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Military Base Closures: Estimates of Costs and Savings

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Summary

Approximately 13 years ago, in December 1988, the first military base closure commission recommended the closing and realignment of 145 U.S. domestic bases and facilities. This action was the consequence of the Department of Defense's broad reevaluation of its mission in conjunction with the weakening and ultimate collapse of the Soviet Union. There was little need, according to the Pentagon, to continue to retain the vast Cold War-era infrastructure. Funds saved from closing down underutilized bases, DOD further noted, could be used to enhance development of new weapons and improved readiness.

The 1988 round of infrastructure reductions was followed by three additional rounds in 1991, 1993, and 1995. Since then, no further rounds of base closures and realignments have been authorized by Congress, despite repeated requests from the Department of Defense in recent years for two additional rounds. The reasons for congressional resistance are two-fold. First, there is concern over a likely backlash from constituents living in or near military installations. Second, many Members of Congress remain wary about a repetition of the perceived political intrusion by the Clinton Administration that occurred in regard to the 1995 recommendations to close Kelly and McClellan air force bases.

The four base closure and realignment (BRAC) commissions recommended, individually, a total of 534 actions to close, realign, or otherwise affect specific bases, facilities, and activities. In December 1998, the General Accounting Office reported that the four BRAC commissions generated 499 recommendations, but that in its final tally "only 451 of these ultimately required action, primarily because 48 were changed in some manner by recommendations of a later commission."

The closing of all 451 BRAC installations (major, minor and "other") from the four rounds is expected to be completed by the end of FY2001, as originally scheduled. The disposing of all the closed property, however is expected to take many more years. The Pentagon's current estimate of the percentage reduction in base structure as a result of the first four rounds is 21%. This figure is used as support for additional infrastructure reductions, since other key indicators, such as the defense budget and the force structure (personnel and units) have declined 40% and 36%, respectively.

In terms of costs and savings associated with the first four rounds of closures and realignments, a DOD report (April 1998) estimated a net total savings of about \$14 billion through FY2001. It projected that net annual savings, thereafter, would be in the vicinity of \$5.6 to \$5.7 billion. As for the two new rounds currently being sought, the Pentagon has estimated an annual savings of about \$3 billion after they are implemented.

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Military Base Closures: Estimates of Costs and Savings

Introduction

This report provides information on the current status of U.S. military base closures and realignments. It includes data on domestic bases, including U.S. territories. The report also provides information on the costs and savings associated with implementation of domestic base closings and realignments.¹

From 1976 to 1988, virtually no U.S. domestic bases were closed as a result of congressionally imposed restrictions.² This situation changed radically in 1988, when the U.S. Congress passed legislation establishing the first of four independent base realignment and closure commissions (BRAC). The four commissions (activated in 1988, 1991, 1993, and 1995) generated 499 recommendations for closing and realigning bases. Only 451 of these ultimately required action, primarily because 48 were changed in some manner by recommendations of a later commission.³

Closures and Realignments

Problem of Defining Terms

The term “base closure” is frequently used loosely and imprecisely. A BRAC action may not involve a base, as one might commonly envision it to be, but rather a “facility,” “mission,” or “function.” It also may not involve a closure, or even a realignment, but rather a “disestablishment,” “relocation,” or “redirection.” In a 1995 report on the BRAC process, the General Accounting Office (GAO) noted that:

the term base closure often conjures up the image of a larger facility being closed than may actually be the case. Military installations are rather diversified

¹ Information on U.S. base closures abroad (a process independent of the domestic base closing process, and largely completed by the end of 1995), is in CRS Report 92-589F (out of print, but the author can be contacted for copies at 7-....), *Base Closures in Europe: Cost and Procedural Issues*, by (name redacted), July 27, 1992.

² CRS Report 85-212F (out of print, but the author can be contacted for copies at 7-....) *Military Base Closures: Congress and the Executive Branch*, by Andrew C. Mayer. December 27, 1985, p. v.

³ See U.S. General Accounting Office, Report No. GAO/NSIAD-99-36, *Military Bases: Status of Prior Base Realignment and Closure Rounds*, December 1998. pp. 2, 3, 12-14.

and can include a base, camp, post, station, yard, center, home-port, or leased facility. Further, more than one mission or function may be housed on a given installation.

