

2005 BRAC COMMISSION REGIONAL HEARING

MONDAY, JULY 18, 2005

SENATE DIRKSEN HEARING ROOM 106

WASHINGTON, D.C.

8:30 AM

SECDEF RESPONSE TO COMMISSION JULY 17, 2005 LETTER

GAO BRAC ANALYSIS REPORT

OVERSEAS BASING COMMISSION REPORT

COMMISSIONERS:

ANTHONY J. PRINCIPI, CHAIRMAN

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CHAIRMAN:

ANTHONY J. PRINCIPI

WITNESSES:

MICHAEL WYNNE, UNDERSECRETARY OF DEFENSE

FOR ACQUISITION, TECHNOLOGY AND LOGISTICS,

AND CHAIR, INFRASTRUCTURE STEERING GROUP;

GENERAL WILLIAM NYLAND, ASSISTANT COMMANDANT

OF THE MARINE CORPS;

GENERAL MICHAEL MOSELEY, VICE CHIEF OF STAFF,

UNITED STATES AIR FORCE;

AND ADMIRAL ROBERT WILLARD, VICE CHIEF OF NAVAL OPERATIONS

ANTHONY PRINCIPI, (chair, BRAC): Good morning. Please -- please be seated, thank you.

Today the Base Closure and Realignment Commission will be hearing from several distinguished witnesses representing the Department of Defense, the Government Accountability Office, and the Overseas Basing Commission, as we continue to assess the secretary of Defense's 2005 BRAC recommendations.

As part of our first panel, I would like to welcome the Honorable Michael Wynne, chairman, Infrastructure Steering Group; General William Nyland, assistant commandant of the Marine Corps; General Michael Moseley, vice chief of staff of the United States Air Force; and Admiral Robert Willard, vice chief of Naval Operations.

Thank you for your participation in this extremely important review process.

As you are aware, before the Base Closure and Realignment Commission can even consider making a change to the Department of Defense's recommendations, a change that would add military installations for closure or realignment, or expand on a realignment, we are required by statute to seek an explanation from you as to why such actions were not included on the May 13th, 2005 list.

On July 1st, the commission forwarded to the secretary of Defense a series of questions seeking further explanation and comment on a number of installations that we felt warranted further consideration. We greatly appreciate the timely receipt of the department's written explanation last week. The commissioners and staff have read your responses, and we welcome this opportunity to elaborate on your explanations further.

No deliberation will be made on whether to include any of these installations for further study of closure or realignment until the commission's open hearing tomorrow afternoon. The purpose of this morning's session is to understand the rationale behind certain BRAC recommendations.

The testimony we will hear today and our subsequent deliberations will lead to decisions about adding bases for further consideration, not because we have determined that we need to close or realign more bases than the secretary of Defense has recommended, but because we want to make sure the best possible closure or realignment choices are made. Our job as an independent commission is to render a fair judgment on the

secretary of Defense's recommendations. In some cases, we cannot make that assessment without first being able to make direct comparisons between installations that are part of the secretary's recommendations and similar installations that were not included in the May 13th recommendation list.

I want to make it clear that it is not our intent to disrupt or to unreasonably target communities that may have breathed a sigh of relief in May when the secretary's list of recommendations was released, or to further burden communities already facing losses. We are, as a commission, very acutely aware of the anxieties communities experience when faced with the prospect of losing an important military presence in their local area. Through our site visits and regional hearings, we have witnessed first-hand the very, very close relationship between so many communities and the military members that make those communities home. I've said this before, but I believe it bears repeating; this commission takes its responsibility very seriously to provide an objective and independent analysis. We continue to study carefully each Department of Defense recommendation in a transparent manner, steadily seeking input from affected communities, federal and state officials, to make sure those recommendations fully meet the congressionally mandated requirements.

And as the commission has traveled across the nation visiting many installations, including Air National Guard Bases, we have heard a number of issues raised regarding the Air National Guard recommendations. Representatives of Air Guard facilities speak of the potential negative impacts the recommendations would have on retention,

recruitment and training. We have heard them tell us how aircraft relocations may not provide the optimal mix, and how Air Guard support of the homeland security mission may suffer. And we have heard the adjutant general's concern that they were not a new integral part of this decision-making process.

The issues raised are a concern to us as well, and as a result, our second panel this morning will deal exclusively with the commission's questions regarding the Air National Guard recommendation.

Before introducing our witnesses, allow me to make this point -- witnesses for the second panel. All interested parties to this issue should be aware that the commission believes a solution is needed. To say that eliminating all of the secretary's recommendations regarding the Air National Guard is a solution would be irresponsible. Therefore, we would urge our next panel of witnesses and the governors and the TAGs to work to a solution that best serves the interests of our national security and our country. We look forward to seeing the results.

That panel -- we will hear from Lieutenant General Stephen Wood, deputy chief of staff of the Air Force for Plans and Programs; Major General Gary Heckman, assistant deputy chief of staff of the Air Force for Plans and Programs; Major General Scott Mayes, the commander of the 1st Air Force and commander of the Continental U.S. North American Aerospace Command region; and Lieutenant General Daniel James, director of the Air National Guard.

Following the testimony of our first two panels we will hear from the Government Accountability Offices; the comptroller general, the Honorable David Walker, who will offer testimony on GAO's analysis of

the Defense Department's BRAC selection process. This separate view and examination of the methodology used to arrive at the decisions embodied in the secretary's realignment or closure proposals is an important step in the commission's process.

And finally, at 1:30 today we look forward to hearing from the commissioners of the Overseas Basing Commission, chaired by Mr. Al Cornella. As we continue to assess the BRAC proposal's ability to support military force structure, including the approximate 70,000 military personnel anticipated to return to our shores, the afternoon's testimony should provide important insight and additional framework for our independent assessment.

At this time I would invite all of our Department of Defense witnesses for this hearing to please stand for the administration of the oath required by the Base Closure and Realignment statute. The oath will be administered by Dan Cowhig, the commission's designated federal officer.

DAN COWHIG (BRAC federal officer): Gentlemen, please raise your right hand.

Do you swear or affirm the testimony you are about to give and any other evidence you provide to be accurate and true, accurate and complete to the best of your knowledge and belief, so help you God?

WITNESSES: We do.

MR. COWHIG: Thank you.

MR. PRINCIPI: Mr. Secretary, you may begin.

MR. WYNNE: Good morning.

Mr. Chairman and distinguished members of the commission, again, I want to thank you on behalf of the secretary of Defense for taking on this difficult mission and accomplishing it -- I think discharging it very, very well.

Thank you this morning for the opportunity to testify regarding the commission's issues concerning the secretary of Defense's recommendations. I'm accompanied here, as you mentioned, by General Nyland, assistant commandant of the Marine Corps; Admiral Willard, vice chief of Naval Operations; and General Moseley, vice chief of staff of the Air Force.

We are the first of two panels representing the secretary of Defense who will appear before you this morning. The second panel will exclusively be devoted to the secretary's recommendation concerning the Air National Guard. This panel will be led by General Wood of the Air Staff, with other flag officers representing the Air Staff, the Air Guard and force providers to NORTHCOM.

The commission's independent assessment of the department's recommendations and subsequent reviews by the president and Congress are -- each are important steps in ensuring that the final recommendations are fair, consistent with the selection criterion and force structure plan, and will in fact increase the efficiency and effectiveness of our military infrastructure.

As such, while the department stands behind its recommendations, it fully supports the commission's analysis of alternatives. For the record, I'll be making the only oral statement this morning for this panel.

I'd like to emphasize a point made by the secretary of Defense when he testified before you on May 16th, 2005: As you undertake your review, please consider that each of the department's recommendations is a part of a comprehensive, integrated and interdependent package. Further, jointness was a key goal. These factors require a careful analysis in considering how each recommendation fits into the larger whole, and I'm confident that your continued review has and will place the requisite emphasis on this fact.

I would also like to emphasize the importance of continuing dialogue among our staffs, as you have stated, in the event you pursue modifications of the department's recommendations. Only through that dialogue can we all ensure that the ripple effects of any potential change are fully addressed.

Let me briefly cover the issues contained in your letter, with the exception of the Air National Guard issue, which will be handled, as I mentioned, by the second panel. I and my colleagues will then be happy to respond to your specific questions. The only comment I will make relative to the Air National Guard issue is a general one. The Department's recommendations, including those affecting the National Guard, are in accordance with all (applicable ?) legal requirements and consistent with actions taken in prior BRAC rounds. The Department does not believe that any statute limits its authority to make recommendations pursuant to the Defense Base Closure and Realignment Act.

The commission has asked the Department of Justice's Office of Legal Counsel for its opinion on the Department's authority to make and

implement recommendations affecting the National Guard, which when issued, will in fact govern the commission's deliberations. The Office of General Counsel of the Department of Defense has provided its views on and analysis of this question to the Office of Legal Counsel. We respectfully ask that the commission possibly refrain from revising or eliminating any of the Department's recommendations until it has received the OLC opinion. We are working with the Office of Legal Counsel to make sure that this happens on a timely basis to assist the commission.

On to specific issues, as raised by the commission and your staff.

The Marine Corps Recruiting Depot, San Diego, California. This facility was considered but not recommended for closure because closure would compromise the United States Marine Corps geocentric recruiting, shipping, and recruit training command and control. Replicating this facility would require in excess of 100 years to pay back, and transitioning to a single point of potential failure would jeopardize meeting recruit pipeline requirements, and consequently Marine Corps combat readiness. It is noteworthy that the Marine Corps currently is very satisfied with its recruiting capability and meeting shipping requirements.

Closure of Pearl Harbor Shipyard. In reviewing the Navy shipyards, all four were analyzed for closure. Military judgment favored a retention of Pearl Harbor Naval Shipyard because of its strategic location and multi-platform capabilities. On a practical level, removing the capability of nuclear repair almost 3,000 miles from an operational fleet -- a base -- violates the Navy's tenet of "follow the

fleet," and may have some detrimental effect on operations. On the other hand, not moving it means not closing Pearl Harbor, but realigning and therefore foregoing a fence-line closure, which dramatically decrements savings. Hence, in this case, military judgment outweighed the numerics, which were themselves relatively close.

Naval Air Station, Brunswick, Maine. Consideration was in fact given to a complete closure, as the record shows. As a matter of fact, the Department of Navy initially recommended closure, but the Infrastructure Executive Council modified that closure to a realignment, because of a desire to retain strategic presence in the Northeast of the United States, and for a surge capability.

The Navy Broadway Complex, San Diego, California. All major activities located at the Navy Broadway Complex were evaluated by either the Department of Navy or one of the joint cross-service groups, but none were recommended for relocation. If none were recommended for relocation, then it did not provide us an assessment of moving the entirety of the facility. We continue to believe this function is in the right location to best service the fleet within the San Diego confines.

Realignment of the Master Jet Base located at Naval Air Station, Oceana, Virginia to Moody Air Force Base, Georgia. The Navy examined several alternatives for an East Coast major Master Jet Base, including Moody Air Force Base. While Moody appears as a feasible alternative to Oceana, it has a number of factors that make it less desirable than retaining Oceana at this time, including significant one-time military construction costs. While Oceana is the most suitable option for all

East Coast tactical air bases considered, the best basing alternative for East Coast tactical aviation would be to build a new, 21st-century Master Jet Base. But such action would occur outside of the BRAC window and the BRAC timeframe.

Movement of the assets from Moody Air Force Base, Georgia, to Cannon Air Force Base, New Mexico, were not considered because of the Air Force need to station its Battlefield Airmen Training at Moody Air Force Base. Cannon Air Force Base has no significant joint training opportunities within operational proximity, and finally, the military capacity index for Cannon Air Force Base was lower than Moody Air Force Base.

Galena Forward Operating Location, Alaska, and Eielson Air Force Base, Alaska. The Air Force did not consider merging the missions of Galena Forward Operating Location to Eielson because of Galena's operational role, and because it had no day-to-day force structure assigned that could be moved to Eielson.

Pope Air Force Base, North Carolina. Pope Air Force Base was realigned rather than closed because it supports the Army's plan for relocation of FORSCOM, it maintains an airfield capability for the continuing Army presence at Fort Bragg, and it allows the Air Force and the Army to train together in lift -- the remaining Air Force structure and it also fosters joint interaction.

Also, this allows efficient consolidation of installation management functions. The existing operational relationships will, in fact, continue, and we believe additional operational and training synergies will emerge from these new relationships.

Grand Forks Air Force Base, North Dakota. The decision to realign rather than close Grand Forks Air Force Base, North Dakota, was made to ensure continued strategic presence in the North Central United States, provide for future flexibility of assignments, and to position Grand Forks and the related National Guard commands to accept emerging unmanned air vehicle missions.

Defense Finance and Accounting System. The decision to consolidate from 26 Defense, Finance and Accounting System locations to three locations was the result of placing a studied set of variables into an optimization model which developed the best-value solution requiring minimal military construction. We have offered your staff a review of how the team used this model. It is important to note that this function is thought to be a core element for DOD, and therefore, reducing its burden while maintaining its service component was key.

Professional development education. Consideration was given to consolidation of the Naval Postgraduate School and the Air Force Institute of Technology, but we did not include the Defense Language Institute. The Defense Language Institute mission is different enough from the other two that it would actually be a co-location and not a consolidation, and in that regard, did not merit analysis because of the lack of apparent savings.

In the other, doubling the resident student population would strain the resources and demand significant construction. Ultimately it was decided that, first, maintaining graduate education is a core competency of the department, and second, consolidation could not be done

efficiently and it might degrade the delivery over a prolonged period, affecting a generation of officers.

Joint Medical Command Headquarters. Co-location of Medical Command Headquarters was considered instead of consolidation of those headquarters into Joint Medical Command Headquarters. Co-location was then not recommended because the only viable option was not cost-effective. We could consider outside of the process command reorganization, but we have not chosen to do so as of yet.

In conclusion, the BRAC process has been an important opportunity for the department to reassess its base structure, how its installations can assist the transformation of its operational forces and how its support base can streamline in light of today's opportunities for restructuring. Individually and as a package, the BRAC 2005 recommendations will make the department stronger, more capable and more efficient.

The department appreciates the challenges some of these recommendations pose for local communities that face closure or realignment of a major military activity or the rapid buildup of a military presence. In all these instances, the department stands ready to apply its considerable experience to assist in these transitions as it is needed.

Thank you very much, Mr. Chairman. We now stand ready as a panel to answer your questions.

MR. PRINCIPI: Thank you very, very much.

I'll begin with the first question. And I'd like to focus on NAS Oceana. We have heard -- I particularly have heard from several Navy

officials, senior officials, including the chief of naval operations, about the serious encroachment issues at Oceana that raise safety concerns as well as significant training issues. One of the goals of BRAC 2005 is to achieve greater jointness.

To what degree were there serious negotiations between the Navy and the Air Force on different options, to move to Moody or share any one of a number of military installations along the East Coast?

MR. WYNNE: I can start with that, sir, and tell you that the Navy and the Air Force worked very closely together to try to ascertain whether Moody would be a viable alternative. The Air Force was attempting to consider where to place their combat airmen, but waited for the Navy to make up their mind. And it was the Navy choice, if you will, to not move to Moody, not sort of an Air Force pushback. I'll let Admiral Willard sort of take it from there as to what the impact on Oceana is, which I have been advised really will await the arrival of the Joint Strike Fighter, which may well be a louder airplane, in the 2012 to 2015 time frame.

Admiral Willard?

MR. PRINCIPI: If you could also comment not only on Moody but any one of a number of other options, including Seymour Johnson, Homestead, Patrick, all of which I believe the Air Force has at least been willing to consider joint operations -- again, one of the goals of the department.

MR. WYNNE: Yes, sir. No, I think that is true. And in fact, the Navy looked at many of those bases that you have cited. And one of

their other tenets is not to split a wing. And when they -- if they choose not to split a wing, which apparently -- I'm not the expert in this venue, but choosing to split a wing affects the training and operational considerations as you assemble a fleet for sailing. And again, I might turn to Admiral Willard here for his view.

ADM. WILLARD: Mr. Chairman, as you allude to -- and certainly as it was stated in the opening statement -- there were a number of installations that were considered between Navy and Air Force as potential alternatives to Oceana.

Before I discuss those, I'd like to assert that from the Navy's vantage point, we believe that Oceana continues to serve the fleet well, that the challenges that you mention regarding encroachment and Oceana have been and are manageable, that as we look forward to recapitalizing our fighter fleet and the advent of the Joint Strike Fighter in the 2012 to 2015 timeframe, there may very well need to be considerations and adjustments made, but that yet remains to be seen.

The co-location of Oceana with the fleet in Norfolk is a significant advantage. So in viewing the alternatives to Oceana, we felt strongly that any alternative would have to continue to serve the fleet from a military value standpoint; effectively, would have to have access to maritime training ranges and to the carrier. So distance to the coastline, the ability to use the airways and the training ranges in the vicinity of any alternative would have to be considered. And as Mr. Wynne mentioned, co-location of all the wing assets at this -- any alternative facility was mandated not only by the advantages that it

serves in operations and training, but also in cost; the ability to not then have to sustain overhead in more than one place.

Moody was among several considered alternatives. You mentioned a few; Oceana, Moody, Shaw, Seymour Johnson, Tyndall, Patrick. And I would tell you that the deliberations occurred into the executive committee portions of our deliberations for BRAC before the final report was submitted, so -- a lot of consideration and a lot of discussion with the Air Force. With regard to Moody in particular, the cost is significant. Moody is a World War II vintage air base; about a half a billion dollars of military construction would be required there. But more than that, in deliberations with the Air Force, it was decided that the Air Force had a need for Moody. And as we have stated, sharing Moody with the Air Force with the inability to bring the entire wing from Oceana -- there is not a cost-effective alternative. So a lot of view into potential alternatives -- and frankly, Oceana continues to be the Navy's best option for its Master Jet Base on the East Coast.

GEN. MOSELEY: Mr. Chairman, thanks for the comments, or the ability to provide reinforcement to Admiral Willard and to talk a little bit about the Air Force's vision for Moody. First, let me say that the discussions between the Air Force and the Navy included all of those bases, plus subsets of options to try to alleviate any perceived operational challenge. And the decision to retain Moody for the Air Force, I believe, is a good thing for us and a good thing for the total force. And Mr. Chairman, when I say Air Force, I mean a total force of 700,000 great Americans that includes civilians, reservists, Guardsmen and active-duty.

Moody is going to be the place where we manifest a series of lessons learned from the early days of Afghanistan, through Afghanistan and Iraq to where we are now, with the ability to fight on the surface alongside our land component entities, to include Army, Marines and Special Operations. Lessons that we learned from NCOs on horseback -- connected to operations centers through satellites -- and to be able to deliver weapons from bombers at great ranges lead us to conclude that the Battlefield Airman concept that we are working our way through requires a central campus and a central set of syllabi that reinforce themselves, whether they are combat engineers or combat communications or combat weather or terminal air controllers. There are opportunities here to manifest the lessons learned in combat to make the Air Force team -- the Air Force membership of a joint team much better.

To maximize the warfighting capability and maximize jointness, we believe that this is the right place to do it. It also allows us to put A-10s there, to partner with the Army as they move toward a Maneuver Center of Excellence at Fort Benning. As they combine their armor and infantry schools into a Center of Excellence, it allows us to partner with them much better with a much more robust presence, and allows our battlefield airmen and combat -- expeditionary combat airmen to partner with the land component much better.

So the other side of the Moody equation is that we believe we have a path to the future that really gets at the objectives that we looked at to maximize war-fighting capability and jointness.

MR. PRINCIPI: Thank you.

Commissioner Hill.

JAMES T. HILL (commission member): General Nyland, all the other services have a single recruit training base. The Marine Corps being the smallest of the services, why do you need two?

GEN. NYLAND: Yes, sir. Thank you for the opportunity to be here and clarify that. There are several reasons why we do not single-site. And I would add that I do believe that the Army also is not single-sited. But most importantly, we are by design a far more youthful force than are any of the others. And in fact, on an annual basis, we recruit more young men and women per percentage of total force than any of the other services. In fact, as we sit here today, probably two-thirds of the Marine Corps is on their initial enlistment, and we don't expect the majority of them to reenlist. At the same time, right now, as you're well aware, both the Navy and the Air Force are downsizing. The Marine Corps, in fact, is growing in strength in support of the global war on terror. And I, quite honestly, do not see our current requirement for a robust, flexible, initial training infrastructure diminishing anytime in the future.

There are a couple of other things that make the Marine Corps unique in this regard. In the 1970s, we combined our recruiting and recruit training under a single commander, and that leads to a continuum that takes a young man or woman off the streets of America through recruit training to becoming a Marine, and subsequent assignment into the operating forces all under that one commander. The ability of our recruiters, then, to work closely with the recruit depot allows a constant concern, care; how do they ship, how do they get there, how do the families come to visit to see the training and what takes place.

And then those Marines, of course, move on, following completion of the depot, to the school of infantry on the coast to which division they will most likely be assigned. All of that pays great dividends not only for the recruit, but we believe for the recruit families, as well as for the Marine Corps. Then they are, of course, directly assigned to the operation forces in unit cohorts which, of course, leads to combat readiness. Each year, each depot graduates roughly 17,000 young men and women. They follow that continuum right from recruit through training into a member of a cohesive unit, be it platoon, battalion, squadron or so forth.

A couple of other points that do concern us on that same issue are we don't believe that we can afford to have a single point of failure. Because we are this youthful force with a primarily single enlistment, we have to have a steady flow of these great young men and women to support the Marine's combat forces. Having two depots allows that, and also gives us the ability to surge, should we have to do that, as we are doing right now; and, heaven forbid, in the case of a mobilization for the nation.

Also, we believe, as I discussed, this geocentric recruit, recruit training, shipping, school of infantry, into the operating forces is very effective and very efficient, and it's working. And I would point out that right now we're some 300 numbers ahead for shipping this year. I would hate to see something broken in an environment that is very demanding and challenging for us right now.

I think the last thing that I would mention is that I do believe that this represents the best value for the taxpayer. To go to a single

site would cost over half a billion dollars, and the return on investment would not be realized for over a hundred years.

So I think, in sum, in my military judgment, this is the right decision to keep MCRD San Diego and MCRD Parris Island, turning these great men and women of America into Marines.

And I appreciate the commission's interest in understanding how we feel about the combat readiness and relevance for this great nation.

MR. HILL: General Moseley, as we talked in the hall a little bit coming in about Grand Forks, would you further elaborate on the reasons to keep Grand Forks, please?

GEN. MOSELEY: Sir, thank you for that question. Grand Forks, in our view, will be critical to be able in a total force venue to be able to bed down a family of unmanned aerial vehicles in the north-central part of the country. It has the benefits of having a very well-respected and very capable Air National Guard unit in proximity also to a facility that is very adaptable to a family of unmanned aerial vehicles, to include the Predator A, the Predator B when we get it through its operational test and evaluation, and the Global Hawk. We have seen over time emerging requirements for additional orbits both in Afghanistan and Iraq to support all land component activities, to include Marines, Army and Special Operations. We've moved from four to six to eight, and we're moving to 12 orbits. These are critical to the conduct of operations for General Abizaid and General Casey. So this is an opportunity to be able to put these in a place where we can reap the benefits of the experience of a very capable Guard unit as well as move into the future with this family of UAVs.

So, sir, I believe that Grand Forks is critical to this plan and it allows us to maintain these orbits in a global sense, because remember the orbits flown in Afghanistan and Iraq right now are actually flown from Las Vegas, and so it gets at the issues of mobilization, it gets at the issues of forward presence and footprint, and it lets us manifest this in a total force venue.

