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Military Base Closures: Time for Another Round?

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ABSTRACT

This report provides information on military base realignment and closings since 1988. It also describes important aspects of the ongoing effort by the Department of Defense to persuade Congress to authorize new base closure rounds. It explains why DOD regards it as critically necessary, and why some Members of Congress are adamantly opposed to any new closures, at this time. Other relevant CRS products include CRS Report RL30440, "Military Base Closures: Where Do We Stand?", CRS Report 97-305, "Military Base Closures: A Brief Historical Review Since 1988" and CRS Report 96-562, "Military Base Closures since 1988: Status and Employment Changes at the Community and State Level." This report will be updated periodically.

Military Base Closures: Time for Another Round?

Summary

Ninety-seven major military bases were recommended for closure and realignment by the 1988, 1991, 1993, and 1995 base realignment and closure (BRAC) commissions. Only four of these BRAC recommendations remain uncompleted at this time. Action on all 451 installations (major and minor) from the first four rounds is expected to be completed by the end of FY2001, as scheduled. The Department of Defense has estimated that these closures and realignments will produce **net** savings of about \$14 billion dollars by the end of FY2001, and estimated annual savings thereafter of about \$5.7 billion.

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 have been reluctant to support authorization of new base closure legislation, at least for the foreseeable future. The reasons given include, 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. Of the two chambers, the House of Representatives has 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.

The base closing issue, however, was revived again 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 markup of the FY2000 defense authorization bill (S. 1059), rejected proposals by Senators John McCain and Carl Levin to include authority for new base closings. The two Senators attempted to revive the new base closure proposal during floor debate on S. 1059 but met with defeat by a vote of 60 to 40.

In the current year, Senators McCain and Levin have once again assumed the lead in calling for two new base closure rounds in 2003 and 2005. On June 7, 2000, however, their amendment to the FY2001 defense authorization bill was defeated on the floor by a vote of 63 to 35. The positions of the opposing sides in the debate reflected the same concerns expressed in previous years.

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Military Base Closures: Time for Another Round?

Introduction¹

This report discusses key base closure developments, beginning with the 105th Congress and continuing in the current 106th Congress. The most recent notable actions include (1) Senator John McCain's sponsorship of S. 258 (January 20, 1999) calling for two new closure rounds in 2001 and 2003, (2) the Clinton Administration's budget submission to Congress (February 1) seeking two more rounds in 2001 and 2005, and (3) the Senate Armed Services Committee's rejection (May 12 and 13) of proposals by Senators McCain and Carl Levin to provide for at least one new round of base closings in 2001. This action took place during the committee's mark-up of the FY2000 defense authorization bill (S. 1059).

Of 97 major military bases recommended to be closed or realigned by the 1988, 1991, 1993, and 1995 base realignment and closure (BRAC) commissions, no more than four remain open.² Action on all 451 installations (major and minor) from the first four rounds is expected to be completed by the end of FY2001, as scheduled. The Department of Defense has estimated that these closures and realignments will produce **net** savings of about \$14 billion by the end of FY2001, and estimated annual savings thereafter of about \$5.7 billion.

It was widely acknowledged, at the time of the 1995 round, that additional base closures would be necessary, given the continuing downward trend in defense spending and force structure (units and personnel). Two years later, the Department of Defense began to press its case in earnest. On May 19, 1997, Secretary of Defense William Cohen released a long awaited report, the *Quadrennial Defense Review* (QDR). In the report, a major review of military strategy and capabilities, he called for two more rounds of closures, one in 1999 and the second in 2001. He explained that, in spite of four previous rounds, the downsizing of DOD's base structure had fallen behind the downsizing of its force structure. He pointed out that:

Since the first base closure round, force structure has come down by 33% and will have declined by a total of 36% when we finish the reductions under the QDR.

¹ For context and background, see CRS Report 97-305, *Military Base Closures: A Brief Historical Review since 1988*, by George Siehl, 16 p.

² "Realignment" is an action quite distinct from "closure." It involves transferring units and functions, in and/or out of an installation, whereby the result is a net reduction of DOD civilian personnel. "Closure" involves shutting down or relocating most, if not all, of an installation's mission. Small portions of the base may be retained for use by reserve components.