The report noted, additionally, that:

an individual (BRAC) recommendation may actually affect a variety of activities and functions without fully closing an installation. Full closures, to the extent they occur, may involve relatively small facilities, rather than the stereotypically large military base.⁴

Thus, “base closure” is a highly amorphous, imprecise term that may serve to facilitate communication, but often fails, at the same time, to provide an exact understanding of the action taken.

Scale of the Base Structure

The military base structure of the Department of Defense includes approximately 5,000 properties, worldwide. These properties range widely in personnel assigned and amount of property controlled — from unmanned navigational aid stations to major military bases with thousands of personnel and, in the case of Nellis air force base, more than a million acres.

The Department of Defense, currently, maintains a web-site list of 588 installations, worldwide.⁵ This list is a subset of “properties,” excluding numerous minor activities and smaller properties. The 588 installations are divided into the following three groups:

| | |
|---------------------------|-------------------|
| (1) 50 United States: | 519 installations |
| (2) 3 U.S. territories: | 8 installations |
| (3) 19 foreign countries: | 61 installations |

The 527 U.S. installations comprising those within the 50 states and its territories are grouped according to three categories: major, minor, and “other.” Each major service determines for itself the method of defining its categories. For example, the Army defines a major installation as one with 5,000 or more U.S. service members, DOD civilian employees, and/or other authorized tenants. It defines a minor installation as one with personnel numbering between 1,000 and 5,000. In its “other” category, it includes sites and facilities with personnel levels between 300 and 1,000. The Air Force, on the other hand, has classified major and minor installations on the basis of wing or squadron size. The Navy determines its

⁴ See U.S. General Accounting Office, Report No. GAO/NSIAD-95-133, *Military Bases: Analysis of DOD’s 1995 Process and Recommendations for Closure and Realignment*, April 1995. pp. 19-20.

⁵ [<http://www.defenselink.mil:80/pubs/installations>] — list updated July 17, 1998.

categories on the basis of battlegroup homeport locations, air or land-based squadrons, RDT&E activities, and so on.

Base Closure Actions

Number of Military Bases Closed. Four base closure and realignment (BRAC) commissions, on the basis of their individual reports, recommended a total of 534 actions to close, realign, or otherwise affect specific bases, facilities, and activities. The breakdown for each of the commissions' reports is as follows:

| | |
|------------|---------------------|
| 1988 BRAC: | 145 recommendations |
| 1991 BRAC: | 82 recommendations |
| 1993 BRAC: | 175 recommendations |
| 1995 BRAC: | 132 recommendations |

The 1995 BRAC commission report, however, stated that the number of BRAC actions from all four rounds totaled 505 — not 534. Most recently, in December 1998, the General Accounting Office (GAO) reported that the four BRAC commissions generated 499 recommendations, but that in its final tally “only 451 of these ultimately required action, primarily because 48 were changed in some manner by recommendations of a later commission.”⁶

These discrepancies make it difficult to pin down the precise number of BRAC actions. As the GAO report explained, the BRAC commissions have been “somewhat arbitrary in the way they enumerate recommendations.” The recommendations have included closures, realignments, disestablishments, relocations, and redirections.⁷

The **closing** of all 451 BRAC installations (major, minor, and “other”) from the four rounds is expected to be completed by the end of FY2001, as originally scheduled. The **disposing** of all the closed property, however, is expected to take many more years. According to GAO, about 464,000 acres of BRAC real property were determined to be excess, but, as of March 1998, only about 31% of property designated for non-federal users had been formally transferred.⁸ The main delaying factor in the process has been the need to meet strict environmental clean-up standards. In order to move things along more swiftly, DOD has adopted the use of interim leases until such time as formal deeds can be issued.

⁶ U.S. GAO, “Status...,” op. cit., p. 25.

⁷ In a closure, all missions carried out at a base either cease or relocate (although some property may be retained for new purposes), while in a realignment, a base remains open but loses and sometimes gains missions. Disestablishments and relocations refer to mission; those disestablished cease operations, while those relocated are moved to another base. Redirection refers to cases in which a BRAC commission changes the recommendation of a previous commission. U.S. GAO, *ibid.*, p. 26 (footnote).

⁸ Only about 8% of the property designated for federal entities had actually been transferred. U.S. GAO, *ibid.*, p. 25.