MR. HILL: Secretary Wynne, in your opening comment and in several other places, a lot is said about Pope Air Force Base, that one of the reasons you want to keep Pope Air Force Base is because you're going to put FORSCOM headquarters at Pope Air Force Base. In point of fact, the site for the new -- as they've picked it out -- for FORSCOM headquarters is on Fort Bragg. Can you comment to that?

MR. WYNNE: Yes, sir. The facilitation of the move of FORSCOM has more to do with simply moving where the flag is going, but there is a lot of contemporaneous moves that go along with it. The existence of the footprint that is currently Pope Air Force Base facilitates that very well, as well as the move from Fort Gillem.

I think the Air Force was at first planning on abandoning in place Shaw, just as a downsize. However, the Army, on hearing this -- and that was one of the reasons we talked about doing this in a joint venue, and we met at the Infrastructure Steering Group Level. When they realized that this may be an available situation, this facilitated some other moves on their part. As the conversation ensued, it became a little bit like a reverse of Aviano Air Force Base in Italy, where now I can have actual formations and training for lift capability right there

at Pope Air Force Base, and suddenly this became kind of a *raison d'etre*, if you will, and a good reason now to maintain Air Force capabilities on this base.

So all of these things -- this was one of those scenarios that built up from a supposition through a full recommendation, and involved, if you will, the facilities of both the Air Force and the Army in its conclusion. While you are correct, I think it has more to do with the preference, if you will, of the command structure of FORSCOM as to where they would like to be located than it has to do with the contiguous property.

MR. PRINCIPI: Admiral Gehman?

MR. HAROLD W. GEHMAN, JR.: (commission member): Thank you, Mr. Chairman.

Secretary Wynne, would you help us -- help me a little bit with the DFAS issue? In your statement, you said that you had used a model to look at all the possibilities and that you would share that with us, and we thank you very much for that. But for the purpose of today's testimony, would you help us with the process and the logic that seems to be rather a large step to go from 26 facilities to three? That's pretty large process reengineering. And could you help me a little bit with that?

MR. WYNNE: Yes, sir. I'd like to start with the -- for most corporations, they have outsourced all of their finance and accounting to some of the major -- ADP, for example, and that came up as an alternative; why don't we just outsource this to a major operating corporation at a single site somewhere in America? I know that one of

the major corporations, for example, has moved to a single site servicing their corporation in Charlottesville, Virginia.

That having been said, we determined that, no, this was a core function of the department, and so outsourcing was not as smart. We then assembled a group that we went through about -- I don't know, 30 or 40 different variables to sort of weight and establish a criterion for each of those variables before they entered the optimization model. So we applied, if you will, the professional judgment and involved the Defense personnel from many of the sites in the construction of this model.

In fact, three sites was not the initial answer. In fact, I think four sites was the initial answer. The minimum was two because we didn't want to have a single-point failure, as General Nyland has pointed out. And so we established the minimum to be two. We found that three was a workload balancing. It actually -- as I found out recently, it eliminated military construction requirements, for even at that consolidated level, it was able to be organized around functional lines. It met all of the criterion, to include back-up to the those functional lines, and so became the considered outcome. And I guess that would be the process.

I would say the determining function was this is really a backshops operation, and whenever you're thinking about a backshops operation, and we're being asked to reduce our tooth-to-tail ratio all across the board, this is one that if we can do it efficiently, and it will take us probably the better part of the six-year period in which we're allowed to do it, we think that we can significantly reduce the overhead

associated with military pay and administrative costs. That's really the sum substance of it.

MR. GEHMEN: Thank you, sir.

I have a question that's for Admiral Willard and General Moseley, but, Mr. Secretary, if you want to start off by this. My recollection is that during the period of public comment on the criteria back in December and January, there was a discussion about, and I believe a revision, but at least we got the message that one of the provisions having to do with warm bases or mothballed bases was given in that that was to be discouraged, that process was to be discouraged, if not outright eliminated.

Yet we have a couple of cases here where the secretary's recommendations includes moving all the forces out, but keeping the base -- the fence line warm. NAS Brunswick, Maine, is one, and Grand Forks is kind of another -- on the promise of surge capability or the desire not to eliminate our presence in that part of the region, or the promise of future missions, or something like that.

Could we hear some more about why; what is the military value that you're trying to achieve that this commission should decide, in face of this congressional direction not to allow this process of just keeping bases warm?

MR. WYNNE: Thank you very much, sir. Let me start with the fact that we appreciate from a community perspective that there are two sides to this realignment that removes operating missions. The first side is you don't get access to the property, if you will, contiguous for redevelopment. On the positive side, there's an opportunity for surge.

And in fact, after all the deliberations on the criterion and the comment period were over, the one element that in fact was retained was contained in legislation and it was to add surge to the criterion. This really focused our efforts, if you will, on making sure that we did not decrement the capability of the United States of America so much that we did not have surge capability. As one of the members on my Infrastructure Steering Group remembers, once we gave up Barber's Point, there was no getting Barber's Point back. And it sort of stuck in our mind that once you give up the strategic presence and the capability of surge back to a base, you may give it up forever. Now, that's not always the case. In fact, as we know, there are some notable exceptions. But for the most part, especially in populated areas, I think that would be the case. Oceana comes to mind as a tenant example.

Once that surge came back, we then coupled it with the fact that the secretary's transformation was to get an agile, mobile, deployable force. In fact, we began looking at forward-operating locations, even overseas, that were warm bases that we could surge to, and we needed to have some capabilities with which to think that through. It came to our mind that having a strategic presence near borders in America made sense from a homeland security standpoint; made sense from a strategic surge in a future capabilities standpoint, and meant, if you will in the case of Brunswick, restoring a 19 percent surge to that particular coastal area. All of these things, sir, I would say, led to us, if you will, overcoming the fear of having this considered to be a mothballing, which it really isn't, since operational missions are in fact going to be deployed and recalled from there. But nevertheless, not affording the

community full access to the property. I'll turn it over to Admiral Willard and to General Moseley for further comment.

ADM. WILLARD: Thank you, Admiral Gehman. The word I think I would use for Brunswick would be "warm." And certainly, the surge capability was a principal factor in retaining the air field's presence through the BRAC process. I would tell you that initially, the consideration was for a fence line closure. There was to be great value in consolidating our maritime patrol aircraft at another location, and the follow-on maritime patrol aircraft as well. And it was those savings that we were seeking.

In the later considerations regarding Brunswick, there was a strategic aspect of Brunswick different from the strategic part that it played during the Cold War, and in this case, it dealt with homeland defense and the desire to have access to the maritime domain for both maritime domain awareness -- situational awareness as well as interception capability. And we were evaluating our ability to meet our homeland defense requirements from the maritime domain throughout the East Coast and along the West Coast of the United States, and Brunswick provided us that strategic ability to readily access the maritime environment in the extreme Northeast.

So I would say that that, in combination with the ability of that airfield to serve as a surge base for maritime patrol purposes in the future, were the rationale that, in our military judgment, caused us to desire to retain it.

GEN. MOSELEY: Admiral Gehman, thank you for the opportunity to talk a little bit more about the UAVs. It goes without saying in this

forum that we're a nation at war. And as we learn lessons and evolve in the presentation of forces, we have to be creative and adaptive.

The Air Force is on record to say that we are looking at growing to a mix of 12 to 15 squadrons of UAVs, which will be opportunities to do things that we've not been able to do yet in partnership with the land component and the Special Ops component -- also, the maritime component in to a certain extent. We've looked at the mix of Predator As, Predator Bs -- as it plays out in the test program -- and the Global Hawk to do a variety of things. Not only intelligence surveillance and reconnaissance and sharing of information, but also in certain cases actual strike.

And so, to be able to have additional orbits and the ability to present these forces in this family of UAVs is very critical for us as members of the joint team, but also to grow this capability into the areas that we can get into other combatant commanders' AORs, because now we are presently limited by the size of the force structure to one AOR, which would be Central Command.

We are looking at not necessarily a warm base, but a base that we can begin to place these as we take deliveries. We've reprogrammed in the '05 budget, we have a line in the '06 budget for an unfunded priority list; we are working this now in the Quadrennial Defense Review. We are looking at growing mission areas and evolving mission areas real-time, and we believe that Grand Forks is a perfect opportunity to put the family of UAVs in the North Central United States, to be able to increase not only the orbits, but to capitalize on

a total force opportunity with the Air National Guard and a wonderful unit in that state.

So sir, I would tell you, we believe this is a place for a family of UAVs as this mission grows and evolves.

MR. GEHMAN: Thank you very much. As you are aware, this commission can only consider certified and sworn statements, so your statements about future use are very, very important. Secretary Wynne, one additional question. The statute requires that this commission use the eight criteria as our -- part of our evaluation of the Department of Defense plan, but it also says that we are to use the secretary's 20-year force structure plan as part of that criteria. Yet, there are some apparent differences between the 20-year force structure plan and reality, in -- that is, in the numbers of platforms and systems that are going to be around. Can you -- can you help me work my way through how we should evaluate the requirements for infrastructure when we have a case where -- I'm talking about things like KC-135s and nuclear submarines and things like that, where the force structure plan seems to deviate from, at least, my version of reality.

MR. WYNNE: Thank you very much, Admiral Gehman. I would say that time marches on, and reality encroaches upon great plans. The fact of the matter is, we tried to update our look at the force structure to the very latest possible moment, even taking into account, if you will, program-related delays that might impact force structure and tactical aviation, and/or in ship and fleet sizing.

But we felt like that we had accommodated, for the most part, all of the changes that we could foresee, with retaining some bases for

surge as well as the simple mechanics of taking care of fighter wings and extending their life, where we felt like there was a chance that there would be more F-16s or F-15s out there for a longer period, or -- in the case of the Navy -- F-18s.

All I can tell you is that we certified to the force structure as we knew it at the time. We tried to update it to the most part, and we took into account the very latest that we could. Five years from now, as you know, things could be different as laws are passed and authorization bills come out. We believe we have a citation that, if you will, accommodates the current force, should it remain with us for an extended period of time, and accommodate the new force, if you will, when it comes on. Consideration, for example, for Oceana has much more to do with the emergence of the JSF when it comes on then it might have to do with current operations, which as Admiral Willard said, are actually manageable.

MR. PRINCIPI: General Newton.

LLOYD NEWTON (BRAC commissioner): Thank you, Mr. Chairman.

Admiral Willard, I'd like to come back to the master jet base one more time.

Please share with me some of the thoughts or deliberations that you might have had, have gone through on -- I certainly understand unity of command. I don't know the size, for instance, of your wing at Oceana, but -- and you might be able to share that with me. But when we thought about the possibility of going to serve possibly with the Air Force or the other services at other locations, which means you may have to divide the fleet in some way, the benefit of that with reference to

working very closely with the other services vice keeping it altogether; can you share with me the value of one versus the other? I mean, you've had a master jet base for a long, long period of time which took us out of one war, and now we are dealing in a new era, so to speak. And I'm wondering is there different -- should we be thinking differently here?

ADM. WILLARD: Thank you, Commissioner Newton, for the question.

And General Moseley may desire to input on this as well since we did on many occasions discuss the issue of jointness. The Joint Cross-Service Groups in this BRAC process were unique in that they were looking for joint opportunities not only in aviation, but in all other areas of BRAC. And as you know, the Joint Cross Service Groups are, you know, about half of the BRAC input and some of the more significant and far-reaching inputs, I would add.

There were a couple of issues, I think, that I would raise in answer to your question. One has to do with savings -- and after all, as we look at excess infrastructure and our opportunities to consolidate down from excess infrastructure, one of the tenets, certainly of Navy, was to attempt to establish a long-term savings in whatever move that we made. And in dividing a wing from a master jet base, which after all has its own synergy involved, the various type/model/series of aircraft that are together at a master jet base are part of a carrier air wing; they themselves across the communities of those aircraft have to train and be able to fight together much as our joint services do. So dividing up those type/model/series to disparate locations takes away from that synergy that is inherent in the air wing itself, notwithstanding the lack of savings that's associated with that by

dividing and now establishing two locations where training operations, maintenance and all of the associated overhead would have to take place.

So from the standpoint of dividing the type/model/series apart at a master jet base like Oceana, from the vantage of a naval aviator or naval leadership, not desirable either from an operational standpoint or from a monetary standpoint.

That said, were there an opportunity to operate jointly with Air Force, the Navy has no problem considering it. There are differences, certainly, in the way that we conduct operations because of carrier operations on the one hand, and the way in which we use an air field and use the air space and fly the pattern. It's inherently different than the way the Air Force would in a joint environment, and those factors would have to be worked through. They often affect the type of infrastructure associated with it. Because our operating patterns are different, the way in which taxiways and runways and schedules are managed are often different as well.

I guess the last point that I would make is that we conduct joint training aside from joint takeoffs and landings, and the joint training in Joint Strike and other supported supporting operations with Air Force are managed on both coasts, and are very routine in nature. Different, really, from what you're alluding to, which is conducting operations on the same airfield, which we typically don't do in operations overseas -- and in this case could manage to do -- but not without some challenges.

So, the more important of the joint environments for Navy and Air Force are to be conducting joint operations at the far end of takeoffs and landings, and we think that in our deliberations, co-location was a

lesser advantage in jointness than arriving at the target together. And in dividing an air wing, there were sufficient -- there was a sufficient down side to that option that was not considered either cost-effective or, from a military judgment standpoint, operationally effective.

MR. NEWTON: What is your configuration on the West Coast, with reference to Master Jet Training Bases and so on?

ADM. WILLARD: We have our Strike Fighter force co-located at Lemoore Air Force Base in California. We have our helicopter -- our rotary-winged assets co-located in San Diego, California, at Naval Station Coronado. And we maintain the joint fleet of EA-6B electronic warfare aircraft and our maritime patrol aircraft north, at Whidbey Island in Washington.

MR. NEWTON: Okay. For General Moseley, back to Pope again. Is it a fair assumption no matter what we did with Pope, that there's a fair number of airlift aircraft that would need to be there to support the Army at any one given time?

GEN. MOSELEY: General Newton, the answer is absolutely yes, because the Army has continuation training requirements that go on day to day, outside of continued (C-tasking ?). It's mutually beneficial for us to have assets there assigned to those training opportunities as well as the operational opportunities, because that joint training is a two-way street. Not only for the individual jumping out of the airplane, but for the individual that flies the airplane. And so that partnership is long and trusted, and we see no breaking down or detriment to the recommendation, so that we can continue that partnership.

MR. NEWTON: So being there -- so the thought is, being there on a permanent basis with aircraft is better than rotating in from a TDY standpoint. Can you comment on that for me?

GEN. MOSELEY: General Newton, I would say that the presence of the airplane is the most important. We will have aircraft there to train with the Army and for the Army to train with us, whether the aircraft is permanently assigned there with a tail number assigned to a ramp space or whether the airplane is temporarily assigned there.

Really, the issue is the presence of the aircraft and the training opportunity. And to be able to rotate the assets through there also is the synergy of exposing more and more and more people to 18th Airborne Corps, and to 82nd Airborne and the other activities there. So the opportunity to move more squadrons through there to maintain that level of presence, is critical for both of us.

MR. NEWTON: Okay. Very good. Mr. Secretary, back to the joint medical headquarters. I'm still scratching my head about why it's not good to put all of the command together vice leaving them in different locations. We brought the -- it appears to me that we're bringing the medical community in a very drastic and significant way together, but these commanders are going to be located in different spots. I'm not so sure why they shouldn't be next door to each other, so at least they can walk around the corner and talk to each other or something like that.

MR. WYNNE: In our consideration for this, we actually looked at co-location of all of the commands into a central place. And I think as the response to the commission showed, General Newton, the -- it made

sense only in one location -- which was Bethesda -- which in fact had buildable acres.

We felt that the move of the research arms would create more synergy and more savings, and in fact, comply a little bit better with the force protection that we are faced with in the future. So that -- so the question became what do you do? And -- when the university health system, the issues remained in location, all of these things were, if you will, in play at the same time. And we felt that the Joint Military Command -- Medical Command has been operating very well synergistically located within the confines of the Washington area. So there was no move to, if you will, dislocate them out beyond the boundaries of the Washington metro area. And there was no reason just to move them for moving's sake within the Washington area when this site did not become available. And I think that was the sum substance of our analysis.

If we want to form a joint military medical command, I think we have the operational or the organizational flexibility to do that. It would probably mean go beyond the co-location, but we have just not chosen to pursue it.

MR. NEWTON: Okay.

Thank you, Mr. Chairman.

MR. PRINCIPI: Mr. Hansen.

JAMES V. HANSEN (BRAC commission member): Thank you, Mr. Chairman.

General Nyland, I'm having a hard time getting my arms around this thing of looking at the base -- the MCRD down in San Diego. I wonder if I could just see if some of these facts that I'm getting are correct,

and I'll ask you short questions if you'll give me short answers.

(Laughs.)

GEN. NYLAND: (Laughs.) Yes, sir.

MR. HANSEN: To replicate the things at Parris Island for recruit would include, according to some folks, \$170 million for recruit barracks, \$17 million for instruction buildings, \$11 million for range and training courses, \$10.4 million for chapel facilities, \$48.5 for housing, \$29 million for a mess hall, \$34.5 for BEQ. Is that all correct?

GEN. NYLAND: I don't have the specifics, sir. I believe the grand total is about \$570 million.

MR. HANSEN: Well, that's about what this come out.

GEN. NYLAND: That's correct. Yes, sir.

MR. HANSEN: So you'd say that was correct?

Also, I'm given to understand that you want to go from 178,000 to 181,000. Is that right?

GEN. NYLAND: We are at 178,000 now, sir. We have the authorization from the Congress to go higher. We are looking at that to see whether we actually want to go the other 3,000 to 181,000.

MR. HANSEN: I hate to bring up a grim thing, but I'm of the understanding that there are more Marines who were killed than any other branch of the service or at least by a percentage basis.

GEN. NYLAND: Yes, sir.

MR. HANSEN: And I'm also given to understand that you don't have a tremendously great turnover of people who want to reenlist. You have a

great turnover of people who get out at the end their tours. Is that right?

GEN. NYLAND: No, sir. In fact, our retention is quite good.

MR. HANSEN: It is?

GEN. NYLAND: It is. In fact, we have already made our retention for our first tour enlistments that will roll over to be in the career force, and we're on track to make our second tour, our career force reenlistments.

MR. HANSEN: Could you give us a percentage of your retention?

GEN. NYLAND: Well, we're 100 percent for those first-term Marines, and we reenlist approximately 6,000 of them -- 6,100 I think this year. And I can provide you exact numbers for the record. And on our career force I believe right now we're at about 90 percent of what we need to have at the end of September to continue the career force.

MR. HANSEN: In another life --

GEN. NYLAND: In both cases that's all with the correct military occupational skill match.

MR. HANSEN: Well, that's impressive.

In another life I conducted a number of congressional hearings regarding endangered species on military training areas. Tell me about Parris Island. I'm given to understand -- I stand to be corrected -- that you have a high problem with wetland -- what would be called "critical habitat" by people in the Interior Department.

GEN. NYLAND: Yes, sir. There is considerable wetland on Parris Island. There are also a number of historic sites from Indians, and so forth, that we've discovered over time. So, while I don't know off the

top of my head the exact percentage that is wetland, it is significant.
I can provide that for the record.

MR. HANSEN: So basically, you can't do a thing with it?

GEN. MOSELEY: It would be very difficult, yes, sir.

MR. HANSEN: You'd be in court.

GEN. MOSELEY: We'd be in court, or we would have to ask permission to fill wetland and then create some equal or greater number somewhere else.

MR. HANSEN: Or greater, probably. And it's an extremely heavy and expensive proposition to do that.

GEN. MOSELEY: Exactly. Yes, sir.

MR. HANSEN: We did that a number of times. It cost -- I remember once place we had out in Nevada, it came out \$26,000 per duck. I thought that was really kind of expensive to put that one together.
(Laughter.)

GEN. MOSELEY: Yes. (Chuckling) I certainly agree, sir!.

MR. : Those Nevada ducks are better than most ducks!
(Laughter.)

MR. HANSEN: I would debate that.

General Moseley, when we were up in Alaska, we went to Eielson, checked it out. We talked to a lot of local folks, some past commanders. A lot of people have retired there. Also at Elmendorf. And to make that a warm base, so to speak, those people think that's a ludicrous idea. I'm just telling you what they say. They say you can't take a place that's 50 below zero and make it warm. And then they went through the scenario of what happens: the pipes burst, the dry wall

falls off. In fact, some of the highest-ranking people up there made the statement it would be better to bulldoze it down. So I was just curious how you'd respond to that.

And while you're on it, let me give you a second question, if I may. And that would be, what would you do -- if Cannon is closed, what do you do with their test and training range down there?

GEN. MOSELEY: Sir, let me answer the second one first. The Melrose Range is not a test range outside of Cannon, and it is also not a range that we can drop live on. It is also not a range that we have an in-depth or, if any, joint exposure to. So the range outside of Cannon is a very basic, rudimentary range. In fact, you have to go into the Holloman and White Sands Ranges to be able to drop live on what was known as Red Rio and Oscura.

So let me go back to Alaska. Sir, the Cope Thunder exercise in Alaska is absolutely fundamentally critical to all of our joint activities. Red Flag, that we conduct in Nevada, is over-proscribed. In fact, we have some very valued allies that have not been able to participate in that exercise for five or six years while they also are at war. So the opportunity to conduct Cope Thunder exercises in the central part of Alaska is critical for all of us. It's not just an exercise for the Pacific, it's an exercise for all the coalition and joint players.

And so the notion of keeping Cope Thunder alive, or perhaps even looking at taking it out to eight or nine months out of the year, makes that very attractive to us. And that's why the recommendation was to

preserve the facility and preserve the opportunity to conduct that exercise.

MR. HANSEN: Isn't it one of the closest bases you have to the Pacific Rim?

GEN. MOSELEY: Well, sir, it's on the Pacific Rim. Yes, sir, it is one of the facilities that we have historically used throughout all of our aerial operations, which you can go over the pole, you can go into the Pacific, or you can reinforce just about anywhere from up there, either Elmendorf or Eielson.

But Congressman, the real value of Eielson is Cope Thunder and the ability to conduct composite-force training and advanced composite force training in a piece of airspace that's actually bigger than the Nellis ranges.

MR. HANSEN: -- super base.

Secretary Wynne, let me ask you a final question. In your opening remarks you came up with the argument that strategic presence and search capability -- and you cited -- I think you said if you give up an asset you'll never get it back, is that correct? And you used Barbara Point (?) as an example.

Wouldn't the same standard apply to other assets, shipyards, submarine bases, the whole nine yards? Doesn't that same thing apply?

MR. WYNNE: I think, sir, that's why we try to go out 25 years, to try to find it. And that's why I think the Congress was very concerned about making sure we identify surge. But in fact I would say yes, it does apply. And it has made us very sensitive to the surge addition to the criterion.

MR. HANSEN: Thank you.

Thank you, Mr. Chairman.

MR. PRINCIPI: Mr. Skinner.

MR. SKINNER: Thank you.

I've got five quick questions, one for each and two for you, Secretary Wynne.

Number one, I want to -- General Nyland, the numbers you supported -- it's my understanding that you trained -- did I get that number right -- 17,000 recruits a year?

GEN. NYLAND: Yes, sir, we graduate roughly 17,000 per depot.

MR. SKINNER: Per depot? Thirty four, that's what -- okay, thank you. Because I did my rough math on your numbers and it was about 40,000. So that's it.

Now the staff, we've done some of our own work and our own COBRA runs. And this is very preliminary, but our numbers are vastly different than those that have been presented. And they vary in the years of an eight-year payback and a \$143 million present-value savings. So we've got a disconnect of significant numbers.

Putting -- (inaudible) --, if those numbers turn out to be valid, does that change your position?

