be better spent elsewhere, including on higher-priority facilities.

“The Air Force has limited authority under current public law to effectively consolidate military units or functions and then divest real property when no longer needed,” the Air Force said in written testimony for lawmakers last year. “To save considerable resources, we request BRAC authority in 2017.”

Air Force Secretary Deborah Lee James has predicted that the Pentagon will keep asking Congress to authorize base closures, until it finally gets the green light to do so.

“As a person who came out of business, I can tell you the last thing that a corporation would do would be to spend money on facilities that they no longer needed,” James said at a June 18 breakfast with reporters. “That’s the first thing you would do in business, is consolidate your facilities, get them off your books, and harvest that money so you could plow it back either to the shareholders or to the people or to your R&D. You never, never, never run a business this way.”

James, who previously worked at Science Applications International Corp., acknowledged that the military isn’t a

business. But, she stressed, there are “certain principles that just make good common sense.”

With the looming threat of sequestration and the attending stringent budget caps expected to go back into effect in January 2016, Pentagon officials are unwilling to wait to take advantage of efficiencies.

“We’re constantly told we’re not being efficient,” Deputy Defense Secretary Robert O. Work said in November. “Well, the best way to get efficient is to get rid of excess overhead, but we’re not authorized to do so.”

While resistance to a BRAC remains strong on Capitol Hill, there are some signs that lawmakers’ resolve is weakening. House Armed Services ranking member Adam Smith (D-Wash.), and Sen. Lindsey Graham (S.C.), a vocal Republican on the Armed Services Committee, support another round of base closures, giving the Pentagon two influential allies on the issue.

Battaglia has been telling his clients that another BRAC is on the horizon. Lawmakers, he says, know that base closures have to happen—they just aren’t ready for it.

Some communities, perceiving vulnerability, have been seeking new missions for their local bases—particularly in cyber warfare and remotely piloted aircraft—in an effort to make themselves “BRAC-proof.” Or at least to make themselves feel as if they are BRAC-proof.

“Many, many installations are now trying to reconstitute themselves and their missions,” Battaglia said.

When Congress will authorize another BRAC round is uncertain, but 2015 may be as good a bet as any. That’s because it’s an off-election year, offering sitting members some breathing room with constituents. As the 2016 budget caps loom large, lawmakers may ultimately—and reluctantly—allow the department to streamline its budget, even if a BRAC won’t generate immediate savings.

“In the end, we’re not doing this because we’re trying to be mean. We’re not doing this because we think BRAC is a goal in and of itself. We’re doing this because the department has a huge budget problem and we need to figure out how to solve it,” Conger said. “This is one tool in a toolbox. If we save \$2 billion a year, it is not going to solve the department’s problem. But it will help.” ★

Megan Scully is a reporter for CQ Roll Call and a regular contributor to this magazine. Her last article for Air Force Magazine, “The A-10 and the Rescue Helicopter,” appeared in the July 2014 issue.