It is difficult to find consistently determined figures on overall BRAC actions. However, the Department of Defense does provide one such set of statistics, smaller in number, that identifies 97 major closures and realignments. The overall baseline figure for DOD's major bases (non-BRAC as well as BRAC) is 495. As of September 30, 1999, the following information on BRAC major closures and realignments was as follows:

| | |
|----------------------------------|----|
| Major BRAC Closures Recommended: | 97 |
| 1988 Commission | 16 |
| 1991 Commission | 26 |
| 1993 Commission | 28 |
| 1995 Commission | 27 |
| Major BRAC Closures Completed: | 95 |
| Major BRAC Closures Uncompleted: | 2 |

The two remaining BRAC major bases are scheduled to be closed during fiscal year 2001. They are McClellan AFB, CA and Roslyn Air Guard Station, NY.

Percent of Base Structure Closed. In its report to the 1993 Base Closure Commission, the Department of Defense estimated that, under the first two rounds (1988 and 1991), domestic base structure was reduced by only 9%, measured by plant replacement value.⁹ It stated that adding the 1993 closures (recommended by DOD) to the previous ones would reduce the domestic base structure by about 15%.

In its recommendations to the 1995 Base Closure Commission, the Department of Defense estimated that adding the 1995 closures (recommended by DOD) to the previous ones would reduce the domestic base structure by approximately 21%. The Pentagon's current (1999) estimate of the percentage reduction in base structure remains essentially the same — 21% (see Figure 1 for comparison with other indicators of defense drawdown).

For several years, the Department of Defense has been urging Congress to authorize additional base closure rounds. It has stressed that base structure reductions lag significantly behind the reductions in the defense budget and in the force structure (military units and personnel). Additional base closures, according to DOD, would free up funds urgently needed for the development of new weapon systems as well as providing for increased training and readiness of the armed forces.

Many, if not most, authorities on defense policy agree with DOD's assessment. A few have suggested, however, that the underlying premise of relative parity may be false. For a start, some argue that the "defense budget" and "military personnel" columns below represent **worldwide** figures, while the "domestic base structure"

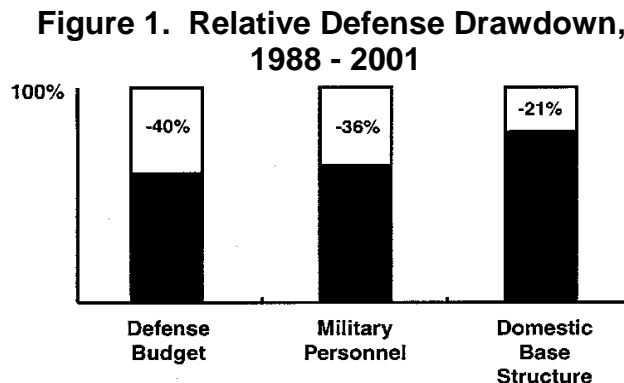
⁹ Plant replacement value, as defined by DOD, is what it would cost to replace all the buildings, pavements, and utilities at a base.

column represents the fifty United States and its territories. If the U.S. **overseas** bases closed are added to those of the domestic base structure, the comparable figure would be an overall reduction of about 26%.

A second concern has to do with the issue of “reconstitution” — a potential need to increase military capability when the United States is confronted, at some future point, by a hostile and powerful enemy state. The argument is that, while the defense budget can be increased in a matter of weeks, the same is not true of the force structure or the base structure. Some believe the problem of reconstitution is potentially most hazardous with regard to the base structure. Once property is converted to civilian use, it is for all practical purposes permanently lost as a military asset.

Prospects for Future Base Closures ¹⁰

In mid-1997, Secretary of Defense William Cohen called for two new rounds of base closures and realignments. He explained that, while four previous rounds had achieved significant savings, it was important to continue the process of closing underutilized facilities. Despite DOD pressure, most Members of Congress were reluctant to support authorization of new base closure legislation, at that time. The reasons given included, among others, grass-roots opposition from communities likely to be affected and President Clinton’s “intervention” in the 1995 base closure commission’s recommendations regarding McClellan and Kelly air force bases.¹¹ Of the two chambers, the House of Representatives expressed the stronger and more united opposition. In the Senate, proponents of new base closure rounds attempted to attach an amendment to the FY1999 defense authorization bill, but failed.