GEN. NYLAND: No, sir.

MR. SKINNER: So the economics really aren't the driving force here as much as it is you think you need two for recruitment?

GEN. NYLAND: I believe that the economics clearly is a piece, but more importantly I think is the option not to have a single point of

failure given the recruiting effort that we have, which is working, and the numbers that we bring in annually.

MR. SKINNER: All right, and how does that compare -- compare that -- because I'm having a little trouble, because I've seen the success at Great Lakes where we consolidated in the Navy three to one. And, of course, we know the Air Force consolidated one, and the Army, which does more training than anybody, is consolidating substantially.

So I'm trying to understand where we have this kind of military savings, and there's got to be advantages of consistency of training at one facility, because your own services have done so, that what makes -- I'm just trying to understand it -- what makes the Marine Corps in their recruiting so different than any of these other service, especially on a point of failure or any of those issues?

(Response here is off mike.)

MR. SKINNER: So you don't believe you can?

GEN. NYLAND: Well, I would submit again that the Army is not doing that. The Air Force and the Navy have gone to a single site. Their end strength is also coming down. They work toward a career force much more than do we.

We need that 34,000 annually to go through the two depots. We have found by combining the commander of the recruiting region and the commander of that recruit depot that we have a great synergy of effect, because he understands the demographics of that region. He belongs either West of the Mississippi or right of the Mississippi, in which he can work closely with the recruiters who, in turn, work closely with the recruit depot and the families to provide these young men and women that

will then train at a school of infantry on that coast and then go to one of our two major divisions on each of those coasts.

That said, we think that that synergy, which is working in a very demanding recruiting environment today, would be very woeful to break.

Beyond that, the single point of failure is a concern because, again, we bring in such a large number annually, were something to happen to that single depot, the potential for the Marine Corps to recover would be very, very difficult as relates to the numbers.

We bring in annually as part of our -- as a percentage of our total force over 18 percent. As I mentioned today, two-thirds of our Marines are on their first enlistment.

MR. SKINNER: Do you know how many we train at Great Lakes and how many we train at the Air Force -- it's Lackland, I think?

GEN. NYLAND: I do not, sir.

MR. SKINNER: Because they seem to have -- they seem to have solved the problem. And maybe the numbers are much different. But in looking at the classes that they put through on an annual basis, Great Lakes, which is right up the street, I think they probably put as many through if not more.

GEN. NYLAND: I can't comment on the numbers. I know our training is much longer than either of theirs. Ours is much more physically intensive, and less classroom-oriented. So it requires additional space to do that, as well.

MR. SKINNER: Great Lakes is actually a little bit less than what you have. They do about 32,000 there.

I have a question for General Moseley.

General Moseley, in 1995, when we were talking about Ellsworth, the decision was made not to consolidate the B-1s at one base for strategic reasons. In 2005, you said that as a result of a mission change for the B-1 you could now consolidate it.

Having visited those facilities, at least Ellsworth, it is clear that they are vulnerable in that -- I think both Dyess and Ellsworth have one runway, one major B-1 runway.

Can you tell me, number one, what's changed since '95 in the Air Force mission that would warrant staging all those aircraft at one base? And then number two, what is the fail-safe plan if something were to happen, a major catastrophe to the runway or the facility at that one, which goes to the whole justification for staging at one versus two.

GEN. MOSELEY: Sir, thank you for the question.

From the mid-'90s to now we have about 30 percent fewer B-1s. We've gone from a force structure of almost 100 minus the few that we've lost down to 60 combat-coded airplanes. And with recent language, back up to 67 to include attrition reserve and backup aircraft inventory.

So we've come off of a large number. And remember in the early days we had B-1s at four locations.

Sir, addressing the single location, we have our Global Hawks and our U-2s now at only one location. We have J-STARS at one location, -- (inaudible) -- at one location, the F-117s at one location, the B-2s at one location.

And so the notion of going to a single location is not inconsistent with some of our other force structure pieces of inventory that we sit with about 60 or 70 airplanes.

MR. SKINNER: Well, I guess the number of aircraft was not, I don't think, the determining factor in 1995. The determining factor was, as I understand it, you didn't want to stage and be vulnerable at one facility. And whether you have 100 and you have 50 apiece, or whether you have half that and 25 apiece, it really gets to your ability.

Now some of those aircraft you're talking about, you could -- and UAVs, you could move and get off of other bases. You can't move the uniqueness of the B-1 and B-2, I guess, is uniqueness. You can't move it if your runway is down to something like that.

So we're just trying to understand what has changed other than you have less, fewer aircraft, and what's changed in its mission. And if you want to submit something on that, that would help us understand that.

Thank you.

And Admiral Willard, I want to talk a little bit about the master jet base. As I understand it, you're committed, from what I understand -- you're committed to a new master jet base, and the movement from Oceana -- the Navy is, and the Department of Defense, to a master jet base outside the time limits of the BRAC. Is that correct?

ADM. WILLARD: I think I would phrase it just a little bit differently. We believe that, of the options that are currently available to us, that the best answer to Oceania, should we elect to move, would be the building of a new master jet base on the East Coast, yes, sir.

MR. SKINNER: So does that mean you're committed to do that? And the alternative, as I understand it, the Defense Department recommends,

is that we have a plan to build a master jet base, so therefore why should we put whatever number it takes into Moody or any of those other places if we have an active plan for a master jet base? If, in fact -- I know you're talking about 33 (thousand acres) or 40-some-thousand acres down in the Carolinas as kind of an auxiliary field. But is that where you'd put the master jet base, and is that the plan?

ADM. WILLARD: We do not have a fleshed-out plan as you describe for a new master jet base. We're in the discussion stages of it.

The outlying field that we're exploring in North Carolina is to provide us an ability to conduct field carrier landing practice at an alternative site than Oceania to help mitigate some of our noise challenges there.

But we do not have a matured plan for a master jet base. It's still in the deliberation stage.

MR. SKINNER: And the reason I ask that is because, obviously, as we look at closures and reductions of air fields, and having been involved in helping to build the Denver Airport, at least from a Washington viewpoint, I know what's involved in building a new facility. It takes years, and a lot of money and a lot of time, and the estimates on money are usually low, and they come in -- whether government or private sector -- come in higher.

We're concerned that by closing a facility, or closing enough Air Force facilities, if plan B were to use -- and, you know, plan A is the perfect plan, which is a new master jet base. If you had to get out of Oceania, plan B might be using an existing facility on the East Coast.

If, in fact, we end up closing facilities that -- the East Coast facility that you want to use that stuff -- the material -- (inaudible) -- there would move to another one, we've closed that, then we've foreclosed plan B. And the only answer that you would have for Oceania and the problem at Oceania, which you all -- I think we all agree, is critical, is the success and the funding appropriate for a new master jet base.

Would you agree with that? Or do you have a plan C that we haven't --

ADM. WILLARD: We're not without opportunities to mitigate the problem at Oceania. None of them are optimum, for the same reasons that I discussed prior in splitting the wing, taking the tac-air assets elsewhere, which we could do, is not optimum and not cost effective. But were we to have to do that in the future, that I guess could be construed as plan C.

MR. SKINNER: Okay, thank you.

Now, Mr. Secretary, just one question, one observation. And I'm doing this rapidly because I'm taking more questions than I --

The -- (inaudible) -- move that you recommended, it's very laudable, and it makes a lot of sense conceptually. But as you and I both know from our work in the private sector, and when you're talking about a project of this magnitude, both from a technology as well as a people person, and you're talking about -- basically it's like installing SAP, all mods of SAP, or at least the financial and the HR mod. And as you know that's not without challenge.

Is this plan, because you're basically asking our approval to consolidate all this, is this plan underway? And what's the timeframe for it?

We're concerned, I think, as we visit these facilities and recognize what they're doing in support of the families and the troops, both domestically and overseas, that there not be any disruption and that if, in fact, this plan goes forward it's going to be executed correctly.

Maybe you could give us a little idea what the planning is on this extraordinary large but commendable effect?

MR. WYNNE: Secretary Skinner, thank you for the question and opportunity to comment.

The fact is that we don't start on recommendations until you opine on them and approve them. Then we would commence the details of the implementation.

That having been said, most of the payments that are made are not made, if you will, to personnel, but in fact are made to our industry partners and suppliers on a weekly, monthly or bimonthly basis.

The -- most of them have no idea where they are paid from. This is a virtual enterprise, fairly largely well known. And therefore it is ripe for opportunity.

The SAP -- (inaudible) -- that you put, of course, brings with it some great desire for efficiency, and as Naismith put it, "high-tech high-touch." You've got to be out there with the community telling them what's going to happen.

We intend to take the full period to do this. We have to start these recommendations in 2008, complete them in 2011. We feel like this gives us a lot of time to establish pilot programs, to move functions and to consolidate the functions at these three locations and maintain the level of customer service to both our industry counterparts and our families over this period.

So we are giving ourselves an excessive period of time, even for the -- if you will, for the installations of new systems.

I think the fears that you've heard has a lot more to do with national security personnel system, which by and large does not affect the pay structure or the processing of paychecks throughout the system, but it just raises the level of anxiety in the performance.

But I think that is actually going very well.

Secondly, we have established and are putting in a wide-area work flow that is a payment system that is totally electronic, that if the suppliers are doing it, they're finding out their error rate is going down so dramatically that the Defense Finance and Accounting Service has actually offered to reduce the charge for processing a payment from \$4.75 to about 20 cents, because they're all going ETF, electronic funds transfer.

So this is, I think, very doable, and we're not starting on this at all. But I see the foundations being laid for other efficiencies, not to enforce this recommendation.

MR. SKINNER: Good, thank you. I'm glad I asked the question. You have us a chance to understand the concept more.

And then one final question on force structure, and particularly as it relates to the number of submarines that are going to be in our force.

As we've gone on these hearings throughout the country, there is a perception -- you know, I heard what Admiral Clark said about in the low forties, and there is a perception out there it's going to be in the mid to high fifties. And, obviously, the demands on the shipyards and the berthing capacity of the Navy would change dramatically if it was 56 versus 41.

Can you share a little bit about this disconnect? It may be driven by what we can afford, and we have to retire the older submarines. But maybe you could just share that a little bit, because these facilities we're talking about closing, very difficult to replicate in the future or to reopen. And it may be that the 56, you'd need them, and the 41 you wouldn't.

And I get the impression from Admiral Clarke's testimony that that is the case.

MR. WYNNE: I would say that the current production rate is one submarine per year, and that includes all the process of submarines. And so it bespeaks, if you will, the future of the submarine service is not in the 60s for sure. As to whether it's in the 50s has a lot more to do with extending the life of the current submarine fleet than it has to do with producing at a new level.

That having been said I think the servicing of submarines has more to do with home stationing, if you will, in the United States on the East and West Coasts; it has to do with what's at Pearl Harbor; it has

to do with what's overseas at those bases and what's, obviously, in transit.

And so it has to do a lot more with operations. Some of the things that the Navy has done is actually to create an ever-present fleet, if you will, by minimizing the deep maintenance that the submarines would have to undergo as they go through -- and they've applied this to all of the fleet.

This has actually multiplied the amount of fleet availability by creating a big benefit in reducing the amount of time ships are spending in port and increasing the amount of time that ships are spending at sea.

And I think Admiral Willard can probably comment, because this fleet-response thing has taken us all a little bit by surprise as we have gone on to try to measure the efficiency of the Navy. They've done a good job.

ADM. WILLARD: Sir, if I may very briefly, while the force structure plan lists, I think, 45 and was based on analysis of our ability to conduct our range of warfare commitments in the future, in fact when the evaluation was done on infrastructure, the infrastructure was evaluated as well against our current force, which includes 56 fast-attack submarines, four SSGNs and 14 ballistic missile submarines.

And, and it was determined to be adequate, so, in fact, the infrastructure is sufficient with both current numbers and the future projections.

MR. SKINNER: The proposed infrastructure -- the new proposed infrastructure is consistent with those numbers?

ADM. WILLARD: Yes.

MR. SKINNER: So that looks like there might be another disconnect from a lot of your user group and your supporters, because they're understanding -- I'll just share that with you because you may want to try to breach that or affect that breach. Their understanding is that your recommendation is based on a force structure of 40 some rather than 56.

And if, in fact, it's based on 56, based upon your ability to keep more at sea and do your maintenance more efficiently, that's different than, I think, the impressions that have been left with some of the people that we've met with as we've made these tours.

You don't have to answer it, because there is no answer to it. It's just, I feel that that's what we were told in the hearings by a number of members of Congress and others that they believe that the 56, that you need more than what you have proposed to handle 56. And you don't need that facility only if you go to 41. So I'm glad you've clarified that for us.

MR. WYNNE: Thank you. I understand.

MR. PRINCIPI: Mr. Bilbray.

MR. : I don't like him either, but that's all right.

MR. BILBRAY: I apologize, Mr. Coyle.

Thank you, Mr. Chairman.

Secretary Wynne, thank you for your testimony. We have received sworn testimony that by including major elements of the Air Force's future total force transformation program under the auspices of BRAC the Department of Defense has effectively excluded Congress from its

traditional role to review and authorize an appropriate funding for such purposes.

In your process on this BRAC round, did your general counsel, your red team, anybody caution you about that?

MR. WYNNE: Thank you for the opportunity to respond on that.

The fact is that we were asked to go plan for 20 years -- 25 years -- and try to figure out what kind of a force we might have available to us in 20 to 25 years.

In doing that we don't presume -- as I mentioned, time marches on. You can only speculate or try to plan for that part of the future that you could forecast or may be of benefit to you, even if you have then to go convince others that it's a necessary future in order to make the force better.

When the Air Force began planning total force, it was as against a stratagem that they felt would make the Air Force a better air force. And it is in concert with the secretary's request that we integrate the Reserve and the National Guard componentry into the active forces.

The Air Force has done over the years a magnificent job, for example, of having the National Guard serve as active duty almost in the, in the provision of tanker services, and in other aircraft services. So they have really moved out.

And I think it was a really just a follow on to that general strategy to try to get more, if you will, from what they knew was going to be a reduced airfleet availability.

And I think that they have planned for that. And I'll allow General Moseley to second that motion.

GEN. MOSELEY: Sure, thank you for that question. I agree with Secretary Wynne. The future total forces, independent, the activities there are independent of the BRAC process. And as we play with and progress through the Quadrennial Defense Review, there is another piece of that that as we look out into the future what the force may or may not look like.

But we know from where we are to where we're going, it is the total force for the Air Force, which is Reserve, Guard and active.

MR. BILBRAY: Secretary Wynne, is it the department's position that BRAC legislation supersedes existing legislation as it affects such matters as, number one, retiring KC-135s and C-130s; number two, closing state Guard facilities; and number three, moving National Guard forces from one state to another?

MR. WYNNE: As it applies to moving -- or anything to do with the National Guard, I know that the Commission has asked, in fact, for an office of legal counsel opinion. I previously gave you the thought that we do not believe we have -- in fact we're not authorized, if you will, to violate any statutes, so we feel like we are, in fact, in concert with the statutes as they're laid down.

So we do believe that under the BRAC statute that we are able to consider, if you will, force movements and base structures which we have a responsibility for under the total, but we understand that under the aegis of Secretary Principi, you have asked the office of legal counsel for their view, and we respectfully would defer to make a final pronouncement until they. We'd follow their lead.

MR. BILBRAY: General Moseley, in your answer to General Hill's question about Grand Forks, you mentioned UAVs, but I don't think you said anything about tankers.

And my understanding is that your long-range plan is to base tankers at Grand Forks, also. In fact, as recently as, I think, a couple of years ago, Grand Forks was slated to be the first base fully equipped with the new tankers.

Would you like to comment on that?

GEN. MOSELEY: Sir, the tanker issue is playing out on a parallel path, because the analysis of alternatives is downstairs now with the OSD staff. We believe that that will be handed over to PA&E for the definition of sufficiency, which will then result in finalizing the documents, which will go out to an RFP.

Inside that analysis of alternatives, which I have not seen, will be much a more clear path on whether we re-engine, whether we keep existing NDS types, or whether we look at something new, or combinations of something new, which could be a variety of other assets.

And, sir, that's not played out yet. Would we want to deny or negate bed-down options in the future? Of course not. Have we operated tankers at those bases previously? Of course we have. And would that be an opportunity or an option down the road? Of course it would.

But until we have the AOA and the sufficiency and the rest of the documents and the RFP and the competition and the source selection and contract, then we don't know what we don't know.

MR. BILBRAY: But isn't Grand Forks an especially advantageous location for tankers because of Great Circle transit north and over the pole?

GEN. MOSELEY: Absolutely, sir.

MR. BILBRAY: Secretary Wynne and General Moseley, in our travels and hearings in bases visits, it's been pointed out to us again and again that the DOD proposals effectively move military forces, especially Air Forces, out of the Northwest part of the country, out of the Northeast part of the country, out of the northern tier of the Great Plains, to locations in the South or, in some instances, the Midwest farther south than the northern tier.

Why is this an outcome that you would want?

MR. WYNNE: I would say it's an outcome. We did not expect or certainly express preferences for any outcomes other than the movement to consolidate at efficient locations, ones that had retained military value, and ones that would provide some economic benefit as a result.

I think with regard to the specifics I'd have to refer you back to the COBRA analysis, but in each instance, these were evaluated based on military value factors. And some of the consequences of all of that actually came together and came to light later in the process, which is one of the reasons that you might see where the data was offering, if you will, to, in fact, close some bases where we felt like strategic presence was, in fact, going to be necessary.

As you look over the deliberations, you'll note that, in fact, both Brunswick and Grand Forks were asked for reconsideration by the infrastructure executive council, which was the most senior of all of

the groups, after seeing all of the impacts throughout. So I would say the outcome was, if you will, certainly not expressed. And when it was realized, we actually made some moves to preserve presence.

MR. BILBRAY: One of the maps that we've seen is the map of the Pacific Northwest laid over Europe, with the point made that an area the size of Europe or a little bigger would have only two jet fighters for air defense, or a 9/11-type situation, whereas an equivalent area in Europe that would be 146 jet fighters.

MR. WYNNE: I think General Scotty Mayes, who is here from First Air Force, probably can answer that question a lot better than myself. But I don't think that the North Command is in any worse seeing their mission diminish to protect any part of America as a result of this process.

It's really more a question of where the maintenance takes place, not the question of where the mission takes place. And I think consolidation of the maintenance activities has, in fact, resulted in very significant savings across the board.

General Moseley.

GEN. MOSELEY: Commissioner Coyle, I would add in the case of Grand Forks is we looked at that later in the game. We had access more clearly to the Joint Cross Service Working Groups, what the Navy, the Army, the Marines were doing and the rest of this. And it looked to us that strategic presence in that part of the country was critical.

Also that location gives us access to partner much better with the wonderful unit in Fargo, so it's a total-force effort. So the ability

to do that is very critical for our presence in that part of the country and also to place the family of UAVs at the right place.

MR. PRINCIPI: Thank you.

MR. : Thank you, Mr. Chairman.

MR. PRINCIPI: Thank you.

Commissioner Turner?

GEN. TURNER: Thank you, Commissioner.

First question is for Admiral Willard. We understand from our analysis and even more clearly from the testimony today at Oceana, existing encroachment restrictions are manageable until deployment of the JCSO. But even today, doesn't the encroachment impact your flight pattern syllabus and, therefore, realistic training?

ADM. WILLARD: Not significantly, no. But it does impact it.

When we conduct, and it's certainly not the first master jet base where this has taken place, but when we are dealing with noise complaints, we will typically adjust operating patterns to attempt to minimize the impact -- the noise impact of those. And we do it in two ways. One is when we take aircraft off and the other is when we perform field-carrier landing practice or otherwise fly landing patterns in and around the airplane -- the airfield.

In the case of Oceana, it's no different. We have made adjustments in the departure patterns and our landing patterns, but not in a way that we consider to be so detrimental to our training, making it this now a comparison with the operating conditions around an aircraft carrier, that we consider it to be impacting enough to want to make a change now.

Though I would say that the outlying field option will provide us the ability to fly a much more precise pattern in and around that field than we are sometimes allowed around Oceana.

GEN. TURNER: Thank you.

My next question goes back to the medical command headquarter question and I'll address it to you, Mr. Wynne.

I appreciated your earlier comment about it doesn't make sense to move for the sake of co-locating, but it raised the question in my mind that's been kind of troubling me, as we've gone throughout this process, which has to do with an earlier recommendation from the medical joint service group -- joint cross service group -- which made a recommendation in the name of jointness which, at best, may only achieve a co-location of similar-sounding but yet different enlisted medical training courses in one location. Now, if the standard for the headquarters is don't move just to co-locate, shouldn't the standard be the same in other recommendations?

MR. WYNNE: It depends on if the co-location that you've described is student training, you can have a synergy of instructors, and you can have synergy of maintenance. We just didn't see that the synergy of having commands essentially move from outbuildings to inbuildings was not the same, because there was no difference in the number of officers -- I mean, we just didn't see the, any synergy developing. Possibly there would be downstream and, to your point, possibly if they were co-located, and this was sort of one of the build-ups in the original thought of moving them to a single location, may be down stream. Joint command headquarters might be easier to consider, because there wouldn't

be any movement, if you will, required. All of those things were really left unanswered when we did our analysis and found out that what we were doing after we had used up the available Washington office space, was essentially moving for moving's sake. And we didn't see the synergy of savings that we thought we would.

GEN. TURNER: How does the current excess capacity at Potomac Annex fit into that, given that if the recommendation to realign or function there would increase it even more?

MR. WYNNE: I'd have to get that for the record. I've just not got that one tabled up here. I'm sorry, General Turner.

GEN. TURNER: All right.

MR. WYNNE: If you would like I'll follow up with it as fast as possible with an answer for you.

GEN. TURNER: Thank you very much.

MR. PRINCIPI: Mr. Bilbray?

MR. BILBRAY: Mr. Secretary, one of the problems we've had as we've gone along in this procedure, and a lot of times the ads are kind of built on this, is the fact that two things happened, that in many cases, there was nobody ever from the BRAC commission in the Pentagon ever showing up at the base to talk to anybody. They just took figures, you know, and they said this and this.

Give you a -- for instance, one of the things we found that when we went to London submarine base is the fact that, first of all, people would talk to us about the fact the build up of the submarine fleet -- and you've heard this question before, that -- (inaudible) -- 41, 56, 60, 70, is the fact that the Chinese are building and buying diesel

submarines, and it will have a much larger submarine fleet that we have in just this decade.

One, like again, the problems we have is the cost of moving -- we go to these bases and we see in bases \$2 (hundred)-\$300 million of added infrastructure that were just put up the last year or so in the last three years on bases that are going to be warm bases or going to be closed and it's a big -- deep concern.

For instance, if New London, and this is probably to the Admiral, if it's true that the Chinese and other adversaries are building up a fleet including the Iranians, do you really think that we will have 41 submarines in the future, or do you think we're going to have to increase our submarine fleet? Because one thing we were told as we went around, that World War II was the era of the carrier, and that's how it was fought. Before that, World War I was the battleship, but the next war -- I know the Chinese believe -- will be the era of the submarine. So are we really going to deplete our submarine fleet to such a point that we don't need New London? And the second is how much infrastructure -- we see a tremendous amount of infrastructure has to be built in South Carolina to accommodate these submarines as they go south.

ADM. WILLARD: Thank you, Commissioner Bilbray, and I'll try and answer you briefly and I'll try to keep my comments somewhat generic and not get into too terribly much war fighting here.

But the presumption being made is that the force structure that's been submitted is all about anti-submarine warfare and, in fact, anti-submarine warfare has dimensions to it that range beyond submarine-

verses-submarine activities, and the future concepts for anti-submarine warfare likewise are evolving in ways that are different than we've customarily thought of them in the past.