During the same period, we will have reduced domestic infrastructure by 21%....
We must shed more weight.³

He further explained that closing more bases was dictated not only by the need to achieve a proper balance between infrastructure and force structure, but also by the need to secure significant savings that would allow DOD to fund adequately future readiness and weapons acquisition programs. He stated that without the savings from new rounds of closing, DOD would be hard-pressed to fulfill its missions and responsibilities in the future.

Closures and the 105th Congress

Secretary of Defense Cohen's plan to begin new rounds of closures within the next five years was met with a decided lack of enthusiasm on Capitol Hill. Many Members expressed deep concern over the likely economic and political fallout in their districts from any such new rounds. Both defense committees of the House and Senate, during their mark-ups of the FY1998 DOD authorization bills, declined to support new base closure legislation. On June 12, 1997, the Senate Armed Services Committee narrowly failed, on a 9-9 vote, to approve a proposal to authorize two more rounds of base closing in 1999 and 2001. The next day, Senator Carl Levin, the committee's ranking Democrat, along with Senators John McCain, Dan Coats, and Charles Robb, pledged to push for more base closings when the DOD authorization bill went to the floor. Senator Levin said that, if Congress was serious about having funds for new weapons, it was necessary to reduce excess infrastructure.

On July 9, the full Senate voted 66-33 against the McCain-Levin initiative and in support of a substitute amendment that delayed any new base closings until DOD developed "accounting techniques" to accurately measure the costs and savings from previous and future rounds. Under the substitute amendment, sponsored by Senators Byron Dorgan, Trent Lott, and Tom Daschle, DOD was required to prepare and submit its cost/savings report to Congress "in a timely manner." Although no specific date was set, the provision stipulated that the report must be completed with adequate time for Congress to authorize another round of base closings in 2001.

In the House National Security Committee, opposition to a new round of closures was considerably stronger. Representative Joel Hefley, chairman of the subcommittee on military installations, indicated that there should be no new base closure rounds for at least five years. He, as well as others, questioned DOD's estimate of actual savings, especially in the short- and medium-term, given the substantial up-front costs of shutting down bases. Although DOD officials have claimed net savings, beginning in FY1996 and increasing into the future, the Congressional Budget Office, in a December 1996 report, stated that it was unable to confirm or assess those estimates.⁴

³ U.S. Department of Defense. Report of the Quadrennial Defense Review, May 1997, pp. viii-ix.

⁴ U.S. Congressional Budget Office. Closing Military Bases: An Interim Assessment, (continued...)

Congressional opponents, further, objected to rushing into new rounds of closures “without a complete and thorough understanding of the military implications” of previous rounds. In this regard, they also questioned the validity of DOD’s major premise that there should be a one-to-one correlation between the percentage of reduction in end-strength and in base closings.

Despite the lack of broad support on Capitol Hill, senior DOD officials, as well as the President, continued to press for new rounds of base closures in the near future. Both Secretary of Defense Cohen and retiring Chairman of the Joint Chiefs of Staff, Gen. John Shalikashvili, issued statements in September 1997 calling for more base closures as a way of making funds available for top priority weapons programs. On November 10, the Secretary of Defense and other senior Pentagon officials announced a series of reforms (“Defense Reform Initiative”) that included two additional rounds of base closures in 2001 and 2005. These rounds, it was asserted, would eventually result in annual savings of about \$1.4 billion each, or a total of \$2.8 billion. This figure represented about half of the overall \$6 billion annual savings anticipated from DRI actions that include, in addition to base closings, increased outsourcing to private industry, shifting to paperless contracting, administration, and publishing, and reducing the number of personnel employed by the Office of the Secretary of Defense and other agencies, departments, and activities.

Further support for two, or more, new rounds of base closures came from the December 1997 report entitled *Transforming Defense: National Security in the 21st Century*.⁵ Members of the DOD-sponsored National Defense Panel that prepared the report strongly urged Congress and the Defense Department to “move quickly to restore the base realignment and closure process.” They called for closures to begin “earlier than the current 2001-2005 department proposal.” In his endorsement of the panel’s findings, Secretary of Defense Cohen emphasized, as he has in the past, the importance of two additional BRAC rounds as a means of financing and accelerating the transformation of U.S. military capabilities.