Source: U.S. Department of Defense. *Defense Reform Initiative Report*. November 1997. p. 37.

¹⁰ For a more extensive discussion of new base closings, see CRS Report RL30051, *Military Base Closures: Time for Another Round?* by (name redacted). August 3, 1999. 9 p.

¹¹ See, for example, Graham, Bradley, “Cohen at a Crossroads after Base Closing Loss.” *Washington Post*, May 19, 1998. p. A19.

The base closing issue, however, was revived at the outset of the 106th Congress. Proponents believed that their cause would be helped by the fact that it was not an election year. On January 20, 1999, Senator John McCain, along with Senators Carl Levin and Charles Robb, introduced legislation (S. 258) that would authorize two new rounds of base closures in 2001 and 2003. On February 1, the Clinton Administration submitted to Congress its budget for FY2000 which included provision for two more rounds in 2001 and 2005. On May 12 and 13, however, the Senate Armed Services Committee, in its mark-up of the FY2000 defense authorization bill (S. 1059), rejected proposals by Senators McCain and Levin to include authority for new base closings. The two Senators attempted to revive the base closure proposal during floor debate on S. 1059, but met with defeat by a vote of 60 to 40.

On January 18, 2000, just prior to the opening of the new session of Congress, the Department of Defense announced that the Clinton Administration would once again seek congressional authority to close more military bases, starting in 2003. Its spokesman said that “this is a particularly opportune time to make such transitions, since the national economy is so strong.” Additionally, he reassured critics and sceptics alike that politics would not be allowed to intrude on any future rounds of base closings.

In its statements urging new rounds of closures, the Pentagon added its stamp of approval to the BRAC process, stating that it was “a proven, effective tool to make difficult decisions that impact both national security and local communities.” It proposed that future BRAC rounds adopt the same procedures that were used in the 1995 BRAC round. However, most Members of Congress were not inclined to act on an issue fraught with potential controversy, especially during a presidential election year.

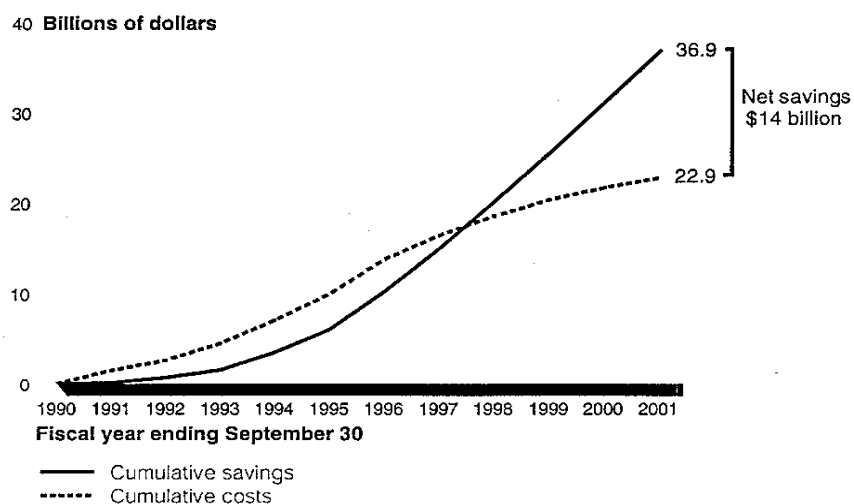
Nevertheless, Senator John McCain and Senator Carl Levin sponsored an amendment (No. 3197) that sought two additional rounds of base closures and realignments beginning in 2003 and 2005. In floor debate (June 7, 2000), Senator McCain stressed the importance of removing the armed services’ burden of managing and paying for an estimated 23% excess infrastructure costing at least \$3.6 billion a year. The McCain-Levin initiative, however, was solidly rejected by a vote of 35 to 63.

At the outset of the 107th Congress, Senators McCain and Levin have once again introduced a bill (S. 397) to authorize two new rounds of base closures in 2003 and 2005. In its February 27, 2001 press release, the Taxpayers for Common Sense (TCS), a national budget watchdog organization, immediately applauded the initiative and said that “it would save billions for other important defense priorities.” It estimated the cost of maintaining excess military bases at about \$3.6 billion each year and said that projected Pentagon savings could amount to as much as \$21 billion through 2015 if the military were allowed to close bases in 2003 and 2005.