I would also comment that the force structure plan, as it's submitted and as you've heard in a variety of venues, different numbers being thrown about, is -- and the infrastructure issue that we're discussing are really two separate things. The infrastructure is in excess of both in berthing and in depot maintenance throughout the continental United States and the U.S. and the world in general, and we're attempting to adjust that, regardless of how the future operating concept and finite number of submarine platforms falls out in the out years.

One of the advantages, frankly, of the BRAC study demanding that we consider surge was our evaluation of the capacity of both our berthing capabilities and our depot maintenance capabilities where surge was concerned and the ability to accommodate more boats, or more surface ships, in the case of the force structure plan than perhaps are illustrated in the plan itself.

So there is additional capacity out there, I guess, would be my comment, and the specific number of submarines in the future relative to potential security environment and threats around the world will be accommodated, and their role in anti-submarine warfare is evolving.

MR. WYNNE: I would also add, Commission Bilbray, that the -- all of the future plan contingency was sort of the threat analysis fed into the force structure plan in a way, but it also was tempered by the fact

that we're planning on fighting in a different way, if you will, in the out years.

So I would say that we stand behind the force-structure plan as it's been illustrated. We recognize that there are probably others out there who are military strategists, but they are not contained within the Pentagon and did not participate in the force-structure plan.

I have a feeling that -- I understand it's classified and we can't go into it in much depth here, but the way that Admiral Willard presented it was, in fact, we took into account not only the future contingencies we could forecast or foresee on a capability basis, but also the surge required to accommodate that. And so I'd just like to let it stand that not only for the Navy, but also for the Air Force and the Army and the Marines, our force structure plan is a sound basis for analysis.

MR. BILBRAY: Did anybody give me what they think the cost will be in South Carolina to add the additional piers and facilities to take care of the Naval people that come into South Carolina from New London?

MR. WYNNE: I believe it would be Kingsbay, Georgia?

MR. BILBRAY: Yes.

MR. WYNNE: Okay.

MR. BILBRAY: But all those southern states seem the same to me.
(Laughter.)

MR. WYNNE: No, I'm -- but it would be in Kingsbay, Georgia, and then probably South Carolina has -- is in the MS -- the security area.

We took into account, via the COBRA model, all the impact of the co-location and we had to evaluate the impact on the environment and the community, and we feel like they can accommodate and --

MR. BILBRAY: Without hundreds of millions of dollars worth of additional construction?

MR. WYNNE: I believe we took into account all of the military construction. We can't take into account, if you will, the civilian construction. There might be necessary housing and stuff like that, but our estimate is about \$350 million.

MR. BILBRAY: The second thing is on Pearl Harbor. We've had that on a possible ads list. I think in talking with the commission we were talking about adding Pearl Harbor. One of the things we're talking about is the short-term maintenance being done at Pearl Harbor and the long-term maintenance being at Portsmouth or other Navy yards.

One of the reasons for that was the fact is we've heard testimony that, for instance, you can take a Triton, a nuclear submarine, and bring them to Portsmouth. In eight to nine months, there's a turnaround period at a lot less cost and a quickly for the fleet. At Pearl Harbor, it takes a lot longer to get it done in a lot more expense. Would you make comment on that?

ADM. WILLARD: Yes, sir. Thank you.

Pearl Harbor has some very distinct advantages for us and I would tell you that in the course of BRAC deliberations, the senior leadership in the Navy and, frankly, the joint senior leadership was of consensus that the depot maintenance facility at Pearl Harbor is a particularly strategic asset due to its location. And, in fact, services not only

the West Coast Fleet, the fleet located there at Pearl Harbor, but provides us a fallback for the fleet that's forward deployed to Guam and elsewhere.

So we consider that nuclear-capable depot to be of particular strategic importance.

With regard to long-term maintenance falling back to the continental United States, a couple of new dimensions evolve when you consider that.

One is that to maintain the same amount of forward presence in the Pacific, it would require, in fact, greater force structure across our Navy for whatever ships would fall back to CONUS-based depots for long-term repair. So we would have to buy more ships and submarines essentially to accommodate that or that nuclear capable facility at Pearl Harbor to go away.

MR. BILBRAY: Admiral, let me ask you. This is what we see: that at Portsmouth, Maine, you can take your sub in for a complete overhaul. They can do it in eight to nine months, get it back to the fleet. Pearl Harbor takes 18 months to two years at a lot higher cost.

To me, economically, it takes -- first of all, from Portsmouth actually, they can get to China or that area of the Pacific from New London to the Pacific faster than, according what they say, than you can get there from San Diego because you go under the Pole and down.

ADM. WILLARD: But not faster than you can get there from Pearl Harbor.

MR. BILBRAY: Well, Pearl Harbor, I grant you, but --

ADM. WILLARD: And in fact, the, to compare the maintenance at the two facilities, I would add that Pearl Harbor also performs depot maintenance on surface ships and has an aircraft-carrier, nuclear aircraft carrier- capable dry dock facility, so it's a bit of apples and oranges. The facility that we're talking about is submarine only. And it has been credited with, in our analysis, with its reduced operating costs. It is a very efficient shipyard and no one disputes that. That said, the strategic capabilities at Pearl Harbor not just because of its location, but because of the breadth of what maintenance it, in fact, performs is more important to us.

MR. BILBRAY: I want to ask you about -- (inaudible) -- again.

One of the things we had in testimony -- and the people referred to this -- is the fact, for instance, we had testimony from New York about the Rome facility. They took over old government buildings there, actually old new buildings that were closed military base. The cost of operating there is far less than in the Indianapolis or some of these other areas.

The fact is, you have these intertwined through the internet today in doing this sort of work and we were out, for instance, at Port Magoo with Commissioner Coyle. We had two -- you know three -- he came up with theory three questions. First, should we do it? Second, shouldn't we do it? And third, why? And in this particular case, if there are maybe some efficiencies, but the fact is, that it's cheaper to run the fast facilities in some of these outlying areas. It's cheaper for rent; it's cheaper for hiring people. They're some of the best jobs maybe in those locations of anybody in the area. And the fact that if you move

it to one, two, and three locations, you've now got to have a lot of infrastructure built to accommodate them. And John Murtha spoke to us about a week ago over in the Cannon Building, in which he brought up the question is, you haven't seen the budget. He says, the fact is that there is no MILCON money hardly available in the next few years as long as this war's going on. And the fact is, even after the war, we're going to be paying off the debt from this war for probably generations.

But the fact is, that if you move these facilities and you consolidate them all, first of all, I question whether they'll be real any efficiencies -- sizable efficiencies -- but second is, you've got hundreds of millions of dollars of new cost you have to take care of in MILCON at a time when, if you believe Congressman Murtha, and I've always found him to be an honest guy, that it's going to cost you a lot of money to do this facility and you don't have the money; it's not going to be available through the MILCON process for the next few years.

MR. WYNNE: Well, I also have a lot of respect for Congressman Murtha and his usual very candid perspective on things, but in this particular instance, though all of the models have told us and the site locations that we have chosen have also reinforced that we have no requirement for MILCON at those locations.

But the consolidation is going to be much more functional with the improvements that are being forecast. We see very little need, if you will, to have military construction. And, in fact, only in one case has there been a request, as we've looked at this, that it's been very, very minimal for rearrangement purposes.

So there's no large, that I can tell, bill in the area of military construction for the defense finance and accounting services consolidation.

That having been said, regards to all of BRAC, we can't afford not to do BRAC. We have got to come up with the resources in order to make this department more efficient, because the budget that we're currently espousing cannot continue to grow at the level that it has, and therefore, we need to get ahead of that curve. We appreciate the fact that the Congress has thought through this problem and offered us this opportunity to get ahead of the curve. And we intend to take advantage of it. We recognize that there is an impact on communities. We're grateful for their prior service and are willing to try to put forward our experience and try to make this as painless as possible. But we absolutely need to, if you will, invest where it's possible to achieve these savings.

MR. PRINCIPI: I thank you.

We'll limit the second round to a five minutes per commissioner. We're running behind and there will be a need for questions for the record and we'd appreciate it if we'd get a timely response.

MR. : -- panel two.

MR. PRINCIPI: Panel Two? Okay, fine.

Let me begin -- I would think that all previous BRAC commissions have struggled with COBRA runs and costs and cost savings and but let me -- I certainly have in some regard. And let me use MCRD as an example, if I may.

The 1995 official COBRA run showed a \$500 million savings by consolidating Parris Island and San Diego, with a two-year payback.

We now go ten years later to a \$570 million cost with an over 100-year payback. Our commission has taken a more conservative approach and said, by consolidating them, you can save \$150 million with an eight-year payback.

Now I know economics is not the only reason, General. You made that clear. But can you help explain how we've gone -- done a \$1 billion flip from '95 to 2005 with regard to this one issue?

GEN. NYLAND: I can certainly try for starts on that, sir.

There are a couple of factors that come into play. I will tell you that in the subsequent years since the '95 analysis, we have, through A76 and other means, found significant efficiencies at both of the depots with regard to personnel so that those savings that might have been available in 1995 are not available in 2005. In addition, we find that the MILCON, of course, building codes have changed. The MILCON is much more expensive now than it was in '95. The numbers in '95, if I'm not incorrect, were developed at the headquarters where the numbers for 2005 were developed by the installations themselves as to what would be required. So there are several pieces to this that have changed dramatically over those 10 years.

MR. PRINCIPI: Well, we need to get to the bottom and try to better understand, because it really is a factor. We're talking about a lot of money here, as the secretary said. It is not all about efficiency, but clearly, whether it is \$150 million or whatever it is, that buys an awful lot of bullets, training, vests, whatever the corps needs in the

future. So, I think it is a factor that we need to weigh in. I just want to comment about Portsmouth, again following up on a statement you made, Mr. Secretary, that once you close it you lose it. You know, I have talked to enough former classmates and shipmates and commanders of NAVC and shipyard commanders over the past two months, you know, who've told me that Portsmouth is clearly the preeminent shipyard in the Navy for nuclear power, overhauls and repair. It is the gold standard in management-labor relationships. It has reduced, as Mr. Bilbray said, from more than 30 months to less than 20 months getting subs back online so much quicker. And a belief in some communities that Pearl could become a naval ship repair facility with all of the infrastructure in place that in the event of an emergency could be upgraded by bringing crews in from other shipyards, if necessary, and that it would be a travesty to close Portsmouth because it is such an important asset to the Navy. Any comment -- I know you have commented on it several times?

ADM. WILLARD: I guess I'd just fall back on the principals that led us to propose it for closure, and that was in evaluating our shipyard capacity, our depot-level capacity, viewing ahead 25 years, it was determined that one of our shipyards could be closed and we would have not only the capacity to service the fleet, but also the necessary surge capacity to service it at an even greater level. We feel that the way in which we entered the argument was conservative. It's based on things like 40-hour workweeks, which, for those of us that have worked in and around shipyards or taken our ships through depot-level maintenance in the past know, therein -- the manpower, in fact, works at a greater pace even than that. So, relatively conservative in our view

and with a view toward the future -- we believe that we have excess capacity that we can do without.

MR. PRINCIPI: Thank you, Admiral Willard.

Commissioner Hill.

MR. HILL: I have nothing.

MR. PRINCIPI: Commissioner Gehman?

ADM. GEHMAN: One quick question, Mr. Secretary, which we may want to just take for the record. In several hearings, in countless testimony, in lots of written documents, including your own report, the term "homeland security requirements" has been thrown around very loosely. I have asked this question over and over again for someone to give me a piece of paper, signed by the secretary of Homeland Defense, that lists the requirements for the Department of Defense to provide. There is no -- no one has been able to produce such a piece of paper. Yet, the term is thrown around very loosely. Could you perhaps, just for the record, if you can't do it right now, help this commission with what are the terms of relationships between the two departments and, particularly as this famous Washington, D.C. term "requirements" is thrown around. For example, I am not aware of any written, signed requirement by the Department of Homeland Defense for an air base in New England, et cetera, et cetera, et cetera.

MR. WYNNE: I respectfully would submit that the arms secretary begins to refer to requirements as appetite. But what I can do is basically frame it from the way we see it outbound, because we do have a secretary for homeland within the Department of Defense, and he might be

able to assist the commission in that regard, and that may be very helpful.

MR. PRINCIPI: Are there any further questions by the commissioners? Mr. Skinner?

MR. SKINNER: One quick observation. As we made our rounds, we heard from the Coast Guard that they are affected, indirectly, particularly the Otis Air Force Base, National Guard base and some of the others. I would just encourage the panel and others to make sure that, because they are on as tight a budget as anybody and always have been, that if we go ahead with some of the recommendations that everybody try to accommodate and see if there is a solution to them because they have a greater homeland security mission than they've ever had before. There have some really direct impacts on the Coast Guard. Thank you.

MR. PRINCIPI: Mr. Coyle?

MR. COYLE: Thank you, Mr. Chairman. Just one question.

Secretary Wynne, you said a few minutes ago that we can't afford not to do this BRAC. But, I want to ask you whether we can afford to do it in one particular area. The Air Force has 42 recommendations in this background. Thirty-five of them relate to the Air National Guard, either directly or at bases where the Air National Guard is dramatically affected. Yet, even though over 83 percent of the Air Force recommendations have to do with the Air Guard, they produce, by the DOD's own calculations, very few savings. And those savings do not count obvious costs. For example, in some cases aircraft are moved away from a base, but the people are left behind. The missions stay so new

people will be needed to fly those new aircraft. And so, you have people associated with what was once those aircraft at one place now associated with them at another place and so, effectively, you are paying for them twice. So, when you include all the obvious costs for these proposed moves, it's not clear to me that there are any savings at all. Would you like to comment on that?

MR. WYNNE: I would say that we took into account the military value as well as the savings to try to get closer to a total military value on it. I would ask that you might ask the panel, too, which has a lot more detail affiliated with that. But we, in accomplishing the look -- we offered to each of the services the opportunity to, if you will, accommodate their future strategic plans within the context of base realignment and closure. We did attempt to try to make sure that, within that context, they stayed, if you will, inbounds, so that we, in fact, were not shouldering a burden that was not a mandated burden. In that case, I think the Air Force has done a terrific job of balancing, if you will, our force improvements, which takes into account a reduced number of aircraft, and their impacts. But, I would ask you, sir, that you may re-ask that exact same question to panel two. And we've have assembled a group of, I think, experts, including the National Guard bureau, who are far better versed to answer that.

MR. COYLE: Thank you.

MR. PRINCIPI: Thank you very, very much. We very much appreciate your testimony and responses to the questions. We look forward to working with you.

MR. WYNNE: Thank you, sir. We will follow up very quickly, Admiral Gehman, with the questions for the record.

MR. PRINCIPI: We will take a three-minute recess and have the second panel come on up.

(Recess.)

MR. PRINCIPI: The BRAC Commission will be in order, in session. We'll now call upon our second Department of Defense panel. Have you all been sworn in?

MR. : Yes.

MR. PRINCIPI: Well, General Wood, I'll let you begin, sir, and proceed as you wish.

GEN. WOOD: Great, thank you, Mr. Chairman.

Good morning, Chairman Principi, members of the commission. I'm not only glad to be here this morning, but also honored to discuss with you details about a United States Air Force and specifically the Air National Guard.

I'm proud to appear before you with key members in this endeavor. First, to my left, is Lieutenant General Daniel James, director of the Air National Guard, whose proved vital to the Air Force throughout the BRAC process and who has been absolutely terrific to work with.

To my right is Major General Gary Heckman, the Air Force's uniformed BRAC leader and co-chair of the Air Force Base Closure Executive Group, or what we refer to as BCEG.

And also this morning -- also happy to report that we have Major General Scott Mays here to my far left, who's Admiral Keating's representative on behalf of northern command. General Mays is also the

commander of first Air Force, responsible for the air defense of the United States, as well as also a guardsman.

Let me first commend you for your efforts here. I know this is a difficult process. BRAC is absolutely necessary to our nation meeting its homeland and global defense obligations. The job of the BRAC commission is a crucial one, requires input that is rich in facts, sparse in emotion and objective in perspective. The key factor guiding us in the United States Air Force is the BRAC law. The law dictates we use a 20-year force plan, and for the Air Force, that means meeting the defense needs of the nation with fewer aircraft, but much more combat capable.

We've had to face force reductions in the past, mostly in our active duty force, but also in our Reserve, Air Force Reserve and Air National Guard components.

Over the past 15 years we have met this challenge in our active force by keeping our squadrons sized effectively, and reducing the number the squadrons as we reduce the number of aircraft. On the other hand, at their request, we have met the challenge in our Guard force by maintaining the numbers of squadrons, but reducing the number of aircraft in each squadron. This is no longer feasible.

To ensure improved war-fighting effectiveness in the face of this reduced future force structure, we have to organize these fewer, more capable aircraft into larger, more effective squadrons at the best combination of bases to meet both homeland defense and overseas expeditionary requirements. Our recommendations had to accommodate a

shrinking force structure, and in some cases make trade-offs among the states.

The military judgment of our most senior military officers told us that the most effective size for a fighter squadron was 24 aircraft. This was the way we originally organized both our active duty and our ARC squadrons. In fact, the GAO upheld this judgment in its 1996 report, and that is what we sought to restore to maximize the war-fighting effectiveness of our force. Our full-time Guard and Reserve reps on both our BRAC deliberations judged that because of their higher experience levels and lower attrition levels, they could replicate the capability with an 18-aircraft fighter squadron. So our Air Force deliberative group, the BKEG (ph), applied military judgment to accommodate just that.

A great deal of discussion, as you have toured the country, has focused on our C-130 force, so if you will allow me I shall focus on that as well, as the C-130 issue is very acute in both its homeland defense and overseas expeditionary roles. The current PERS tempo for the C-130 active force crews is more than 150 days per year. That's just for the scheduled rotations, and at a time also when the Guard and Reserve are mobilized. After the Guard and Reserve maintenance and air crews complete their current mobilization tours, we estimate the average PERS tempo will escalate to more than 200 days per year for active duty air crews.

Ladies and gentlemen, this is simply not sustainable. The military judgment of our senior military officers told us that the most effective size for C-130 squadrons was 16 aircraft. Again, our full-time Guard

and Reserve representatives in our BRAC deliberations pointed out that because of higher experience levels again and lower attrition levels, they could replicate almost the same capability with a 12 aircraft squadron. And again, our BKEG (ph) applied military judgment to make this happen.

Although we based our BRAC process on senior military judgment, but in response to recent queries we've asked that the Air Force studies and analysis agency -- if they had any past analysis on the topic. Their analysis is consistent with our judgment. In fact, they indicate they we achieve an effectiveness improvement of 15 percent by going from eight aircraft to 12 aircraft per squadron. There is also a savings in manpower, as well.

Our military judgment is that this move toward larger, more effective squadrons seemed the most responsible way to accommodate our homeland defense and overseas defense needs with this reduced force structure.

To make the basing decisions, the BRAC law dictated that the predominant determinant is military value. The United States Air Force is a total force: active, Guard, Reserve, and I would even say our civilians. A decisive factor for the Air Force is ability to sustain the proportionality of the manpower into our combat and mobility air forces across the total force. That is why a total force team of active, Guard, Reserve and civilians have worked BRAC together for more than two years.

I'd like to move to a subject that, frankly, has left me somewhat puzzled: the concern about lack of participation of the Guard in the

BRAC process. Though not formally consulted, the state adjutant generals, or TAGs, were formally briefed on military value assumptions, briefed on BRAC force structure trends, briefed on the expected impacts of the expected squadron sizing on the capability of our total force, and briefed on expected effects of the numbers of Guard flying units. This occurred at several TAG conferences over the course of nearly two years. The chief of the National Guard Bureau received a several-hour briefing on our BRAC deliberations in March of this year, as the Air Force scenarios matured.

Are the National Guard and Air Force Reserve key to this process? The short answer is absolutely. Guard and Reserve general officers have been continuously involved as full partners in the Air Force BRAC deliberative and analytical process from its very inception. That means they were key to senior military value decisions and discussions, they were on all those working-level teams, they were integral members of the core BRAC staff, and they were present as voting members at all the deliberations that guided the process for the whole Air Force.

When it came to the adjutant generals, we know that for Title X the National Guard Bureau is the channel of communication to the states. As I mentioned earlier, we touched base with the TAG several times over a two-year period, and also briefed the chief of the National Guard Bureau as our deliberations matured. I know that we will never be able to meet the desires of all 54 of the respective adjutant generals and also meet our homeland and overseas defense obligations, but I'm confident, as is our total Air Force senior leadership that we have done our absolute best. Assertions that the director of the Air National Guard, and the

chief of the Air Force Reserve, were not full and active partners in the BRAC process are not true.

On the topic of homeland defense, General Mays is here, and it's an honor to have him here. And he can comment on the air sovereignty piece, as well as other homeland defense missions.

I'll talk now briefly about enclaves.

After the department's recommendations went to the commission, I asked General Heckman how the decision to create these enclaves came about. He informed me that the Guard representative in the BRAC process suggested them to preserve important dual federal- and state-use capabilities related to our expeditionary combat support forces, such as civil engineers, medics and security forces, just to name three. Some have indicated that enclaves are not viable without an organic flying mission. It is our collective judgment in the Air Force that they are indeed viable and essential to us, all of our total force, and our expeditionary air force mission.

The Department of Defense, which includes the National Guard and Reserve forces, put forth BRAC recommendations that we all believe offer improvements to the nation's defense. The secretary of Defense's recommendations, including those affecting the National Guard, are in accordance with all applicable legal requirements, and are consistent with actions taken in prior BRAC rounds. The senior leadership of the Air Force -- again, active, Guard and Reserve -- is convinced its recommendations places a smaller but more capable force at the best combinations of bases for the future.

The Air Force recommendations from this rigorous and impartial process, if approved, restore effectively site squadrons that have been reduced over the past 15 years. It places a reduced force structure at the best combination of bases, and maintains total force proportionality and balance within that reduced force. We've not seen a better alternative to this combination of bases put forward to the commission.

We continue to work closely with your staff, and will continue to be made fully available to answer any of your questions as you continue your deliberations with it. Additionally, we continue to work closely with the Air National Guard and Air Force Reserve, and our active duty major command to reach the proper fidelity for our recommendations. And also, we will continue to provide your staff with the latest cost estimates and refinements once fully developed.

Again, commissioners, it's an honor to be before you today. We're ready for your questions.

MR. PRINCIPI: Is there any other testimony?

I will need to limit this round to five minutes per commissioner, please, on the questions.

General, BRAC is about reducing excess base infrastructure, and not necessarily about moving aircraft. Hundreds of aircraft are proposed to move with your recommendations, affecting 80 percent of the ANG installations in the country, yet the map of installations looks essentially the same. Your proposal seems to be essentially programmatic. Why do you want to do this under BRAC?

GEN. HECKMAN: The first goal of the BRAC is to improve the war-fighting capability. And in order to do that, we had to make effective

squadron sizes. And in order to do that, there had to be a lot of consolidation, a lot of moving of aircraft.

From an efficiency standpoint you will see, in summary, that our recommendation to spend just \$1.8 billion but pay back about \$14 billion over 20 years, we think that's just about the best ratio among the military departments in the Joint Cross Service Groups.

But quite honestly, as General Wood pointed out, over the last 15 years we have let the organizations get to the point that if we let the force structure cuts continue, we would have ineffective squadrons. And so we had to do a lot of movement to correct that.

MR. PRINCIPI: Thank you.

Is it going to be a problem to recruit for the Air National Guard when there really is no mission and there is no air assets? I mean, how do you recruit to units where you have no aircraft, and -- or essentially wait for an emerging mission? It would seem to me that you're creating a long-term problem here, are you not?