Dispute over Depot Privatization

A highly contentious aspect of the base closure debate involves President Clinton’s actions during the most recent round. The 1995 base closure commission recommended the closing of two of the Air Force’s five major maintenance depots — at McClellan Air Force Base (CA) and Kelly Air Force Base (TX). The recommendation was justified on the grounds that all five depots were operating at under 50% capacity, and that significant savings could be achieved by transferring

⁴ (...continued)

December 1996, 74 p.

⁵ U.S. Department of Defense. Report of the National Defense Panel. *Transforming Defense: National Security in the 21st Century*, December 1997, 94 p.

McClellan's and Kelly's workload to the three remaining depots in Utah, Oklahoma, and Georgia.⁶

President Clinton vigorously opposed closing McClellan and Kelly depots, arguing that California and Texas had already suffered disproportionately from effects of the three previous closure rounds. He moved quickly and forcefully to prevent further loss of jobs in California and Texas by directing that private firms be allowed to assume the work on site — otherwise known as “privatization-in-place.” Opponents of the President, however, were quick to charge him with unprecedented political meddling in the base closing process. They accused him of trying to curry favor with the people of vote-rich California and Texas, vital in his bid for reelection.

Not surprisingly, legislators from Oklahoma, Georgia, and Utah were vociferously opposed to the privatization plan, believing that it deprived them of jobs that would have been created in their communities under the initial recommendation of the 1995 base closure commission. Also, they knew that the existing privatization plan, if permitted to proceed, left their depots highly vulnerable to closure whenever the next round of base closures occurred.

Resentment over the President's 1995 intervention has carried over to the present. His action has been cited by congressional opponents as reason for their opposition to any new base closure rounds at this time. It also fueled a move by some Members to block DOD from proceeding with plans to privatize depot maintenance work at McClellan and Kelly air force bases. On June 5, 1997, the House military readiness subcommittee approved an amendment to the FY1998 defense authorization bill prohibiting privatization at the two depots unless the Secretary of Defense certified that the three remaining depots were operating at an efficient 80% capacity. These other depots, as mentioned above, were operating at approximately 50% capacity. The full House National Security Committee approved the measure on June 16. Similar depot language was approved by the full Senate Armed Services Committee on June 17. However, in the face of a threatened filibuster by the four Senators representing California and Texas, the depot-related provisions were removed from the DOD authorization bill prior to floor consideration.

In floor debate, on June 23, Representative Terry Everett led an effort to delete the depot-related restrictions in the House FY1998 defense authorization bill, but to no avail. His amendment was defeated by a vote of 145 to 278. In the other chamber, Senator Inhofe spearheaded an effort to restore depot-restrictions to the Senate bill. He and his co-sponsors, however, withdrew their amendment on July 11, just before its floor consideration.

In conference committee, the depot-related language in the House bill became a major bone of contention and obstacle to reaching final agreement on the FY1998 defense authorization bill. As of early October, it was reportedly the only remaining

⁶ See, also, CRS Report 96-700, *Privatizing DOD Functions through Outsourcing: A Framework for Discussions*, by Gary J. Pagliano, 5 p.; and CRS Issue Brief IB96022, *Defense Acquisition Reform: Status and Current Issues*, by Valerie Bailey Grasso (Updated regularly). 16 p.

issue to be resolved. Neither of the opposing camps seemed willing to yield — with one side threatening filibuster and/or veto if public-private depot competition at McClellan and Kelly air force bases were not allowed to go forward, and the other side insisting that without language prohibiting depot competition, there would be no bill. A resolution was achieved, ultimately, by the Senate and House conferees and reported on October 23. Under the compromise agreement, the limit on depot work that could be done by private contractors was increased from 40 to 50%. On the other hand, a broadened definition of the “core work” that must be done by government depots served to offset the benefits to private contractors of their percentage increase.