Costs and Savings

Two important aspects of analyzing costs and savings are associated with BRAC closings. The first has to do with the element of chronological timing. In the early years, base closure costs greatly exceeded savings. At a later point in time (1998), costs and savings became about equal (see where the two lines in Figure 2 cross). Presently, with the implementation of four BRAC rounds nearing completion (the deadline is end of FY2001), savings are projected to be significantly greater than costs. The second, and more fundamentally problematic, aspect has to do with determining the accuracy of data — especially data involving savings. The inability of DOD to locate some of its data, including the original cost and savings estimates it gave to the BRAC commissions, has complicated matters. These difficulties have been addressed at some length by DOD as well as by the Congressional Budget Office and the General Accounting Office (see below).

Figure 2. BRAC Estimated Costs and Savings, 1990 - 2001



Source: GAO's analysis of DOD data.¹²

DOD and Agency Findings

Department of Defense. At the request of Congress, the Department of Defense submitted a report in April 1998 on the status of base realignments and closures.¹³ In its report, DOD provided data on the estimated costs and savings for the first four rounds (1988, 1991, 1993, and 1995). The report stated that, overall,

¹² U.S. GAO. "Status....," op. cit., p. 36.

¹³ U.S. Department of Defense. *The Report of the Department of Defense on Base Realignment and Closure*, April 1998. 144 p.

the resultant savings from the shutdown of bases and facilities during BRAC's rounds would exceed initial estimates. It also said that the dramatic level of savings would permit the Department to increase spending on the modernization and transformation of its forces, while sustaining high levels of readiness.

The DOD report stressed that "all organizations must **estimate** savings produced by management reforms, consolidations, and reorganizations. Accounting systems can keep accurate records of costs; but no parallel systems exist to track savings." To determine BRAC savings, the report explained, requires either (1) estimating what the composition of the DOD budget would have been without BRAC, or (2) distinguishing the effects of BRAC from the effects of other myriad factors that affect DOD installations and budgets over more than a decade.

With this caveat, the DOD report proceeded to estimate net total savings from the four BRAC rounds of about \$14 billion through 2001 (see Table 1). It projected that annual savings, thereafter, would be in the vicinity of \$5.6 to \$5.7 billion.

Table 1. BRAC Estimated Costs and Savings, 1988 - 2001
(dollars in billions)

| Round | Implementation Period Estimates ^a | | | | | |
|--------------|--|---------------|---------------|---|---|---------------------------------------|
| | 6-Year Period | Costs | Savings | Net Annual Recurring Savings ^b | Total Savings Through 2001 ^c | Net Savings Through 2001 ^d |
| BRAC 1988 | 1990-1995 | \$2.7 | \$2.4 | \$0.8 | \$6.9 | \$4.2 |
| BRAC 1991 | 1992-1997 | 5.2 | 6.4 | 1.5 | 12.4 | 7.2 |
| BRAC 1993 | 1994-1999 | 7.7 | 7.5 | 2.1 | 11.7 | 4.0 |
| BRAC 1995 | 1996-2001 | 7.3 | 5.9 | 1.3 | 5.9 | (1.4) |
| Total | | \$22.9 | \$22.2 | \$5.7 | \$36.9 | \$14.0^d |

Source: DOD fiscal year 1999 BRAC budget submission.

Note: Amounts presented are current-year dollars consistent with DOD's budget submissions; totals may not add due to rounding.

- a. Implementation period estimates are the one-time BRAC costs and savings for the 6-year period authorized to complete a BRAC action. The cost estimates are less any revenues from the sale of unneeded base property.
- b. Net annual recurring savings start the year after completion of the round and are usually based on estimated savings during the last implementation year for each round.
- c. Total savings through 2001 consist of 6-year implementation period savings plus recurring savings for each year after the end of a round through 2001. For example, BRAC 1991 total savings of \$12.4 billion through 2001 consist of \$6.4 billion in savings during the implementation period and \$6 billion in recurring savings for the years 1998 through 2001 (\$1.5 billion for 4 years).
- d. Net savings through 2001 consist of total savings through 2001, less the costs incurred through 2001.