GEN. WOOD: Sir, that is a concern of ours, and I'll let General James add to this. But let me tell you, the emerging missions that we have are extremely important to the United States Air Force. They're the same kinds of missions that the active duty is evolving to. In other words, we want to be partners with the Air National Guard as well as the Air Force Reserve in these new emerging missions.

There's been lots of issues with regards to recruitment. But again, we're an Air Force that's a space force, too. We're an Air Force that's creating battlefield airmen out there to work alongside our other services on the battlefield. So there is (sic) lots of units, as we

shrink aircraft, that will look for new missions. And we are going to do our very best to recruit from that, with that process.

And, sir, one other one is that these new missions, that we are not -- our goal is not to take down our Guard units or Reserve units until we have worked with the adjutant generals and the governors to find viable emerging missions for them. I mean, that is not a lofty goal; that's our commitment to do that because it's incredible, great people and we want to give them missions that they're going to be proud of and be part of for the future.

MR. PRINCIPI: Thank you.

Go ahead, Mr. --

GEN. JAMES: Mr. Chairman, I will not deny to you that the answer to that question is as yet unseen. We don't really know what -- how big the challenge is going to be for recruiting and retention. I would anticipate that in any program that is going through the major amount of change that we will incur in the Air National Guard as we transform the Air National Guard, we'll be challenged to recruit people.

However, I have to say, that as General Wood pointed out, there are some very exciting new missions that we're going to get involved in. I won't deny that many of the people who were attracted to our units were attracted because of the iron that was on the ramp. It will be our job to attract them to the new missions that we see in space and information operations.

We're dealing with another generation of people, people who have grown up with computers and video games and things of that nature, that understand what can be done with reach back and other types of mission

in the Air Guard. And one of the important things that General Wood pointed out in his testimony, the folks that are currently in these enclaves are already on the combatant commanders' war-fight plan. They are detailed and identified by (two-Cs ?) to have missions in the AES that we're programming for the next years to come. So it's not as if their job completely goes away.

But as we transform, we're going to ask -- tomorrow I'll ask in a hearing that the Congress consider improving or increasing the authorizations for our recruiters so that we make sure that we have enough recruiters and other bonuses and other incentives to retain and to attract this new-age warrior that we're seeking.

MR. PRINCIPI: Well, thank you. And I'd just close by saying, you know, I believe that the -- well, the Air National Guard is doing such a phenomenal job in OEF and OIF. And the recruiting issue is of concern, but obviously one of yours, too. Thank you.

And I'll start with Mr. Bilbray this round.

MR. BILBRAY: Thank you, Mr. Chairman.

General Wood, your statement that the TAGs were all brought into this process contradicts what all the TAGs are telling us. I mean, they basically said, we weren't talked to. And I've traveled to bases all over this country and National Guard facilities. Every one of them, when I asked, did anybody from the Air Force come out here and visit and go over these numbers with you and talk with you, the answer was no. I've never met one base that said somebody from the Air Force BRAC Commission or from the staff came out and talked with them. So it's 180 degrees from what you're saying.

GEN. WOOD: Sir, what I'd like to do is hand this over to General Heckman to talk in detail about BRAC. But let me tell you this, that we as an Air Force in the BRAC did not brief individual TAGs or their governors about the individual moves within their states. But the parameters around BRAC, or the parameters around future total force and those things, were briefed in detail. In fact, sir, I was a part of three different briefings with General James where we went through the nuts and bolts of what we were planning and preparing for the future with that.

General Heckman.

GEN. HECKMAN: I want to make it clear that we did not consult with the adjutants general, but we did brief them on a lot of the entering arguments and the expected effects of the -- that we were expecting in the BRAC.

As we were doing the foundation for the military value analysis, we briefed them on the things that would be counted as military value in the analysis.

As we were looking at the force structure plan, we provided them classified briefings on what that force structure plan was going to look like, the fact that we were going to lose several hundreds of fighters. And we very clearly stated to them the impacts that this would have on the numbers of squadrons because one of the military value aspects was the size of the squadrons.

Did we consult them during the deliberations? We did not. We did provide a briefing to the chief of the National Guard Bureau.

MR. BILBRAY: May I ask a question? Did you also take into consideration at all the effect of removing some of the planes from different states? For instance, some states, their planes are used for fire suppression during the fire seasons. Yet many of those tankers are now being moved to Little Rock, Arkansas and other places, where they won't be available to the governors.

And the governors -- you may say, well, they're available to the governors; all you do is call. The governors claim otherwise. They have to go through the federal bureaucracy to get those planes to come out and fight fires in California, Wyoming or so forth. And today, as their National Guard assets, the states pay for it, but they can actually call up the Guard and say, listen, we got a major fire in the Sierra Nevada mountains and we want to use your facilities; those planes, get them up there and get them ready to suppress those fires.

Did you take that into consideration at all in dealing with these particular states' assets?

GEN. HECKMAN: My understanding is that the primary fire suppression units are located at Cheyenne in Wyoming; I believe Channel Island in California; Charlotte, North Carolina; and possibly the reserve unit at Peterson. Channel Island is being increased to 12 PAA. Wyoming is being increased from eight to 12 PAA -- PAA, primary authorized aircraft. Peterson Field is being increased to 16 aircraft. And the Charlotte unit is also being increased.

MR. PRINCIPI: Ms. Turner.

GEN. TURNER: Thank you, Mr. Chairman.

There's probably a lot of things that I don't know about the Reserves and the Air National Guard. But one of the things that I've never quite understood is, in terms of the iron on the ramps at Air National Guard bases, to whom do those assets belong, DOD or the states?

GEN. JAMES: The assets that we train and perform our missions in are federal assets.

We have two missions in the National Guard. We have a federal mission, as you know, because we were full participants in the conflict in the global war on terrorism and air sovereignty and other missions around the world. We also have state missions. As was alluded to earlier, when there's a forest fire or a man-made disaster or emergency, the National Guard in its state status can respond to that, and can also use those assets. But the state will reimburse the federal government for that; that's the difference.

GEN. TURNER: Thank you.

With respect to units being designated enclaves, could you give me a precise definition of what is an enclave? And maybe in the process of doing that, tell us whether any other term was considered to describe that new entity.

GEN. WOOD: Ma'am, I'd let General Heckman get to the first part of your question, then I'd like to follow up.

GEN. HECKMAN: Generally, what created enclave -- and you're right; there was a lot of discussion on what to call it. We had a lot of discussion on it. But that entity resulted from original deliberations -- when we did move the aircraft around, we found some bases that were

uncovered, a number of them, and at one point we had nearly 30 bases that we were proposing for closure.

The term "enclave" was to apply to those forces that remained that were not integral to, for instance, the fighter squadron. We made reference early to some expeditionary combat support units -- medics, security forces, civil engineers -- folks like that, who don't necessarily deploy with those aircraft, but are part of our overall lay down that we use for expeditionary.

The point made to us by our Guard rep and our Reserve rep on the BKEG (ph) was, you know, that part wasn't broken. These are people that are -- continue -- you know, that are trained, continue to be available to do this AEF mission. And wouldn't it be better to leave them in place, even though you've moving some of the iron? Because they can still do their mission. And oh, by the way, they had very effective state uses as well that would mitigate some of the manpower losses in each of the individual states. We listened about that, we deliberated over it, and we decided to accept that recommendation.

GEN. WOOD: I would add, too, ma'am, that there is -- the emerging missions -- and again, I'm going to use the word "exciting" to us -- I know how difficult the turmoil that we're going through is -- but for some of those units that want to do that, we'll give them a choice or a menu of new emerging missions that they can roll to those people. It's going to require significant retraining for those people who are left at those enclaves, but it gives new exciting missions that General James talked about.

One thing, for example, we have the capability, and we need what we call more red-horse teams. That's our equivalent in the Air Force of maybe Navy Seabees, our construction teams that go out and build up bases. At the height of Iraqi Freedom and both Enduring Freedom, we had 50 expeditionary bases in and around Iraq and Afghanistan. All these people are instrumental in building up those bases, sustaining those, and are there today serving as well.

So those enclaves can be people that can re-roll into new kinds of missions, and we think it's real exciting that it's going to happen.

GEN. TURNER: Thank you.

MR. PRINCIPI: Mr. Coyle.

MR. COYLE: Thank you, Mr. Chairman.

Thank you, gentlemen, for your testimony today.

Secretary Wynne indicated earlier that the Air Force had analyzed whether the BRAC statute authorized them to take actions otherwise prohibited by other statutes, such as the retirement of KC-135Es, removing aircraft from Air Guard units, changing their missions, or shutting them down. Will you share that analysis with us?

GEN. HECKMAN: In the case of the airplanes that made the program now, what we had to do was to conform to the 20-year force structure plan that was given to us by the Department of Defense. They made certain assumptions as far as the future strategy and the requirements. If we were to use forces other than that, it would not be wise for us to deviate from that force structure plan.

In the case of the legal implications, this was a discussion item that happened in the Infrastructure Steering Group and the

Infrastructure Executive Council. And our understanding throughout the process is that each of the things that we were doing were not in violation of the law. And I think Mr. Wynne stated it very succinctly.

MR. COYLE: The BRAC statute requires you to provide us with all information used to formulate your recommendations. We're asking how you did the analysis and what conclusion you reached for that. And we've asked this question before. So the question is: Are you going to respond to those requests?

GEN. WOOD: Mr. Coyle, sir, are you asking a question in regards to our force structure we project in 2025?

MR. COYLE: No. I'm asking: Are you going to provide your legal analysis of the force of the BRAC statute in situations where perhaps other statutes are in conflict?

GEN. HECKMAN: During the course of our deliberations, we were not aware of the conflict, and so, as we were building up to the recommendations, there was no analysis, that I'm aware of, that would be -- you know, be looking at that. Again, this is something where you all have asked for an opinion and, you know, we're going to assist you in working that issue. But during our deliberations, the issue never came up about where -- whether it was legal or -- you know, any question of the legality.

MR. COYLE: Well, I think Secretary Wynne said a short while ago that such an analysis had been done by the Air Force. Perhaps you could go back and check that.

Thank you.

MR. PRINCIPI: Mr. Skinner.

MR. SKINNER: Let me ask you a question. It's our understanding that you have authority already, and do it on a regular basis, to move aircraft between active duty units, Reserve units, Guard units, active duty into Reserve units. And you do that on a regular basis. As we've visited, we've seen that units at various Guard locations have either gone up or down. And is that correct?

GEN. HECKMAN: Yes, sir, it is.

MR. SKINNER: Yes. So you do have authority to move the aircraft anyway. So as you started on this BRAC process, you had that authority and continue to believe you have the authority, and so far, it's never been challenged. So the idea -- we're a little -- I guess we're challenged to understand why you chose the BRAC process to allocate aircraft when you already have that authority.

GEN. JAMES: Just for the record, could I just add -

MR. SKINNER: Yes.

GEN. JAMES: -- what General Wood is talking about the great amount of cooperation we have between our units.

MR. SKINNER: I understand that.

GEN. JAMES: As far as assigning those tails, those aircraft, assigning them across datelines or to the Guard and to the active back and forth, what have you -- it's more on a loan basis than it is on an assignment for permanent basis.

MR. SKINNER: Okay. So it's mainly a temporary transfer, then, of permanent bases. Is that right?

GEN. JAMES: Right. And we cooperate --

MR. SKINNER: And many -- because many of them are actually detail in appropriation bills and allocated through appropriation process and -

GEN. JAMES: Well, the way we gained access to -- for example, in the C-130 world -- was to have the help of -- the Congress appropriated some of the funds to purchase those aircraft. But they're still federal assets. And what we do is we make sure that we have like-type aircraft that crews can fly interchangeably to get the mission done, especially in the high op-tempo world of the C-130s in inter-theater airlift.

MR. SKINNER: Well, it's obvious, but I mean -- I guess what I'm saying is: Rather than a temporary -- because what you've suggested here is a permanent reallocation of a number of aircraft and a downsizing of the fleets in the case, especially, of the F-16s and the early Block F-16s as well as the C-130s. Could you do that without a BRAC authorization?

GEN. HECKMAN: It is possible to do that without a BRAC authorization. The practice we have had over the last 10 to 15 years, though, was to, as General Wood stated -- reducing the number of effectively sized squadrons on the active side, and on the Guard and Reserve side, predominantly, just reducing the size of each squadron. What we found is, given the charter to us in the law to improve the warfighting, we thought that was well within the limits of the law in improving that warfighting by improving the efficiency of the units.

MR. SKINNER: Yeah. Let me just -- I chaired the meeting down in Georgia, and I encourage you if you haven't read that transcript to do so -- I assume you probably all have -- but to do so, because I think

you will see in that transcript a reflection of -- you know, I think there's a disconnect on consultation and advice, and I understand you've already begun a process to correct that. And I think that what is concern is -- the working relationship between the Air Force, the Air Force Reserve and the Air National Guard is a model for what I call Reserve-active duty coordination. I mean, it is truly the model for all the services, and it has been held out as the model. And this disconnect in communication and expectations has really created kind of a divide, a little bit, between -- and I hope you'll make all the efforts to try to bring that back because neither service can -- you know, none of our services can be effective without the support of the Guard, the active Air Force, the active Guard and the active Air Force Reserve, in a way that makes the most sense in support. I know that's your goal, and that's our goal. And we're trying to sort out, you know, how we facilitate that and help that without compromising unnecessarily, as you know, a absolutely outstanding Guard and Reserve workforce that works so well with the active duty.

GEN. WOOD: Sir, if you would allow me just to add one example of where we're heading with our merging missions. One of the other things that's come out of here as we look to the future is now -- if you've noticed in the past, we did associate units, where we had either the Guard or Reserve -- in fact, the Reserve, starting in 1968, attached themselves to active duty units to fly the same equipment, same aircraft. Well, we're doing that now with the Air National Guard. For example, state of Virginia and the tag there has now taken the Richmond unit and they're moving the Richmond unit to Langley, where they will

both fly the FA-22. In fact, we have Guardsmen in training right now, both maintenance and pilots, flying FA-22.

Furthermore, it's not just a one-way street. One of the things that's -- what I think is particularly important to us is that we're taking the active duty and sending them to those Guard units that want us to be there, our young, more inexperienced maintainers and inexperienced air crew, because our most experience is in our Guard and our Reserves; let's take advantage of that. So it is going to help mature, experience earlier our younger air crews so that they have more capabilities for the future.

MR. SKINNER: Thank you.

MR. PRINCIPI: Mr. Hansen.

MR. HANSEN: Thank you.

General Wood, excellent testimony. I really thought your opening remarks were informative.

You know, if anything bothers me as I've been going around on these hearings and going to different bases, it's been the comfort level of governors, mayors, senators, congressman with the Guard, or the Reserve. There's a real comfort level there. I was recently down in Texas, at Houston, Texas, at Ellington. And talk about upset people. I mean, they're sitting there seeing those -- they're old ones, though; what are they, Block 25s down there? They're old dogs. But anyway, it got down to the idea -- they said this is the most precarious place there is in America. Well, I didn't believe that until after two hours, and then I was totally converted. In two hours' time you see the petrochemicals

they've got there, the harbor, the whole nine yards. And they said, now we won't have anything.

Now whether it is psychosomatic with these folks or what, wherever you seem to go -- up in the Northwest I remember Kempthorne from Idaho talking about all these C-130s are gone; we're dead. I mean, there's nothing to take care of us.

So ever since 9/11, we're pretty sensitive; we're sensitive to the idea if there's somebody out there who has the assets that can protect us and take care of us and that type of thing. And I think as I look at this deal, that seems to be the greatest concern of John Q. Public. And if we paraded up all the governors and the senators and that, I'm confident that's what you would be hearing at this point. Where is the emphasis on homeland security? And taking these -- like moving those Block 25s out of Houston scares them to death down there. Now moving C-130s out of Idaho and Washington -- scare them to death.

And so give me a -- I know that's kind of a hard question, but give me an overview on that, would you please?

GEN. WOOD: Sir, I would ask General Mayes to handle that question.

GEN. MAYES: Yes, sir. It's a pleasure to be here and thank you for the question.

I'm here speaking for Admiral Keating in his capacity as commander of both NORAD and NORTHCOM. I am his air component -- joint air component commander. He also has land component -- joint land component commanders and joint maritime component commanders.

The whole BRAC process affected all of the domains. And the question about Ellington is in mine, the air domain.

In my position as the NORAD-NORTHCOM JFAC, I'm a capabilities advocate. And I can't be a platform nor a unit advocate. It's my responsibility to articulate those requirements in terms of the capabilities needed and then gain operational control of those forces through established procedures and processes, then develop an air strategy and an ATO to execute that air strategy in a coherent manner.

The force provider -- it's the force provider's responsibility -- in this case the Air Force -- and from most of our air superiority assets, it would be air combat command, although at advanced levels, that's not necessarily so; we could draw on both naval air assets and Marine air assets. But it's the force provider's responsibility to give us the capability required within the timeline specified and the war plans and the (DEP wards ?). They kind of get to skin that cat the way they want to.

Now I kind of gave you that preface to your question because this was above my pay grade, but Admiral Keating, in providing me the information to give to you today, assured me that his joint staff in Colorado Springs did have an early look. They did study the BRAC recommendations with respect to alert posture and ensured that we could maintain air superiority -- the same level air superiority that we do today -- pre-BRAC, post-BRAC, the same.

Additionally, they looked into those other domains -- maritime and homeland defense and the land domain -- and he worked closely with the force providers of all the services and was ensured that the forces necessary to do the homeland security mission would be made available within the timelines and in the -- at the different levels as we

accelerate our alert posture, due to force queuing and so forth that would be required.

MR. HANSEN: Well, thank you.

According to my watch, I've got 15 seconds more, Mr. Chairman.

Let me just quickly ask you this: The 419th is being integrated into the 388th. Is that correct? How do you do that? Is this the model? I've never seen this done before.

GEN. WOOD: Sir, we have been doing that since '68 with our mobility forces. It has proven incredibly successful within. We're just taking that to our fighter force and other forces we have within the combat air forces. It works. It's done a great job. And again, it's new learning for us but with a proven concept and will make us better, because you'll have those experienced pilots and air crew and maintainers in the 419th training those brand new younger officers, air crew and maintainers in the other active duty wing there.

MR. HANSEN: So you intend to do that in other areas. Is that right?

GEN. WOOD: Yes, sir.

MR. HANSEN: It's going on now?

GEN. WOOD: Sir, to be very honest with you, if the commission approves BRAC and goes through to the Congress, one of the results of that will be the capability to do that more. But, sir, we're heading for future total force with new emerging missions and trying to do these associate units no matter what.

MR. HANSEN: Thank you.

Thank you, Mr. Chairman.

MR. PRINCIPI: General Newton.

GEN. NEWTON: Thank you, Mr. Chairman.

General Wood, a couple questions.

Confirm with me, please, that the number of air assets in the United States Air Force -- total force -- is going to be less. Is that a correct statement?

GEN. WOOD: Yes, sir.

GEN. NEWTON: And that affect both the Guard and the active for both of those components. Is that correct?

GEN. WOOD: Yes, sir.

GEN. NEWTON: Okay. Now, with reference to organizations that you will leave without air assets, share with us: How do you see those units transforming to new missions? By that, I mean: Would you anticipate a large degree of the same personnel to take on those new missions? Will this be maybe new personnel that will come in because of that mission change? Your thoughts on that.

GEN. WOOD: Sir, the answer, I think, is both: that we will see both new people coming in to the units through recruitment; and I'll defer to General James, but I think there will be certain numbers of maintainers, aircrews that will probably leave to go to other units that are flying their aircraft as we combine them.

But I would also tell you that there is new missions -- for example, working in information, intelligence -- new, whole types of equipment needed and others that we need to train to. And we will rely on those units that are left behind -- men and women in that Guard unit -- to help retrain them into those new capabilities.

GEN. JAMES: I'll just add, General Newton: He's absolutely correct; it's going to be both. Some people will be available to cross train and train in the new areas, and we will recruit and attract other people to those units, demographics permitting, to take on those new missions. Some of these skill sets that are out there -- as you very well know, having been a MAJCOM commander -- are in such demand that those will retain their, for example, civil engineers, and some of those security forces, what have you, will retain their current skills. And then those that are not in as much demand will use those offsets for manpower to train into the new missions.

GEN. NEWTON: Okay. The ideal number of airplanes per squadron, as you've illustrated to us, is a goal. Is there a possibility or a thought that there will be some places that we will not be at that ideal level?

GEN. HECKMAN: That's correct. What we tried to do is to achieve those optimum ones, because what we found is that by more effectively organizing them, that would obviate the need to buy more force structure to make up for the inefficiency. You will see in some of our recommendations where we could not accomplish that without undue expense. But what we tried to do in focusing on military value was to try to achieve those effective sizes to the maximum extent that we could.

GEN. NEWTON: Okay. Let me leave you with one thought, and that was in the chairman's opening statement that we are vitally concerned about this area. And we think that all that are involved in this process need to find a solution, because we think for us to do

otherwise, as he mentioned, would be irresponsible. So we are looking to all of you as well as all of the tags and all that are involved out there to be -- to get together and to come up with a solution that is needed before we finish with our deliberations. So I'd like to just leave you -- I don't need a comment to that; I'd just to leave you with that statement.

MR. PRINCIPI: Thank you on both counts, General Newton.

Admiral Gehman.

ADM. GEHMAN: Thank you very much.

I appreciate General Newton's introduction there, because I don't really have a question; I have a request. This commissioner will, first of all, state one issue that I'm not concerned about, and that is I don't really care who talked to who before this got started. We are where we are; we have what we have, and we have to go from there. Nevertheless, I have about between 30 and 34 questions, and it will take three or four hours to get through them. Obviously that's not going to happen today. And those questions all relate to this recommendation, which, to me, appears to substantially deviate from the BRAC legislation. It appears that you have inconsistently applied military value to your decisions. It appears to violate several standing regulations and laws. And it appears to have several hidden policy issues embedded in it -- policy issues like there shall -- not every state shall have a flying unit; policy issues like we want the active component to have better access to airframes so they can fly them more often, and therefore, we're going to use the other guy's airframes more often.

As the chairman indicated in his opening remarks, it would be -- because of these and lots of other reasons, it would be easy for us to just throw the whole thing back to the Department of Defense for those reasons. And as the chairman indicated in his opening remarks, and I agree with General Newton's comments, it would be irresponsible for us to do that. Therefore, we need some help on how to proceed from here.

Now another naughty problem that we have has to do with the Overseas Basing Commission and the return of Army forces from overseas. And both the Overseas Basing Commission and the Army have offered extensive briefs and extensive conversations to understand what they are doing.

So in my time here, I would simply like to request that the Air National Guard, the National Guard Bureau and the Air Force have got to help us figure out what to do with what appears to be an unworkable and unsatisfactory set of recommendations. And I would just like to add that I would request from you all commissioner-level briefings in which we would have the time to go through my 32 questions -- my understandings or my perceptions of places where you've deviated from the BRAC legislation, where you have misapplied military value; you've substituted military judgments when the numbers didn't work out right. And this is going to take a long time. And I solicit your help on how to proceed through that. That is my request from both of you, General James and General Wood.

Thank you, Mr. Chairman.

MR. PRINCIPI: Well, thank you, Admiral Gehman. I certainly echo your concerns and your request. And I'm confident that the other commissioners feel the same way.

Thank you.

General Hill.

GEN. HILL: I have no more questions. But Mr. Chairman, I would like to -- adding what Admiral Gehman talked about, and that is that -- and it goes also to what Mr. Hansen was talking to earlier. As we looked -- began looking at the recommendations, and as we traveled around individually and collectively to individual hearings, there was lots of concern that there was not a linkage between Department of Defense and the Department of Homeland Security, and that the whole issue of homeland defense was not applied appropriately as a mission in the BRAC recommendations. So my statement is that there is that concern out there among the American public. It is a real and vital concern. And we all need to begin addressing it.