On October 28, the House passed the conference report by a vote of 286 to 123. On the following day, the Senate debated the conference report’s provisions regarding depot maintenance operations at length, but did not move to a final vote. A bid by Senator Kay Hutchison to postpone a final vote on the FY 1998 defense authorization until January 18, 1998 was denied. On November 6, the Senate reached final agreement, passing the conference report by a vote of 90 to 10. President Clinton signed the bill into law on November 18 (P.L. 105-85).

DOD Report on Costs and Savings

In the FY1998 defense authorization act cited above, Congress included language (Section 2824) that prohibited DOD from taking any concrete steps towards planning and implementing new base closures until it had submitted a report on “costs and savings attributable to the first four rounds of closure and realignment; and on the need, if any, for additional rounds.” The detailed requirements set forth in the Dorgan Amendment appeared quite daunting, including ten “Elements” and eight “Methods of Presenting Information.” The deadline for delivery of the report was set for “no later than the President’s submission to Congress of the budget for FY2000” (January-February 1999).

On April 2, 1998, far in advance of the deadline, the Department of Defense submitted its report to Congress.⁷ Secretary of Defense Cohen, in his introductory statements, stressed several key points in calling for new base closure and realignment legislation in the current year. He stated that the base structure was, currently, 23% in excess of what was needed, and that savings from two new rounds of closings would provide vital funding for modernization of weapons systems and improved readiness. He reminded Congress that while the defense budget was down 40% and force structure 36%, base structure had declined only 21%. He cited several other examples of the significant imbalance between force and base structures. The number of Navy ships was scheduled to drop by 46% between 1989 and 2003; while berthing space would decline by only 18%. The number of Army soldiers was slated to fall 43% in the same period, compared with only a 7% planned reduction in classroom space.

⁷ U.S. Department of Defense. The Report of the Department of Defense on Base Realignment and Closure, April 1998, 144 p.

The base closure report, in providing information requested by Congress in Section 2824, claimed that the closure costs of the 1988 and 1993 rounds were less than the Pentagon's original estimate. It asserted that the costs of the 1991 and 1995 rounds, when completed, would be roughly equal to the estimates. The report claimed that the resulting savings from the shutdown of bases and facilities during BRAC's 1988-1995 rounds would exceed initial estimates. More specifically, DOD expected **net** total savings of about \$14 billion through 2001. Annual savings, thereafter, were estimated at \$5.6 billion.

The two new rounds of closures in 2001 and 2005 sought by the Pentagon were expected to produce, after implementation, additional savings of about \$3 billion a year. As required by Congress in Section 2824, both CBO and GAO were to review and comment on the accuracy and reliability of the report's findings. Other significant features of the base closure report included: (1) a recommendation by DOD to apply the model of previous independent base closure commissions for the two rounds proposed for 2001 and 2005; and (2) a statement touting the successful economic recovery from base closures of many communities.

A subsequent Air Force memo (April 26) added fuel to the controversy over base closures. The memo cited John D. Podesta, the White House deputy chief of staff, as having tried through a DOD official, to encourage Lockheed Martin Corporation to go after some of the depot maintenance work at McClellan Air Force Base and keep the work in Sacramento.⁸ Members adamantly opposed to keeping depot maintenance work at both McClellan AFB and Kelly AFB accused the Administration of continuing to meddle in the base closure process. The level of suspicion increased, as did the level of rhetoric, with Members issuing forceful statements in opposition to new base closures, such as "dead on arrival," "smoking gun," and "over my dead body."

Reaction on Capitol Hill to the April 2, 1998 report's call for two new base closure rounds was similar to that of the previous year — strong and widespread resistance. The House National Security Committee remained broadly opposed to any closings in the near future. This degree of opposition was mirrored also in the House as a whole. The Senate Armed Services Committee was more evenly divided on the issue than the House committee. In its mark-up session, the Senate committee defeated by a 10-8 margin a proposed new round of base closures in 2001 (press release dated May 8, 1998). Senator John McCain and Senator Carl Levin, principal co-sponsors of new BRAC legislation last year (as well as in 1997), indicated that they were prepared, however, to seek support for passage of a floor amendment during Senate consideration of the FY1999 defense authorization bill (S. 2057/S. 2060). In the end, with sentiment of the majority clearly running against them, the Senators abandoned their initiative.