Congressional Budget Office. As required by a provision of law, the Congressional Budget Office (CBO) and the General Accounting Office (GAO) reviewed DOD's 1998 report following its release. CBO found DOD's estimates of savings from previous closure rounds, as fully implemented, consistent with its own estimates — \$5.6 billion as compared to \$5.0 billion. CBO also acknowledged that firm measures of BRAC savings requested by Congress “do not — and cannot exist.” It elaborated, as follows:

BRAC savings are really avoided costs — costs that DOD would have incurred if BRAC actions had not taken place. Because those avoided costs are not actual expenditures, DOD cannot observe them and record them in its financial records. As a result, DOD can only estimate savings rather than actually measure them.¹⁴

In its review, CBO made a number of other interesting observations. It stated that DOD was unable to locate some of the data requested by CBO, including the original cost and savings estimates that DOD gave to the BRAC commissions. Also, CBO noted that estimates of BRAC costs and savings would be more accurate if they included DOD's environmental and caretaker costs for some bases after the six-year implementation period is completed.

General Accounting Office. The General Accounting Office submitted its review of DOD's report on November 13, 1998.¹⁵ It was longer and provided more supporting detail than the CBO review. GAO asserted that the four previous BRAC closure rounds would result in substantial net saving. It noted, also, that “DOD's report should be viewed as providing a rough approximation of costs and savings rather than precise accounting.” It said that “DOD's data systems do not capture all savings associated with BRAC actions, nor has DOD established a separate system to track BRAC savings.”

A pair of consistent messages are present in the three reports reviewed above. First, there is no practicable way to determine, with precision, the actual costs and savings from the BRAC rounds; one has to be satisfied with estimates. Second, regardless of substantial initial costs, much greater savings will be achieved in the long run as a result of the four rounds of military base closures.

Prospects for Future Savings

The Department of Defense, during the last several years, has repeatedly stated its need to close more military bases, citing studies that confirm an excess base capacity in the range of 23%. It has sought authority from Congress, so far to no avail, for two new base closure and realignment rounds in 2003 and 2005. According to DOD's estimates, two new rounds, each roughly the size of the last two rounds initiated in 1993 and 1995, would generate annual savings of about \$3 billion after

¹⁴ U.S. Congressional Budget Office, *Review of the “Report of the Department of Defense on Base Realignment and Closure,”* July 1998, 7 p.

¹⁵ U.S. General Accounting Office. *Military Bases: Review of DOD's 1998 Report on Base Realignment and Closure*, November 1998, 54 p.

they are implemented.¹⁶ Failure to close unneeded bases, DOD has warned, could seriously impede its efforts to allocate resources in the most efficient and effective manner. It has stated, also, that such failure could cost the Pentagon, in the future, \$20 billion that would be better spent on ships, jet aircraft, and other crucial military equipment.¹⁷ The prospects for achieving future savings depend greatly on Congress' actions in the course of the next two sessions, during which conditions for establishing a new, independent base closure commission will be most advantageous.

Conclusion

The Pentagon insists that the high cost of maintaining a base structure far in excess of its current, and most likely future, requirements imposes a very significant financial burden on the department. The removal of this burden remains a major Department of Defense objective. It is an especially important item on DOD's agenda this year, as it presents and defends its annual budget in hearings before the committees of the new 107th Congress.

With the conclusion of the year 2000 presidential election, Members of Congress may be more inclined now than before to undertake the necessary steps to authorize new base realignment and closure (BRAC) rounds. The long-standing argument of many Members of Congress against any new rounds as long as the Clinton Administration remained in place (because of perceived abuse in the handling of McClellan and Kelly air force bases) has now become largely moot. A major impediment to further closures and realignments, thus, appears to have been removed.

It is generally agreed, however, that Congress has only a brief "window of opportunity" to muster the support needed to establish a new, independent base closure commission — the previous one having expired more than 5 years ago. Any extended delay by Congress that moves a BRAC decision closer to the next election in 2004, it is widely acknowledged, will likely result in dwindling support and possible rejection.

¹⁶ U.S. Department of Defense, op. cit., pp. 19-22.

¹⁷ Burns, Robert. *Clinton to Seek More Base Closings*, AP, Jan. 18, 2000.

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