And I'm also -- would say to General Mayes, I appreciate you saying what Admiral Keating said, that he had looked at that plan and that the combatant commander responsible for homeland defense had, in fact, agreed with those recommendations. So I appreciate that. Thank you.

MR. PRINCIPI: Well, thank you very, very much, gentlemen. We very much appreciate your testimony and your appearance before the commission today. Have a good day. Thank you.

We'll hear from the comptroller general, Government Accountability Office.

(Pause.)

We will now hear from the Honorable David Walker, the comptroller general of the United States. And he's accompanied by Barry Holman, director, Defense Capabilities and Management, and Mr. Michael Kennedy.

Mr. Comptroller General, you may proceed, and we apologize for the delay. Yes, and would you please stand for the oath that's required by the Base Realignment and Closure Statute?

(Witnesses are administered oath.)

MR. WALKER: Thank you, Mr. Chairman, commissioners. It's a pleasure to be before the BRAC commission. I would respectfully request that my entire statement be entered into the record, and I'll move to summarize it at this time.

MR. PRINCIPI: Without objection.

MR. WALKER: And it's also my understanding that all of the commissioners have been provided a copy of our report, dated July 1, 2005, which was required by statute, which I will refer to in my summary.

As you mentioned, Mr. Chairman, I've got on my right today Barry Holman, who is director of our defense infrastructure work; Mr. Mike Kennedy on my left, who is an assistant director. They have been involved extensively in leading our work dealing with BRAC and will be available to assist me in any detailed questions you might have.

I would like to first commend you, Mr. Chairman, and all of the commissioners for your commitment to take on this very important, complex and controversial task. It's especially demanding given the significant scope of responsibilities you have and the limited amount of time that you have in which to engage in your work.

But before I summarize our specific thoughts on the BRAC issue as outlined in our report, I'd like to take a minute to put this in context.

The United States' financial condition is worse than advertised. We face large and growing structural deficits due primarily to known demographic trends, rising health care costs and lower revenues as a percentage of GDP than historically has been the case. The crunch is coming to the Department of Defense and the Department of Homeland Security. It's only a matter of when and how badly, not a matter of if. We are currently on an imprudent and unsustainable fiscal path.

The Department of Defense needs to change in a number of dramatic and fundamental ways to better position itself for the 21st century, as outlined in this report, which is on our web site: "21st Century Challenges: Reexamining the Base of the Federal Government." An integral part of that need is to engage in the activities that are part of your statutory responsibilities, namely base realignment and closure. It in and of itself will not get the job done, but it is a critical element of one of the many facets that has to be addressed in order to better position the department to meet 21st century challenges in light of 21st century realities.

So with that, if I can, let me move to address a few of the points that I think are critical.

As you know, this is the latest in a series of BRAC rounds. While this can generate and should generate significant savings, as the past BRAC rounds have, there are other areas that will have to be looked at,

such as weapons systems, health care costs and a variety of other issues that are beyond your charter.

In looking at this round, we summarized our key findings in our July 1 report, and I'm going to touch on three areas as part of my -- the rest of my statement.

First, our general comments on DOD's overall selection process, selected issues that we believe the commission may wish to give specific and careful consideration to, and certain challenges that we see would have to be addressed in order to effectively implement any recommendations that ultimately might become law.

With regard to our overall perspective: As you know, this is the fifth in a series of closure rounds dating back to 1988. The prior four rounds have resulted in a reduction of about 20 percent of DOD's infrastructure, and it has, in fact, saved billions of dollars. Although reasonable people can debate on the amount of savings, they are real. DOD set additional goals other than savings for this BRAC round, including an effort to try to help transform itself and its infrastructure and to try to foster jointness across the military services.

As you know, the DOD recommended 222 actions -- a relatively small number of active-base closures, but a significant number of realignments and a significant component dealing with the Reserves. Of the 222 recommendations, there are 837 individual actions comprising those 222 recommendations, which makes it that much more challenging for you because in many cases there's a ripple effect, or domino effect, that

can occur because the assumption is that it's a package, at least in part.

According to DOD, the proposed recommendations, if adopted, would generate net savings of \$50 billion for the 20-year period of time, but that's a net present-dollar value number. But they would have to spend \$24 billion in order to achieve those net savings, exclusive of environmental restoration costs and assistance to communities that might be affected by the BRAC.

We believe it's very important that if you do make recommendations, and assuming that you will, and if they are adopted by the Congress and signed into law by the president, that there will be and needs to be clearly defined implementation plans as well as appropriate monitoring and tracking provisions in order to help assure that these savings in fact do actually occur. That has been a problem in the past. We believe that more savings could have occurred had these plans been in place and monitoring mechanisms been in place, and we hope that they will be on a going-forward basis.

With regard to our general findings: As noted in our July 1 report, in general we found the overall selection process to be logical, reasoned and well documented, that it focused primarily on military value to the department as being the principal factor for making recommendations; it was highly data intensive, and that the data were certified, as required by the BRAC legislation, in order to help increase but not provide 100 percent assurance of the reliability of the information that the department and you, the commission, will use.

With regard to our specific -- these specific recommendations made: We focused our review on the overall systemic process and on cross-cutting issues rather than looking at individual base closure or realignment recommendations, because we had a limited amount of time as well. But in doing that, there are several issues which I believe it's important that the commission consider giving special attention. Some of them have to do with concerns regarding savings that DOD is asserting will occur, especially in connection with personnel cost reductions, as well as several of their business reengineering proposals. We also had some concerns with regard to lengthy payback periods underlying several of the recommendations, as well as the movement from leased space to military bases in a few cases, as well as to reinforce the fact that certain non-DOD-related costs will in fact be incurred but are not part of these estimates.

First, 10 percent of the 222 recommendations, if approved, would result in 79 percent of the overall estimated savings, so it's way more than the 80-20 rule. Ten percent of the recommendations would estimate -- would result in an estimated 79 percent of overall savings. Those 10 percent are listed as an attachment to my formal written statement, the listing of those 10 -- 10 percent. DOD expects to generate about 5.5 billion in annual recurring savings and nearly 50 billion -- as I said, on a net-present value -- over 20 years.

There are, however, several areas that we're concerned about.

First, our analysis indicates that nearly one-half of the 2.5 billion, or 47 percent, of DOD's total expected net annual recurring savings of 5.5 billion, is attributable to military personnel cost

reductions, much higher than has been the case in the past. In other words, 47 percent of the estimated total dollar savings are attributable to military personnel cost reductions. However, rather than reducing end-strength, DOD indicates that the positions are expected to be reassigned to other areas, which may enhance DOD's capabilities, but would also serve to reduce or eliminate any dollar savings that would be available for other uses by DOD. This could create a false sense of savings.

Very importantly, the simple fact of the matter is: Unless you end up reducing overall head count or the average compensation levels for the applicable positions, there are no net dollar savings for military personnel that can be applied elsewhere. At best, these freed up resources could be used as cost avoidance, if the resources are redeployed to an area of need and, as a result, help to offset any expected congressional action that would otherwise authorize an increase in end strength. On the other hand, if an increase in end strength is not planned and you are simply redirecting the freed-up resources to another area of need, it should be viewed as enhancing capabilities and achieving more effective utilization of resources but not as dollar savings. This is simple math.

Second, DOD expects another \$500 million in annual recurring savings from several business process reengineering efforts. But the critical underlying assumptions as to whether or not these in fact will be achieved have not been validated or, in some cases, finally determined. So 500 million of the 5.5 billion in annual recurring

savings are estimated based upon reengineering, but we don't know the details.

A high number of the recommendations have lengthy payback periods - about one-third of the recommendations have expected payback periods exceeding six years, and that's considering the military personnel cost reductions. We would observe that this is somewhat higher than the 1995 round, and we also would observe that there are several of the proposals that have very high up-front costs. In fact, six recommendations are never expected to result in a payback, five of which relate to the Army.

We note that vacating lease space -- that 15 recommendations would provide an estimated \$300 million in savings by moving from lease space to military installation -- government-owned space, that this would estimate, among other things, to reduce the amount of DOD lease space within the national capital region by 80 (?) percent after it was fully implemented. Our general work at GAO in the past has shown that it is generally cheaper to use government-owned property than lease space.

At the same point in time, there are several concerns that we have about the projected savings, one of which is the fact that DOD assumed that none of the leased spaces at the present time met DOD anti-terrorism and force-protection standards. That may not be an accurate assumption. Some of them may, in fact, may meet those standards. At the same point in time, as you all know, and as is normally the case for BRAC, there are certain types of costs that could be associated with these relocations that have not been considered, such as the federal proportion of transportation infrastructure improvements, and also,

potential lease cancellation costs that may not be borne by DOD but could be borne by GSA, and therefore, the taxpayers could be affected.

The BRAC round had some transformation and jointness goals. We see some evidence of both, but there's no clear agreement, quite frankly, on what transformation is; it is still yet to be defined. Furthermore, we noted that those that were characterized as transformational tended to be more service-centric rather than cross-service in nature.

Last thing on the savings issue -- or the cost issue, I should say -- is that, as you know, a significant amount of the one-time cost associated with the Army's recommendations are associated with the repositioning of troops from overseas back to the U.S. One could argue that those costs are going to be incurred in any event, and therefore, whether or not they should be considered as a cost of BRAC could reasonably be debated rather than a cost that otherwise is going to be incurred irrespective of BRAC.

Four significant challenges for implementation: First, there's a clear need for transition planning to minimize the loss of critical human capital skills. In its cost and savings estimates, the DOD generally assumed that 75 percent of civilian personnel would relocate to the new facility -- with one exception, and I believe that was the Portsmouth facility, where it assumed, I believe, 20 percent. The fact of the matter is that 75 percent may or may not be realistic, and more importantly, we need to look at what are the critical skills and occupations that we want to have a disproportion of focus on in order to maximize the chance that we will retain as many of those critical skills and occupations as necessary. And as the commissioners know, a higher

percentage of individuals in the civilian workforce are eligible for retirement today than in the case of the prior BRAC rounds, and therefore, that is more of an option that would be available to individuals than historically has been the case.

Secondly, effective implementation of the BRAC actions will require mechanisms to monitor and report on any related implementation efforts.

Thirdly, the costs associated with environmental restoration of unneeded property has not been included, as has been the case in the past. And furthermore, I think we have to note that it's expected that these will end up costing the government more than has been estimated here, but they're outside the BRAC process.

And the fourth and final challenge would be: Whatever assistance that is provided to losing and gaining communities, including the assistance provided to help the losing communities deal with the economic recovery challenges, has not been including in these estimates, which, it's my understanding, that has been the case in the past.

So in summary: We believe, Mr. Chairman, that it is critically important that the DOD transform itself to meet 21st century challenges and in light of 21st century realities. We believe that BRAC is an important element of that. It's important that restructuring does occur. But there are several areas that we have some concerns about, which I mentioned, and would be more than happy to answer any questions that you and the other commissioners may have at the present time.

Thank you.

MR. PRINCIPI: Thank you for your testimony and for your assistance and that of your agency throughout this process. We very much appreciate it.

We'll adhere to the five-minute time rule.

Mr. Walker, going back to the projected savings, if, as you indicate, roughly 50 percent of the savings come from military personnel that would not materialize, and we're going to spend \$24 billion to save a certain amount, where does that leave us? So we back out -- we back out the 50 -- I mean, we basically cut the savings in half almost. Am I correct?

MR. WALKER: What I would respectfully suggest, Mr. Chairman, is it would be prudent to take a look at -- of the recommendations, what percentage of the dollar savings are estimated to be military personnel savings, to be able to look at that by major recommendation and to consider that as part of your analysis. I've asked our people to take a look at that as well. It's the military side that I question whether or not that's appropriate. Again, it's money that's freed up to be spent, but if it's going to be spent on personnel, and you're not going to reduce head count or not going to lower average compensation costs, it's really not additional money that's freed up for utilization elsewhere and, therefore, I believe somewhat illusory.

MR. PRINCIPI: Well, I certainly agree with you, and I'm trying to figure out what the net -- if you do in fact back that out, what are the net savings after you spend \$24 billion to effect the BRAC recommendations? But there really are no savings?

MR. WALKER: I wouldn't say that, Mr. Chairman. I haven't run the math. But clearly, you would say that there were supposed to be 5.5 billion in annual recurring savings, as I recall; this is 47 percent of that. So presumably there would still be net savings, but they may not be as much as otherwise one might expect.

MR. PRINCIPI: Thank you.

MR. HOLMAN: Let me add that the \$50 billion is a net savings after you've spent the \$24 billion to implement the recommendations. So if you're looking at the personnel savings, it's off of that \$50 billion -- (inaudible) -- implementation costs.

MR. WALKER: You're still saving money; the question is, how much? And the other thing you want to do is you may want to look at this for some of the ones that there was a modest savings and to find out how this might end up affecting your judgment as to whether or not it's appropriate to proceed with those that --

MR. HOLMAN: Indeed.

MR. WALKER: -- (inaudible) -- very modest.

MR. HOLMAN: Indeed, there are a lot of factors, and, clearly, that's one very, very important one.

Admiral Gehman.

ADM. GEHMAN: Thank you very much. And I'd like to complement you and your staff on this report. I actually have read it, and it's a fine piece of work. It helps us considerably.

A couple of process questions, which is really what the GAO was tasked to look at. Based on your opening statement, would you have any advice for us as far as how we should weight cost savings, with respect

to early cost savings, rather than later cost savings. By that I mean, if there is a budgetary train wreck, you know, in five years or 10 years or within the six years, let's say, of the BRAC period, and the savings, there are no savings, matter of fact, there are costs within that period, but then eventually at the 10-year point or 12½-year point, we begin to save money. Would you suggest to us that we weight that in some way?

MR. WALKER: Off the top of my head, Mr. Commissioner, I would not.

What I would suggest is this: my comments were intended to basically reinforce the need for you to move forward with your responsibilities. The budget crunch is coming. We need to take a number of steps to rationalize and reposition the federal government for the 21st century. This is one of several in the defense department. The sooner we do it, the better, because right now, debt on debt is not good. And to the extent that we can end up making progress quicker, that will lessen the pressure; it will lessen the degree of dramatic changes that ultimately are going to have to occur, and so I think it's a case to move prudently and as expeditiously as prudently possible.

MR. HOLMAN: A second. Okay, go ahead. Admiral Gehman, one of the points that I would add to that is the fact that DOD has programmed approximately \$16 billion to pay for BRAC. If you look at the cost, \$24 billion, that's \$8 billion in savings they've got to achieve to help pay for BRAC. So I think one of the things you want to look at A, is the amount of savings they're coming from individual recommendations; you're looking at pure dollar savings and to the extent to which closures can

be realized in a fairly quick time frame to achieve those savings to help pay for BRAC.

MR. WALKER: The other point I would say, Admiral, is if you're going to achieve those additional \$8 billion in savings, they're going to have to be focused on non-military personnel cost reductions.

ADM. GEHMAN: I understand that. Thank you very much.

A second process question. In a kind of general terms about the statute this commission might be considered an infrastructure commission or a real-estate commission. Yet these recommendations from the Department of Defense contain wheelbarrow loads of force structure recommendations.

What is your view as to how tightly we are constrained or how tightly the legislation requires us to stick to infrastructure in real estate matters and to stay away from force structure matters? Or do you have any view on that?

MR. WALKER: Let me start and I'll ask Barry to supplement.

I wouldn't want to give you a legal opinion sitting here. I will maybe handle it a little bit different angle.

One question that you might have is there are a number of items that are included in these recommendations that deal with that had broader considerations other than just real estate and infrastructure. And one might ask why are these types of recommendations being included in the BRAC proposal rather than possibly handled separately because they might be able to be handled separately?

I would suggest possibly three reasons. Number one, by doing it through BRAC, you have access to funding that otherwise you don't have access to.

Number two, by doing it through BRAC, you can deal more expeditiously with some of the regulatory issues that otherwise you might have to deal with such as the environmental impact studies, et cetera.

And number three, by dealing with it through BRAC, you're dealing with it on a portfolio basis and might otherwise face somewhat less political resistance that might be the case.

My understanding is, but I will talk to our general counsel, that the DOD had a significant amount of flexibility in what it included and you do, too, but I would turn to Barry.

MR. HOLMAN: BRAC, by its nature, you're dealing with organizations, activities, if you're realigning and closing, you're obviously moving those from one location to another. And by extension, naturally, you're going to move equipment and people that are associated with that. I think one of the things that you have to look at as you look to frame your recommendations to the President, is how much flexibility you want to give the Department in terms of what they move and how they do it.

But obviously with moving organizations you are going to be moving people and equipment.

MR. PRINCIPI: General Hill?

GEN. HILL: I have two questions.

Mr. Walker, in your opening statement, you mentioned that you had seen and in your report, that there were several issues or recommendations that seemed to -- were phrased as being joint, but, in fact, were not as joint as briefed. I've seen several of the same in my mind and some of the same issues. There seems to be more co-location than really becoming jointness.

I'll give you one example. It was intuitively obvious that you ought to combine all the cooks. Train all the cooks in one place makes sense. In point of fact, all three services train those cooks to do very different jobs, and it may in fact be more of a co-location as a joint school.

Can you elaborate on some of that, on other issues like that?

MR. WALKER: I'll turn it over to Barry, but I will say that as I mentioned in my statement that there were really more service-centric-type activities rather than cross service, but --

MR. HOLMAN: Commissioner Hill, I think we've seen in this BRAC round what we've seen in previous BRAC rounds. The department certainly wants to advance the jointness, but it's a tough road to get there. We've seen that. We see a few steps along the way this time. There were certainly other opportunities to increase jointness, to have actual consolidation versus co-location, but all too often I think co-location won out. Perhaps that can be viewed as a first step toward a longer step toward eventual consolidations, but certainly there were limitations.

MR. WALKER: And I would respectfully suggest, Commissioner, that additional progress needs to be made towards consolidations, but not

just within the Department of Defense. We also need to look outside the Department of Defense to other departments, including your former department, Mr. Chairman, the VA , for opportunities for consolidation and actualization in conjunction with the Department of Defense, as well.

MR. HILL: And we ought -- and one final question.

Environmental costs, clean-up costs not included in any of the data. Did you see in any of those recommendations an environmental clean up time bomb -- it's a huge cost that we need to be aware of?

MR. WALKER: I'll ask Barry whether he did or Mike, but I will say this. You're correct that the cost aren't in there, but I would also respectfully suggest that some of those costs otherwise would have been incurred anyway. It's just a matter of when the cost will be incurred.

MR. HOLMAN: I know with any BRAC matters, there's always that anxiety and uncertainty about what the environmental cost would be. The department has laid out the available information that it does have to date for the environmental remediation costs. But one of the difficulties is that you almost have to wait until you determine what the reuse is until you can fully identify the cost.

But I think the department has made some strides in the past 10 years towards better identifying the amount of clean up that's required. Unfortunately, it's just something that we're going to have to watch play out over time.

MR. HILL: Thank you very much.

MR. PRINCIPI: Mr. Hansen?

MR. HANSEN: Thank you.

Picking up on General Hill's statement on environmental costs, that's one you mentioned but you did mention the idea of reducing the head count and reducing salaries, things --

When the Armed Services Committee did a post mortem on '91, '93, and '95, this was one that was such a variable and it went way beyond what any of us had ever anticipated. And I think part of that -- maybe I'm editorializing here -- but part of that was due to the amount of clean up that EPA required, which was far more than that base ever was when the base was created. I mean, you're down to the point now you can eat off the ground in half of these things. I've never seen anything so extreme in my life as what they're requiring.

Why don't you put something in your report that just bring it back as it was or something? I mean, to take these things to the extreme that they've asked for, that really bothers me because it took billions of dollars which will probably not benefit anybody.

Want to comment on that or --

MR. WALKER: Well first obviously the cost is a function, among other things, of how do you need to restore the property to? At what point does it have to be restored to and that's an issue, frankly, that's probably beyond just this base realignment and closure commission.

I will say this. That one doesn't know with certainty what the final costs will be irrespective of what that standard is until you actually know what's going to be closed, what the reuse is and, therefore, start looking at the property closer. I would however note for the record that the DOD's initial estimate of \$949 billion for

restoration costs, environmental restoration cost for the 33 major bases, has now been re-estimated to be \$1.5 billion, so it's going up.

But I will take your issue back, which is a more generic question and see what if anything we've done on that in GO and general that might be relevant to this effort.

MR. HANSEN: Well that is the issue that jumped out at both the Senate and the House on the idea of where this huge cost coming from. I mean, you go into one of these areas, of course, they do make a lot of mess, I mean, there's toxic waste all over the place. But it's a huge - - let me ask you this.

Another thing in here is we're all hoping that time will come that we're bringing back thousands of military people back to the States. How did you -- how did you work that into your equation?

MR. WALKER: My understanding, Commissioner, is that the cost associated with military construction underlying a number of the recommendations dealing with the Army are included herein, but that the savings that would be achieved from overseas in accordance with the law are not considered. Of course, we don't know what those savings would be, because we don't know what the restructuring is going to be yet. That's the point that I made before. To the extent that we know that we're going to be moving people back into the United States and we're going to have to find a place for those persons; we're going to have to house them; we're going to have to support them, that's the cost, I would argue, is going to have to be incurred. And it has been shown as a cost of base realignment and closure, but you know, it's really a known cost.

What we don't know is how much we're going to save from the overseas realignment, which is yet to be determined.

MR. HANSEN (?): Thank you.

Thank you, Mr. Chairman.

MR. PRINCIPI (?): General Newton?

GEN. NEWTON: Thank you, sir.

And thanks very much for your testimony this morning right over here. (Laughter.)

I didn't recall that you commented about the medical arena, the joint cross-service medical arena. Would you please comment on -- your thoughts on the success of that as presented by the department?

MR. WALKER: I'll ask for Barry or Mike to jump in.

My understanding is that there has not been nearly enough activity engaged in for cross-service activities in the medical arena as could or should be the case, not only within the department, but, quite frankly, outside of the department. Although, as you know, there are recommendations underlying this particular BRAC round that takes us further than we've been in the past, and I'd ask for Barry if he wants to comment on the specific recommendation.

MR. HOLMAN: General, certainly the medical joint cross-service group, as they went about their task, they were trying to reduce, achieve greater efficiencies in operation. The net result is, I think, about, what, 600 bed reduction overall across the facilities they looked at. My understanding it does create a lot of angst in the communities that are affected and the potential for questions in terms of what

happens to personnel who may have to rely more on the civilian community versus DOD medical facilities.

But I think by in large, you know, as we track the medical joint cross-service group, we follow their process. It seemed reason to us, but yet at the same time, we understand where people can have lots of questions in terms of where they come out.

GEN. NEWTON: Good, thank you, sir.

MR. PRINCIPI: Mr. Coyle?

MR. COYLE: Thank you, Mr. Chairman.

Mr. Walker, thank you for your testimony. We very much appreciate the role that GAO plays in this BRAC process.

Going to your opening point about the burden the taxpayers face, it looks like some of the DOD recommendations will only make the taxpayer's burden worse, not better, because obvious costs have not been included. You mentioned the example the personnel costs. Other examples are where new people are required to be trained or recruited; those kind of costs are not included. There's a whole set of different kinds of costs that have not been included that it would appear are obvious.

For example, if you take Fort Monmouth and you include these kinds of costs in the middle of the range, the payback period goes from the four years that the DOD estimates to 44 years. We've received materials like that.

Has the GAO gone back and -- or are you going to be going back and look at which of the department's recommendations are likely to save money and which ones aren't? Which ones are liable to save money on the BRAC timescale and which ones might take many decades longer?

MR. WALKER: Well first, Commissioner, we have not looked at individual recommendations. We've looked at this thing systemically, and for the most part, that's consistent with what we've done in the past.

Secondly, I think one would have to keep in mind that even with the comments that I've made, I expect that there would still be savings.

MR. COYLE: There's no question that there would still be savings. The question is how much savings there would be? I would also respectfully suggest that some of the comments that we made would be relevant for you to go through and then decide which one of the individual recommendations do you want to take; where they're relying upon a significant amount of military cost savings, which may or may not occur; where the payback period is long and may be longer, if they're relying upon a military savings; where there are significant up-front costs, okay, that, you know, that may not ever be repaid. I would ask Barry whether or not we've got anything going on with regard to individual recommendations.

MR. HOLMAN: Mr. Coyle, as the comptroller general said, we generally took a broad look at the BRAC process. But we did go down and visit a few individual bases and even a few even after we submitted our report on July 1.

I think one of the things we're struck by is the number of instances, and you mentioned Fort Monmouth, you can find in talking to the installation people, sometime you can difference in terms of their perspective of what it's going to cost to implement the BRAC recommendation versus what's in the COBRA and so forth.

Where we've seen those we've tried to touch base in some cases with your staff to alert them to that, and we've got a few more that we'll probably do that in the next few days.

I think at the end of the day it's a reconciliation that the commission and staff, you're going to have to do as you get to the zero hour where you've got to make your decisions in terms of some of those issues.

But we do recognize there are some disconnects between some of the projected costs. And I suspect they'll get worked out over time as the detailed implementation plans firm up. But in the meantime I think some need to be reconciled between the BRAC and the DOD and the affected installations.

MR. WALKER: And Commissioner, I would respectfully suggest that, while we have and we will continue to make the fruits of our labor available to you and to your staff, including to the extent that we do anything with regards to specific bases, I do not believe that it would be appropriate for GAO to make a recommendation on a specific base. That's your job, but we will continue to work with your staff; we will continue to make all of our information available to you and your staff.

MR. COYLE: Thank you.

If there's time for one more question, Mr. Chairman.

On July 6th, this commission received sworn testimony that the closure submarine base New London could dramatically increase submarine ship-building costs. John Casey, president of General Dynamics Electric Boat testified that the New London closure could result in additional procurement costs of up to \$50 million a year because Electric Boat

would be unable to deflect overhead costs on maintenance contracts that they have.

Did you, did the GAO find any evidence that the Department of Defense had considered these kinds of additional costs in their BRAC analysis?

MR. WALKER: Mr. Chairman, it's my understanding we have not looked at that, so we couldn't comment one way or the other.

Thank you.

MR. PRINCIPI (?): Thank you, Mr. Skinner.

MR. SKINNER: I'd like to just go back for a minute about the environmental costs. It's my understanding that the government and the Defense Department has certain remedial costs that they're going to incur over time. It's also my understanding that if you'll abandon a facility, the expenditure -- the time of which that may be expended -- is accelerated. Is that correct or is --

MR. WALKER: Mr. Skinner, I think it depends upon what the use of the property is going to be. Clearly, there can be an acceleration of costs, but to the extent that you are desirous of trying to convert that facility to a commercial use, then obviously you may have to do more --

MR. SKINNER: Right.

MR. WALKER: -- work and you may have to do it much quicker than otherwise would be the case.

MR. : Exactly.

MR. SKINNER: Yeah, well that goes to my second question then.

A lot of this property by statute is supposed to be first to be available to state and local government -- federal government then state

and local government, and then eventually can go to the private sector for redevelopment. And some of the property that we're talking about has significant potential, economic development potential; some does not.

Do you know if we turn it over to a government agency, do we still incur or can we turn it over with the condition that they assume the environmental costs?

MR. HOLMAN: Well I'll have to check to be positive. But my understanding is if they're turning it over to a non-defense agency, DOD would have to, is responsible for the -- unless they reach agreement with the --

MR. SKINNER: Right.

MR. HOLMAN: -- agency, DOD would be responsible for whatever remediation is involved.

MR. SKINNER: Well that, it's illogical -- I think there have been some individual discussions among the commissioners that, if we're changing a piece of property over to the private sector where there is, or even a government agency that's going to develop it for private use, there's a substantial economic benefit that the federal government doesn't get unless there's a specific statute that deals with it. And I wondered whether the comptroller general has dealt with that issue and in some of these properties, you know, the potential that exists there.

MR. WALKER: I would have to confer with my lawyers about what the current law is. I would respectfully suggest that irrespective what the current law is, that one of the issues that should be considered is, to the extent that the federal tax payers will achieve an economic benefit

from the turnover of the property, then this is a factor that ought to be considered in determining what that economic benefit would be.

You know, for example, if we're going to sell the property to a commercial interest, and therefore realize money, which by the way, is not included in any estimates here. There's no estimate for how much in revenues might be generated from disposing of federal properties, that one of the factors you should consider in setting that price is to what extent is the federal government going to do certain things, or to what extent is the other party responsible for doing it.

MR. SKINNER: Yeah.

And the problem is is that we're not allowed to take into consideration under the statutes the economic benefits that accrue to someone else by turning it over, but on the other hand, you know, that's one thing that could be dealt with by statute, and should, and has been done on particular cases, like in California.

Number two, it's even worse if we have to accelerate the environmental costs, pay it to turn it over to someone who would incur these anyway and we, the federal government, gets no economic benefit of it because then it's really a two for. We not only don't get any economic benefit, we have to pay costs that we might not have to pay for 20 years, or we might not have to pay if we weren't going to use it at all.

So there's an economic incentive for us not to turn it over, rather than to turn it over because we'd be incurring additional costs.

MR. WALKER: (Inaudible) -- that's an excellent point. I think one of the things that people get concerned about is the budget, and our

budget is typically cash flow, and therefore that would tell me that one of the things that, hopefully, people would have the ability to do is to negotiate this as part of the overall package such that it might be better, for example, to reduce the proceeds that otherwise the government might get if somebody else is assuming responsibility for the environmental costs. But I'd have to look at the legal issues.

MR. SKINNER: Yeah.

MR. HOLMAN: As comptroller general said, I think the DOD is looking at that practice, this BRAC round, to work the environmental clean up as part of some of the transfers. There is an indication that the department will place greater emphasis on perhaps selling property as a disposal process this time. But I haven't see the details of it, and I think they're still being formulated at this time. But I think there is increased emphasis on trying to mitigate it through those ways.

MR. SKINNER: I know you're not short of projects, but that would appear, as you look for ways to make government more efficient and more practical, that the comptroller general's office could very well do some analysis of what kind of benefits have been -- costs that have been avoided and benefits that have been achieved as a result of that and encourage others to look at that -- (inaudible) -- be doing.

Thank you very much and I also want to compliment, I like it so much I have two copies I see in front of me instead of one -- (laughter) -- so thank you very much for your outstanding work.

MR. PRINCIPI: The issue that Mr. Skinner raised has certainly been an issue in previous backgrounds, and has delayed the turnover of property to the private sector, causing difficulties for the communities

as well as they try to get on with economic development. So any advice, you know, work that you can do to help us get through this would be very, very appreciated.

Mr. Bilbray.

MR. BILBRAY: Thank you, Mr. Chairman.

As my friend, Commissioner Coyle, mentioned about the additional cost we estimate from Electric Boat to do the work on the nuclear submarines and other shipping because of what -- you know, of not having New London there.

In addition to that, the Connecticut delegation, when they testified, pointed out they had done some work on the cost of construction at King's Bay. For instance, the Navy put down that it would cost \$211 per square foot to rebuild there. When they went down they found out that they were averaging \$325 a foot for building at King's Bay, which added an additional \$47 million to the overall cost.

Now that's just one example. I was going through your figures, that the fact is that they said they would save \$50 billion over 20 years. And if you're right about the 20 -- you know, the 47 percent of personnel being transferred to someplace else, which I gather is a correct figure -- Commissioner Coyle went to one facility that they had that they were saving, though. In that case, 74 military personnel they'd be saving the salary of; turned out there had been only one military personnel there for 10 years, so they had 73 people that didn't exist on their figures that they gave us. So you can understand why we have some credibility gaps with dealing with the military.

But you know, if I go down the figures and the environmental cleanup -- for instance, at Portsmouth, they showed us a park they built for barbequing on the base and everything, but had been put over an industrial cleanup site. The commander there pointed out as for leaving it like that and not being open to the general public, they could get away with it, it was fine; but if it was taken over by private entities, that there would probably be -- they doubted that EPA would let them get away with having that in the middle of a housing tract and so forth.

The third area, that I don't know if you took any consideration if it's ever been done, is how much does the federal government lose when they terminate five (thousand), six (thousand), 7,000 people? What will be the initial loss in unemployment monies that the government has to pay out? The economic condition of a whole area goes down in taxes.

It looks like to me that the losses are tremendous when you close a facility like Portsmouth or New London, where they have so many people working that you lose so much money. Does the GAO every look beyond -- in order words, the Department of Defense says I'm going to save this much money. They don't look and see what the federal taxes are going to be lost in the area; it could be billions of dollars in the next few years in federal taxes. Does the GAO every look at something like that?

MR. HOLMAN: We have not looked at anything like that directly. As I mentioned in my testimony, there are certain costs that we mentioned that are non-DOD costs that are not considered, which is, frankly, part of the BRAC process. It hasn't been in the past, but we need to keep in mind there are other costs that are incurred by state and local government as well. I would point out this: they are clearly a higher

percentage of individuals who are eligible to retire in the civilian workforce today than has been the case in the prior BRAC rounds.

So more people have the option to retire rather than relocate, and I would expect that more would exercise that option. That would therefore mean that the local community is obviously not generating as much, you know, in income taxes and other factors because it would be on a retirement salary rather than an active salary, which is somewhat less.

Mike, did you want to say anything on this?

MR. WYNNE: I would just say we've looked at the number of people that are willing to move. We reverse the 75 percent DOD is willing to move it; we've made it 25 percent. And what we found out was that your moving costs go down, and then your personnel costs related to severance pay, they go up. But overall, on an individual -- I mean, we looked at the top 10 realignments. We found that it varies about 10 percent of the cost of DOD.

MR. BILBRAY: If these personnel retire -- I haven't been in Congress for a while, but what's the health of our pension plan? Does that mean the government has to put more money into the pension plan to cover these retirees?

MR. HOLMAN: The pension cost has been accrued, but as you know we're funding it on a pay-as-you go basis.

MR. BILBRAY: Right. So the money is not there now, so the government would have to put money into that plan, or the present employees. So there's going to be a loss just in the economic effect on the community that we just can't capture. So if there's very little to

be gained by closing a facility and very little income that we would have -- in other words, the costs could be more than the savings. Does that make it practical to save it unless the military -- a pronounced military value of moving something from point A to point B?

MR. HOLMAN: Well, first, on the military, we would question whether there's any net cost savings, period.

Secondly, with regard to the civilian, the pension cost has been accrued. And therefore, unless they are eligible for benefits that they're -- new benefits that they otherwise would not have been eligible for, there's no economic cost there. There may be cash flow. They may end up receiving their pension benefit earlier than we might have thought, which could impact on our need to borrow. But it's a timing difference, not a permanent difference in cost.

MR. BILBRAY: So if I understand you correct that you don't think there is any savings by closing these bases?

MR. HOLMAN: No, I did not say that at all. What I said was to the extent that a significant part of the savings -- overall, of the 50 billion (dollars) in net savings and of the 5.5 billion (dollars) a year in annual recurring savings, a significant percentage of that is attributable to military personnel costs savings. It's that that I question. The rest of it we are not questioning. There clearly are savings here, but I think this is a factor you want to consider in analyzing individual recommendations. That's my purpose in analyzing individual recommendations. There's clearly savings as a package.

MR. BILBRAY: Thank you.

MR. PRINCIPI: General Turner.

GEN. TURNER: Thank you, Mr. Chairman. I have first an observation and then a couple of quick questions.

It seems like in the group of 837 single recommendations that some of those more costly recommendations have been kind of bundled together in the final recommendations to disguise, if you will, their actual costs. That's just a general comment.

My questions have to do with two things. One is infrastructure and cost of infrastructure. For example, in those locations where there's going -- the recommendation calls for the movement of a significant number of folks to a single target location -- example in this area would be Fort Belvoir -- do the costs associated with those recommendations include what would obviously have to occur in terms of improving access to that general area -- highways, parking, et cetera?

MR. WALKER: Let me tell you what I think is included and what would not be included, and then Barry can supplement.

First, the MILCON costs would be included; in other words, the military construction costs that would be necessary in order to do that would be included. What would not be included are things -- one example that I gave would be assistance to the local communities; or if the federal government had to end up paying more money as part of its portion of transportation infrastructure improvement that otherwise would not have occurred but for this relocation, then that cost is not considered. That's a cost, it's a non-DOD cost, it's outside.

For example, if there was a decision to end up expanding roads, expanding the Metro to go to a particular location that otherwise would not have been done but for this action. And if the federal government

had to end up paying its 80 percent or whatever the share would be of that cost, that has not been considered. But it would have to be, again, a "but for." But for this action, it wouldn't have been done in order to, I think, fairly consider it.

Barry?

MR. HOLMAN: For the recommendation you cite, going to Fort Belvoir, as I recall, I think there are three or four recommendations that cumulatively have a figure of 50 (million dollars), \$55 million, I believe, that are put in there for infrastructure improvements, I assume for community infrastructure improvements, I assume for roads. I don't know how much of that is for on post versus off post, but by and large, you know, what we're hearing in terms of the overall impact, the need for infrastructure improvements, on the surface it doesn't sound like that would be sufficient to meet the need that may be there which, again, if you're looking at total cost to the government, what the government may as an end result have to put forward, that would impact the overall savings to the government.

MR. WALKER: And I think it's important, Commissioner, to note that there are certain rules that they're supposed to follow in calculating savings, as has been the case for past BRAC rounds. There are certain things that they are supposed to count and that they aren't supposed to count. They're counting things they're supposed to, but again, that's for DOD costs. There are certain non-DOD costs that we think it's important that be considered, but it's not that they haven't done their job. They've done what I believe they were asked to do. We just believe it's important for you to be aware -- for the Congress to be

aware and the taxpayers to be aware -- the holistic view rather than the silo view.

GEN. TURNER: My last question has to do with potential increased medical costs. There's a number of recommendations that involve downsizing inpatient medical facilities. With the exception of the two that are in cities where there's another military facility, I have the sense that there may not have been sufficient coordination with VA hospitals, other civilian hospitals in the area, as well as providers who may be TRICARE-eligible for their network.

To the extent that assumed available medical care to offset the closures -- not the closures, but the loss of inpatient capability, may or may not actually be there. If it turns out to be less than anticipated in the recommendation, do you have a sense of the increased costs that might be -- go to the beneficiary population?

MR. HOLMAN: No. We were looking at costs to the government rather than costs to the beneficiary population. A couple of quick comments.

One, there's absolutely no question that there's excess hospital infrastructure both within the federal government as well as within the country as a whole. Our understanding was there was there limited interaction between DOD -- some, but limited interaction between DOD and VA with regard to the impact of their proposals. That's something you may want to take a look at.

But just because there's not a federal facility available does not mean that it's going to cost the government more. It may or may not cost the individuals more. I mean, it could be that it's more

economical not to use the government option, but there could be a cost-free distribution to the individual from the government.

GEN. TURNER: Thank you.

MR. PRINCIPI: Are there any other questions?

Well, thank you very, very much for your testimony, for an excellent report and for the tremendous support, staff support, you've given to the commission. We very much appreciate it, thank you.

MR. HOLMAN: Thank you, and I'm glad you have the job you have rather than us. (Laughter.)

MR. PRINCIPI: We could use you as a recruit up here.

(Recess.)

MR. PRINCIPI: Good afternoon. This session of the Base Realignment and Closure Commission will come to order. It is a pleasure to welcome members of the Overseas Basing Commission to our hearing: the Honorable Al Cornella, chairman, Vice Admiral Anthony Less, Lieutenant General Pete Taylor and Brigadier General Keith Martin. Welcome, gentlemen.

We very much appreciate your appearing before the commission as something to relationship between the work we are engaged in. Mr. Chairman, I will leave it up to you and we'll go from there.

MR. CORNELLA: Thank you, sir. I would like to note that unable to be with us today --

MR. PRINCIPI: I apologize, Mr. Chairman. The base realignment and closure statute requires all witnesses to be sworn. If you will please rise, Dan Cowhig, our federal officer, will swear you in.

(The witnesses were sworn in.)

MR. CORNELLA: Continuing -- unable to be with us today are the commission vice chairman, Lou Curtis, Major General of the United States Air Force, retired, and Dr. James Thompson, CEO and president of RAND Corporation. I would also like to introduce the commission's executive director, Ms. Patricia Walker.

By way of background, Congress created the Overseas Basing Commission in November 2003, to serve as an independent, unbiased entity to produce a report that advises Congress and the president on the current and future overseas basing structure of U.S. military forces. Since it began its work in May 2004, the commission consulted with current and former senior military leaders and other national security experts. We conducted public hearings where we received testimony from former military leaders, defense analysts and experts on military family issues. We have engaged in briefings from the Department of Defense, the State Department, Congressional Budget Office, the Congressional Research Service and other entities. We visited military installations in many countries, spending two months abroad, meeting with U.S. forces, embassy representatives, foreign military officers and local officials. We met with the overseas combatant commands and, in most cases, with the combatant commanders and as well as their staffs.

In total, we have interacted with several thousand personnel at all levels on this important matter. The vast majority of these people were uniformed and civilian members of the Department of Defense. The commission learned a great deal from these discussions, both here and abroad and, as a whole, is both admiring and grateful for the good work

done by all who are striving to put the overseas basing plan into effect.

We find the re-basing plan to be only one part of a significant reordering the United States has been undertaking of its security posture in recent years. While engaged in the global war on terror and continuing operations in Iraq and Afghanistan, our military forces are shifting their basing posture overseas, bringing tens of thousands of service members and their families home from permanent station abroad, reorganizing military units to reflect a fully integrated expeditionary force, designing and fielding major intelligence communications and supply systems, modernizing weapons systems and their platforms, and otherwise re-setting and transforming themselves.

The cumulative effect of all of this change means an altered alliance system abroad, a shift to basing the vast majority of combat power to the continental United States and a fundamental redesign of the security apparatus of the nation. In its totality, this reorientation represents a watershed in national security on a scale last seen in the years immediately following World War II. The commission found that the overseas basing structure cannot be viewed as only of military consequence. The basing structure itself impacts upon a myriad of other security-related considerations, including alliance structures, foreign policy, trade and energy policies and so on.

In consideration of such broad implications, the commission believes that the global rebasing plan would benefit from broader input from all relevant agencies and interests, such as the Departments of

State, Energy, Justice and Homeland Security, the intelligence agencies and others.

The commission is also concerned about the sequence of events. For example, we are already seeing stresses on recruitment due to the high probability of repeated deployments into Afghanistan and Iraq. As we move to cyclic rotations to new operating bases abroad, we put additional strains on service members and their families. For active duty members, up to six peacetime deployments for up to a year at a time could occur within a 20-year career. For National Guard members, it could be four rotations over a similar time span with additional time away from home station for the necessary train up and stand down.

Moreover, by shifting forces back to the continental United States, we are relying heavily on strategic and intratheater lift and pre-position stocks to enable us to move forces into action wherever they might be needed. We note that although lift platforms are already overstressed and pre-positioned stocks are being depleted by ongoing operations in Afghanistan and Iraq, the budgetary plans to replace and upgrade them are, in the opinion of the commission, insufficient.

In several instances, training complexes have not been established abroad, bilateral agreements remain uncompleted (sic) and, in some cases, newfound allies are already asking us to leave. Studies and analyses, such as the 2005 Quadrennial Defense Review and the current mobility capability studies, are uncompleted. We must, therefore, question what strategic imperatives exist for moving forward at the pace that we are. But, we do not say to stop the process.

The timetable should be determined by the following action: ensure that the infrastructure, at least for the most basic needs of housing, schools and medical facilities, is in place at receiving domestic locations before forces are moved from overseas and maintain the same level of quality of life at overseas locations until the last units are moved. Next, have the necessary air and sea lift capabilities plus pre-positioned stocks in place before moving to a primarily continental United States-based force. In addition, have the status of forces agreements, access agreements and Article 98 agreements in place at new locations overseas before leaving locations where such agreements already exist.

What we are putting in place today will have to serve our strategic needs for decades to come. At the same time, we must ensure that as we move through successive stages of change that we do not find ourselves, at some point, weaker than we were at the preceding stage. History has shown that such vulnerabilities can prove costly in blood and national treasure. While we can admire the dedication and courage it has taken to put in motion the massive amount of change now being implemented, we are reminded that in the end, decisions are ready-made or not written in stone. At times, they may be made before all elements of information have been considered or were even available. In the end, such monumental decisions are made by individuals. As such, decisions made rapidly can become, if we fail to adequately review them, mistakes made rapidly.

The commission, therefore, recommends a wider policy discussion, accompanied by a broader oversight and guidance, closer congressional oversight and reconsideration of the basing and sequencing of the many

interrelated activities. Not to do so puts our national interests at stake, makes the hard choices between budgetary allocations more problematic than they have to be and may unduly strain the well-being of service members and their families with the sustainability of a volunteer armed force.

We are, by and by, complimentary of the energy and skill that we have seen brought to bear in its implementation and believe that the endeavor is well-founded and should not cease its forward movement. However, we note that none of our traditional allies have asked us to leave, that we are free to move at our own pace and that no strategic comparative dictates that we carry out the entire effort within the proposed timeframe. Nor are we convinced by the notion advanced by some that the optimal time to affect such massive transformation is while we are in the midst of a war. The order of magnitude of the strategic reposition we are now undertaking occurs only once several generations. Its consequences will affect America's position in the world well into the 21st century. We would do well to get it right at the outset.

The commission believes itself honored to have been asked to take on this review of the overseas basing plan. Commissions such as ours operate with a certain degree of independence and others may not always like or agree with the findings. Nonetheless, I believe that commissions, certainly such as this one, try to do what is best for the nation and not carry forth the agendas of any individual or entity. We serve, above all, the interests of our nation. For that, we are grateful and appreciate the generosity of the BRAC Commission for allowing us to

testify before you today. We are open to any questions that you might have.

MR. PRINCIPI: Well, thank you, Mr. Chairman. We'll proceed to questioning. I'll ask my fellow commissioners to abide by a 5-minute rule on the first round.

Mr. Chairman, your commission cites timing and synchronization as a major concern. Can you expand on what you found and what your major concerns are with regard to this redeployment?

MR. CORNELLA: The timing and synchronization issue covers many areas. A few of them would be the timing of returning forces to ensure that an infrastructure is in place when those forces return, that the adequate housing, schools and medical facilities and those types of things are in place before they arrive at the receiving location.

Also, timing and synchronization in regard to mobility lift -- in regard to the studies that are now ongoing, the QDR and mobility capabilities study. I think the department will take those things into consideration. When we made a report and offered those observations, that was prior to the announcement of the BRAC moves, but at the same time, we still today feel that those issues have to be taken into consideration.

MR. PRINCIPI: There was a report that you met with the Defense Department, I think it was yesterday or maybe even earlier today, to discuss moving 70,000 troops from installations in Europe, the Korean peninsula and elsewhere and issue with regard to cost figures. Can you expound on that meeting and what the cost is to move the troops back, as well as its impact?

MR. CORNELLA: Well, again I think there is agreement on both sets of numbers in the sense that ours takes over the life cycle, takes into account the life cycle costs of the moves. Theirs takes into account the one-time cost to make the moves. So, ours are over a 20-year timeframe and take into account more of the real costs. I invite other commissioners, too, to jump in here if they'd like to.

MR. PRINCIPI: Thank you. I think General Taylor has some -- General Taylor?

GEN. TAYLOR: You asked about the numbers. The numbers that we received today are about 61,000 rather than 70,000. That goes up and down as we work the details of this. But, in terms of total coming back from Europe and the Korean peninsula and a few from other places, it's about 61,000. Most of those are Army forces, as I knew you understand. A lot of them are parts of the two large formations, the two divisions that are coming back. There are some smaller, separate units, with small detachments and things like that. Then, there are somewhere around 20,000 that are harvesting the spaces. They will be used in Army transformation to fill out some of those units. The faces, the people, will go back into the replacement pool. They will be assigned in various places and will not be moving under a flag. They will be coming back as individuals.

ADM. LESS: Mr. Chairman, if I may, you also talked about the cost figures that we discussed with OSD earlier today. Clearly, to amplify our chairman's position, we were in that total life cycle cost environment wherein the Department of Defense was looking at it as a one-time picture, a one-time shot. And of course, you understand in the

budget as they program into the PR O-6 and O-7 timeframe, they are looking at just having available about \$4 billion of the real costs that they are talking about in terms of this one-time shot is something between \$9 (billion) and \$12 billion. Of course, when our analysts looked at it, we were up in the 20 category. So I think it's significant to understand those particular numbers as we found them.

GEN. TAYLOR: If I might, just one more thing, Mr. Chairman. With the mobility capability study not being completed, there has not been a thorough assessment of the deployment capability at the various installations where these forces are coming back to. We'd have to go -- I think it's fairly clear that the sailing time on the heavy forces are about equal to some places where they are located. But, the other piece of time there that has not been, in our view, fully assessed, and maybe it's going to be in this mobility capability study that is supposed to come out in the next few weeks, is the deployment infrastructure at the various installations. And I think that is something that you folks would be very interested in. Of course, with you looking at where they might go, is that deployment infrastructure, rail yards and such at the various installations. Also, the port capability to take this added load.

GEN. MARTIN: If I might just comment on that and answer why we are so concerned about the costs, Mr. Chairman. We believe if you fail to identify the costs and fully program the funds to support the movements that are part of this complex animal, known as transformation and integrated global presence basing strategy, one of three things will happen and all of those three things, any one of them are bad things.

One is that the services could be forced to take any additional costs out of hide at the cost of readiness and other transformation programs. Secondly, the Congress could be approached for additional supplemental funding to support such moves. And third, and possibly the worst, is you move the troops anyway, 70,000 or 61,000, whatever the final number settles out to be with 100,000 dependents at the cost of additional strain on a force that is a redline capacity right now, sir.

MR. PRINCIPI: Thank you. General Turner.

GEN. TURNER: Good afternoon, gentlemen. I think I just heard the answer to my question, but let me just clarify. Can you give me an idea, you know, as to what your sense is as to if in fact there will be any overall net savings from the overseas rebasing initiative, given the up front cost and other costs we may not know about yet.

MR. CORNELLA: I think that's really a hard question to answer because if you take the costs that we have talked about this morning, as was said a little earlier, they do not reflect the projected costs of mobility that might be required to surge out of the United States. They don't all necessarily include the costs to produce training facilities in locations that might be yet to be determined. So, there are a lot of costs. Plus the costs of rotating forces back into those regions on a rotational basis. So, I think there are a lot of costs to offset whatever savings might be produced. I think it's logical to assume that yes, there will be savings if you are closing 50 percent of the facilities overseas. But, to bring them back and then have to again redeploy all those costs have yet to be determined.

Now, anybody else want to add to that?

GEN. TURNER: Thank you very much.

MR. PRINCIPI: Mr. Bilbray.

MR. BILBRAY: My only question is, when I was originally talking to the secretary of the Air Force and the chief of staff at the beginning of this BRAC process, I asked him, what is his projection on Air Force personnel coming back, because we were asked to close three bases, Air Force bases.

They said they had no plans in the future to bring Air Force personnel back.

Did you find in your travels what's going to happen with the Air Force realistically? Are we going to see like we're seeing with the Army now 10 years ago, they're not going to bring them back; now they are bringing them back?

MR. CORNELLA: Well, again, I'm going to ask the other commissioners to chip in. But the change with the Air Force overseas is minimal and probably down around the 1,000 number, as far as any forces that might be moved abroad or brought back.

The transformation overseas is mainly Army forces that are being returned.

MR. BILBRAY: In the long run over the next decade, what are you looking at in the Air Force? Do you see -- what I don't want to do here is to close bases like Cannon -- or others -- and then 10 years from now be told, geez, we're bringing back all these planes. We now need to build a base somewhere to meet that requirement, which may happen in the Army situation.

And we closed Ft. Ord. We were even talking, I think -- last time Ft. Carson, which is getting a lot of troops that we've closed that we wouldn't even have that base to use. So I'm trying to project out in the long run, because once we close these bases, we're not getting them back.

So that's what I'm asking?

MR. : Anyone want to offer anything on that?

GEN. MARTIN: Mr. Chairman, if I might just add just a one line end on that is, once we leave the countries that we're in now and return to the United States, we're not going back there either. So that it has international implications, as well, as we're trying to establish a network of forward-operating sites, cooperative security locations, training locations around the world, that until -- and unless and until -- signed agreements are in hand, access, SOFA, Article 98 agreements with these countries. And even then there can be problematic concerns.

That's one of the reasons for us talking about slowing and reordering the process to allow the full synchronization, which ties in directly with your concern, sir, about closing bases that you're later going to say, I wish I had that.

ADM. LESS: Commissioner Bilbray, I would, if you don't mind, real quick follow on as far as the Air Force goes, we visited Ramstein, Spangdahlem, Ramstein to get to see the large cranes building and building and building. Spangdahlem, where the Air Force is, is doing fantastic work in taking on a leadership role throughout the theater.

In the Pacific Theater Kadina and Andersen, the Air Force is doing a great job, and I just don't see any change. When we looked at the

people numbers this morning, you're looking at Army for bring back; you're looking at Navy 2,000 plus. But Air Force is essentially in the zero column.

MR. PRINCIPI: Mr. Skinner.

MR. SKINNER: I'm going to get to what's in your report, and I want to talk a little bit about your observations, because it's something we're looking at at the BRAC. It's the C-130 fleet, its conditions, and almost the -- in your observations there, as well -- maybe you can explain to me, maybe you can't, at a time when almost everybody's findings are they're wearing out. They're being exhausted in theater, especially in Afghanistan and Iraq. And yet until we had to dramatically bring the issue up front, the Defense Department wasn't ready to deal with the issue by adding more.

I just wondered if you could give me your observations, because obviously, there is a lot of movement in the recommendations to the BRAC commission of 130s.

MR. CORNELLA: On the 130s, at the time we made the report, they had decided to stop the program at the number that were built. And since the report came out, the department has said they're going to open up that C-130 line again.

I'm not sure it was based on our report. But in the last 60 days here that announcement has been made.

MR. SKINNER: Well, I knew that. But I was just trying to understand what their option was for inter-theater lift. If they weren't going to do that, they must have had some -- was there a

replacement aircraft? Or they were just going to retire the fleet and just go with less? Or what? What was their plan to handle their needs?

GEN. TAYLOR: I think we mentioned that a little bit earlier. Most of our questions and our work with the TRANSCOM and with the department regarding mobility is deferred to the completion of the mobility-capability study. And that has been one of our greatest concerns, that we did not have it when we developed most of our report, and as of this morning when we talked with them it's still not ready, and they could not share any great insight into what the outcome of the MCS will be.

And I would be very uncomfortable trying to answer that question until I saw what happened with that.

MR. SKINNER: Is it your perception they're either not sharing or they don't have a plan to deal with an unbelievable airlift challenge? Am I reading -- am I saying too much there?

GEN. TAYLOR: I wouldn't want to speculate on that, sir, because we have not --

MR. SKINNER: Well, you don't want to get called back up.

GEN. TAYLOR: That's not the reason I'm not speculating. I don't know. Do I have concerns about it? Absolutely. Absolutely. And I think there's a lot of questions that need to be asked, and one of the - - probability the mobility-capability study will be the follow on -- will be the crux of most of our follow-on questions that we will recommend to Congress that they ask, because it is not going to be done before we complete our work, and someone needs to ask a lot of questions about that, because we're bringing everything back -- a large portion of

our forces back on this side of the pond, and we're very interested in how they might get back to where they're needed.

MR. SKINNER: Have you done any -- this is a little bit outside your mission, I guess -- but you've seen the list of designated places for the personnel that are to bring back, or at least those that have been identified, places such as Ft. Knox and others. Have you done any assessment of your own about whether or not those facilities under our plan is capable to handle and deal with the issues that you identified in your report -- the human issues, the family issues, the housing issues, the health care issues and the barracks issues?

GEN. TAYLOR: With money? Yes, sir. Our concerns are our ability to buy the necessary infrastructure to do that. It -- we feel very clear that they do not have it today. We're not questioning the fact it can be done if the right amount of fiscal assets are devoted to it.

And based on our discussions with the department this morning, I feel more comfortable than I did before that they have certainly identified a lot more of the needs than we have been able to see previous to May 13th.

And there's been a great deal of work put into identifying it. What we don't feel very good about is whether or not that money is available to be spent.

MR. SKINNER: And as to the timing? I mean in one particular case they're going to move a BCT to Ft. Knox before they move the armor center to Ft. Benning. And in our visits -- General Turner's and our visit, they don't think they can -- they have room down there until the armor center moves out to handle the BCT.

Are there other situations like that? And how are they dealing with them if you know?

GEN. TAYLOR: Well, it's interesting you would say that, because we were assured this morning that would not happen in that specific instance, that they will time that so that the movement of the armour center to Benning will occur before they start filling out Ft. Knox. We were assured of that.

MR. SKINNER: Well, we learned something we didn't know. That was one of the concerns the commission had. And we'll run that down.

GEN. TAYLOR: And the other thing I might say is, we were also very pleased to understand is that they are very cognizant of the need to time this correctly. But there will be other factors involved in it, I'm talking about across the board as they're bringing the forces back.

And one of the things I know you've seen in our report that our biggest issue is the timing and synchronization of it. Don't move them into places they're not ready to receive them. And they assured us that they had a go-no-go criteria there that they're going to make work.

How long that's going to take, I don't know. On the bright side, I know there is a time period. It has to be followed. And I'm sure there's some diplomatic issues overseas that we require them to stay to some kind of timeline.

That's our greatest concern, that we do this at the right time. And we don't know what that time is, but we know there's got to be a control mechanism that is making sure that we don't do it too quickly.

MR. SKINNER: Is that what you mean by last day/first day?

GEN. TAYLOR: Absolutely, sir, that we don't want to -- we want to make sure that the forces that are remaining there have the adequate infrastructure -- and well-maintained infrastructure, to take care of them until they leave and that before they start going into another place that they have adequate infrastructure.

Now, we can't define what adequate is. That's why we have these great professionals in uniform that are doing that. But someone needs to be looking at that, making sure they have that. And that's what we were recommending.

And we were -- of course our recommendations go to Congress.

MR. SKINNER: Thank you.

MR. PRINCIPI: Mr. Coyle.

MR. COYLE: Thank you, Mr. Chairman.

Chairman Cornella, members of the commission, thank you for your testimony today.

In recent weeks, we read in the newspapers that Russia is starting to press the United States to set the timetable to pull forces out of Uzbekistan and Kazakhstan and other places where traditionally we have not had U.S. forces.

To what extent did the Department of Defense premise its movement of forces from traditional locations -- say Germany, Japan, South Korea -- to what extent did the department think that that was justified because they would be able to keep forces in other nontraditional locations such as parts of the former Soviet Union, or in the Middle East, or other places where we may not be able to keep forces?

MR. CORNELLA: I think what they were looking at is that those areas would be used mostly for rotational forces and that we would train and exercise with those countries, in some cases to stabilize governments, and in some cases there might be countries that we are operating through to support the war in Afghanistan and Iraq.

I think the other forces would be returned home and sent back on a rotational basis. So I don't know that they were thinking of actually basing forces in any of the countries you mentioned, other than on an as-needed basis or a throughput.

GEN. MARTIN: When you look at this in its totality, it's really the most sweeping transformation and repositioning of U.S. forces, the structure of the U.S. military, practically since the Defense Reorganization Act of 1947.

The postulation of a network of forward-operating sites, cooperative- security locations, efficiencies gained by closing unneeded Cold War-based infrastructure -- from the viewpoint of this commission it all makes sense if it is all coordinated, synchronized and timed properly.

The goal is flexibility and speed, the ability to project U.S. forces and presence to where they're needed at time of need, in time of need. And that's tied to the mobility question.

So we have looked very hard at that. We concluded unanimously that the secretary's vision is sound. It was supported by solid planning by the COCOMs, the service chiefs and their staffs. There is no lack of motivation, no lack of excellence, no lack of desire.

What there is a lack of is the ability to coordinate and tie all this together. And part of that is tied to the ability and willingness of the people of the United States of America to pay for it.

And that is in the hands of 535 members of the Congress of the United States, and to a certain extent, ladies and gentlemen, to your recommendations.

MR. COYLE: Thank you.

MR. PRINCIPI: General Newton:

GEN. NEWTON: Thank you, sir.

Let's -- May the 13th, and the secretary's recommendations were presented. Do we still have -- and now your review of that -- do we still have a number of forces that would be uncovered with reference to where they would be going to? Or is that clear to you at this point?

MR. CORNELLA: Well, I think as General Taylor said a little earlier, that those numbers are still in flux, to the tune that he mentioned. The department says, yes. We have a very good idea of the numbers that are returning and where they are going.

But there will be some changes made yet to the final numbers, I believe. And I'm not sure if that gets directly at your question.

GEN. NEWTON: No, that does get at my question.

With reference to the study, with reference to mobility, do you have any insight at all as to whether that's coming close to what you would anticipate there would be needed? Or are they very closely -- (inaudible)?

MR. CORNELLA: Well, everywhere we traveled and the commanders we talked to in the field, I think that was a common theme that they felt we were short of mobility, both intra-theater and strategic.

If you look at the recommendations of the 2000 mobility study, that we have yet to meet those standards that were set by that study, as far as numbers of C-17s that -- I believe the numbers were determined that were needed were around 222. We decided to buy 180, and I think we have to get to 2007 before we have the 180, that we're somewhere around 120 now.

So I think it's probably safe to assume that there will be some shortfall, but yet that's what the mobility-capability study is all about, and that's why we have to wait for that study to determine exactly what kind of shortfall there is.

GEN. NEWTON: Thank you. Go ahead, sir.

GEN. TAYLOR: Another comment on that.

As you know well, sir, another leg of that triad is prepositioned equipment. And the current prepositioned stocks have been essentially drawn down to almost nothing based on what's been going on in the world.

The rebuilding of these stocks, and making sure they're placed in the right positions around the world, is something of great concern to us, and I know that the services are doing some work on that, but that's going to come out in the mobility-capability study too, and the bill for that is very unclear. We don't know what that is. We're certain it's not in the 9 to 12 billion (dollars) that they talk about. That's an additive bill to that.

GEN. NEWTON: I certainly would agree with all of you. There are a lot of moving parts when we think about BRAC, QDR, returning from overseas. There are many, many things all happening at one time here, and we'll have to figure out how to pull it off.

ADM. LESS: General, to add to that, if you will, and, of course, I have to fall back into the naval service, but the point that I would make in addition is that in one of our visits with General Handy, transportation commander out in St. Louis, he talked at length about the condition of the transportation outfits that ship by sea and talk in terms of some of the incestuousness that is involved in longshoremen-type functions that would help get the force back. And there are some major problems in some of those areas that I think the fact that we were there, the fact that General Handy brought this up, the fact that it's out, and it needs to be looked at on both coasts, both the West Coast and back here in the Atlantic region, as well.

GEN. NEWTON: Very good. Thank you very much for your work and your testimony.

MR. PRINCIPI: Mr. Hansen.

MR. HANSEN: Thank you, Mr. Chairman.

While I admire what you've done. Boy, that's a big job, and I think you should be complimented for doing it. Having visited many of those bases myself, I know how you've been around the world.

You know, when Dick Cheney was secretary of Defense, he gave a rather inspirational speech once on forward deployment and how important he thought it was. And he mentioned the Pacific Rim and Europe and the whole area.

So when legislation came along, I kind of wondering if it was flying in the face of that, because forward deployment -- I know on a retail basis it gets kind of picky, but a wholesale basis, I really wonder.

I just wonder what your gut feeling is about having these overseas bases per se. Now I say that in generalities. What would you say to that, Mr. Chairman?

MR. CORNELLA: Well, I'd say I think they're very important, sir. I think that presence equals influence, and as one retired general told us, a neighbor is always more important than a visitor.

And I think we do lose something when we change that. Now, we've been told that we received all the information that the Congress has received. I'm not sure if that's true or not, and that's why we questioned the strategic imperative of moving at the pace -- and you could also, I guess, through your question, question why we might want to reduce to that level.

But I assume there are good reasons that we are doing that that we may not know about. But what we're told is, it's mainly to move to a capabilities-based force versus a threat-based force; that we will be able to project power out of the United States, rather than being forward located; that we would support that former presence by using rotational forces to conduct country-on-country military training and again, as I said earlier, and hopefully support and stabilize some of those governments, if that is needed.

But one thing we always need to keep in mind that a lot of people seem to forget is that we serve overseas not just to protect the areas

that we're in, but to protect the national interest of the United States and our national security, and sometimes I think that's lost.

MR. HANSEN: Well, being an old politico, I just got to ask the question: Who wrote that legislation -- (inaudible) -- this overseas basing commission? May I ask that question?

MR. CORNELLA: To the best of my knowledge, that was written by a member of Senator Hutchison's staff.

MR. HANSEN: Came from her office, is that right?

MR. CORNELLA: Yes. I think the senator was very concerned about what -- making investments overseas and installations that we might be leaving, so she wanted to ensure that there was some kind of study that would make sure that military construction money was well spent and that she was a good steward of the money.

So I think it was wise legislation on her part.

MR. HANSEN: I see. Let me just quickly, on the bottom of the thing it says, the U.S. shall review its treaty with Iceland and update it to reflect the Cold War security environment. Having gone there a number of times, and led a co-del there before, as I recall, talking to the commanding officer, it's a big gas station. That's about it, isn't it? I don't see much more. We were the first co-del that went into the hinterland in there. And what would you want to review there?

ADM. LESS: Right now, sir, there are four -- there's a squadron of F-15s there that belong to the Air Force, and there are helicopter assets that belong to the Navy, as well as naval personnel that are there to assist the intel leanings that come out of that particular area, as well.

So there's something in the vicinity of about 2,000 people, and what we're saying is that when you start looking at the threat in that particular region, that that threat does not require those forces to be in Iceland any longer.

And that's why we said that we probably ought to look at that, and there is an opportunity to bring some forces home.

MR. HANSEN: I see.

Well, thank you. Thank you, Mr. Chairman.

MR. PRINCIPI: Yes, sir.

General Hill.

GEN. HILL: Thank you, and I'd also like to compliment the commission on your work. It's a wonderful report, and you've raised some great issues, not the least of which is what you do, what we're doing with the mobility study doing, what the QVR study is doing, is, in fact, something that needs not independent commissions, but a thorough study by our government -- our government, not simply one part of our government.

So I applaud what you've done. In that regard I'd like to ask you a couple of questions. You probably don't know -- you may not know the answer. If you do say so. And it has to do with the mobility study and as we began discussing it.

Because any study has a series of assumptions that have to go with it. Was the assumption, do you know any of those assumptions? And my real assumption point is, was it pre-BRAC or post-BRAC? Is it the way the Air Force is today, or the way the Air Force is configured by BRAC

to be tomorrow? And what would be the changes in the answers to that study, and I think they would be significant? Do you know?

MR. CORNELLA: We don't, but that's a question that we have asked in regard to the mobility-capability study.

GEN. HILL: Okay, that's what I've got. Thank you very much.

MR. PRINCIPI: Admiral Gehman.

ADM. GEHMAN: Thank you, gentlemen, for appearing today, and helping us work our way through our problem. Your work is very helpful to us, and I appreciate it very much.

I have a couple of short questions. One is, in your report you very clearly question the dollar-cost estimates of this move overseas. Have you had an opportunity to look at the Department of Defense BRAC recommendations, into which they have included dollar-cost estimates? For example, the move to Ft. Bliss in here, is it \$5 billion, and things like that.

Are they any better, or have you had an opportunity to take a look at that?

MR. CORNELLA: The cost study that was done was done prior to the BRAC release.

ADM. GEHMAN: It was done prior to it?

MR. CORNELLA: Yes, sir.

ADM. GEHMAN: And so my question is, have you had a chance to look at the BRAC numbers?

MR. CORNELLA: Well, I've looked at them in passing. I think some of the other commissioners -- I know that General Taylor has probably looked at some relative to Army issues.

But no. We know what the total number is, and we have that number.

GEN. TAYLOR: Again, the issue is the one-time costs versus life-cycle costs.

MR. : Recurring costs, right?

GEN. TAYLOR: And my review of at least portions of the BRAC report, and I certainly have not studied all of it -- I obviously looked at little bit more at the Army than I have others --

ADM. GEHMAN: Very understandable.

GEN. TAYLOR: -- (laughs) -- is that they did capture, and I think it's included in that nine to 12, the one-time cost. But I don't know how that fits into the overall picture because I have not dug out the cost for everything.

ADM. GEHMAN: Thank you.

In your report you also recommended that the review of overseas basing really needed to include a much broader interagency government-wide review.

And in your interviews and your review, did you find any agency, regardless of the costs or the problems of implementation, but did you find any agency who said this was not a good idea?

MR. CORNELLA: No, we did not.

ADM. GEHMAN: Okay. So and then you actually said that in your opening statement. So I just wanted to make sure that, not only did that reflect your commission's view, but you didn't find somebody else who said this whole idea was a bad idea. Thank you.

And did you find any suggestions of hidden costs or costs on the other end, that is, clean up costs or restoration costs or agreements

with host nations in which the United States government is going to incur costs to get out of a place?

GEN. TAYLOR: There are certainly indications of that. And the negotiations about host nation participation in all of this are still ongoing, and we don't have the details on that.

A lot of the costs would -- could be reduced considerably if they get the burden-sharing piece, like has pretty well been announced in Korea. But it's not clear in some other places whether or not that's going to be available.

ADM. GEHMAN: Thank you.

And my last question is, in the area of MILCON and relocation costs and all that sort of stuff, there is no overseas basing relocation fund or anything like that. We are all talking about the same dollars here. I mean BRAC dollars, overseas relocation, all these moves are going to compete for the same dollars?

MR. CORNELLA: I would say yes.

ADM. GEHMAN: Yeah, that's what I -- I think so too. As a matter of fact, when I look at the costs of the moves you look at it exceeds the amount of money that's in the wedge for the BRAC, so that you could argue that there is no money for any BRAC moves, any of the 800 moves that we've got to deal with, because your commission would eat -- more than eat up all the money. (Laughter.)

Thank you, sir.

GEN. TAYLOR: We apologize. (Laughter.)

MR. PRINCIPI: Well, perhaps now we can go home. We're all done. There is no money left.

Mr. Chairman, and members of the commission, thank you very much for your testimony, for your excellent report and for your contribution, very much appreciate it. Have a good day.

This session of the Base Realignment and Closure Commission is closed.

We'll reconvene tomorrow afternoon at 1:00 p.m.

MR. : Thank you, sir.

MR. : 1:30.

MR. PRINCIPI: 1:30, yeah. Thank you.

END

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