In floor action (June 25), the Senate voted 48-45 in support of an amendment to the FY1999 defense authorization bill that would have made it more difficult for the Pentagon to move ahead with base closings. Amendment No. 2981, sponsored by Senator James Inhofe, would have restricted the Administration from closing bases

⁸ Defense News. USAF Officials Backtrack on Depot Comments, June 8-14, 1998, p. 8.

with 225 or more civilian personnel (a reduction from the current threshold of 300 set in law). It would also have restricted the Pentagon from realigning bases with 750 civilian personnel, or more than “40% of the total number of civilian personnel authorized to be employed at such military installation.” Further, the amendment would have prevented the Pentagon from closing a base within four years after completing a realignment of such base. The intent of this provision was to delay, if not block, the Department of Defense from quickly moving to close a particular base by reducing the number of civilian employees to less than 225. In addition, the Inhofe amendment expressed congressional opposition to any new rounds of closures and realignments until all actions from previous rounds have been completed.

The Inhofe amendment, ultimately, was dropped from the FY1999 defense authorization bill during conference.

CBO and GAO Assessments

The Congressional Budget Office submitted its review of DOD’s base realignment and closure report on July 1, 1998.⁹ It stated that the report provided most, but not all, of the information that the Congress had requested. It 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 billion. However, CBO explained that the firm measures of BRAC savings requested by the 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.

In its review, CBO observed that DOD’s report had provided a clear and coherent summary of why **future** base closure rounds would produce significant savings. It noted, however, that DOD provided “little analysis of those data or insight into the number and types of installations that might be closed in the event of future BRAC rounds.” Other significant CBO findings included:

An analysis of the likely impact of future base closures on local communities cannot be attempted until the specific communities are identified; even then, it would be very difficult to do.

DOD was unable to locate some of the requested data, including the original cost and savings estimates that it gave to the BRAC commissions.

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 over.

⁹ U.S. Congressional Budget Office. Review of the “Report of the Department of Defense on Base Realignment and Closure,” July 1998, 7 p.

The General Accounting Office submitted its review of DOD's report on November 13, 1998.¹⁰ It was longer and provided more supporting detail than the CBO review. GAO gave DOD generally good grades. It said that, overall, DOD had provided most of the information required by Section 2824. GAO affirmed that the four previous BRAC closure rounds would result in substantial net savings. It noted, however, that "DOD's report should be viewed as providing a rough approximation of costs and savings rather than precise accounting." It pointed out 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." Other significant GAO findings included:

DOD's analysis of operational and readiness indicators has shown no long-term problems affecting military capabilities that can be related to BRAC actions. This general conclusion is also consistent with our prior work.

DOD's report emphasizes that communities affected by prior BRAC actions appear to be rebounding economically. We also have found this to be the case, although our work also shows that some communities are faring better than others.

DOD's report suggests that proposed BRAC rounds in 2001 and 2005 would be conducted like prior rounds. DOD's legislative proposal requesting authority to conduct two additional BRAC rounds provides a good starting point for considering future legislation, should the Congress decide to authorize additional rounds.

Closures and the 106th Congress

A "front-burner" issue for Congress at the outset of the current session was whether to authorize a new round of base closings. At a November 1998 American Bar Association symposium on national security, the general counsel of the Senate Armed Services Committee predicted that: "There will be a significant attempt to put BRAC in the FY2000 authorization bill, which may well succeed."¹¹ On January 20, 1999, Senator John McCain, along with Senator Carl Levin, sponsored a bill (S. 258) calling for two new rounds in 2001 and 2003. In support of the bill, Senator McCain pointed to the 23% excess capacity in infrastructure claimed by DOD, and said that it was "unconscionable" for anyone to avoid looking at the billions of dollars to be saved by closing and realigning more bases. In an effort to win support, he and his cosponsors offered two significant changes in the law. First, the whole BRAC selection process would begin and finish two months later in calendar year 2001 than in previous rounds. It would give a new President the opportunity to nominate members of a base closure commission. Second, privatization-in-place would not be permitted in closing installations unless the new base closure commission explicitly recommended it.

¹⁰ U.S. General Accounting Office. Military Bases: Review of DOD's 1998 Report on Base Realignment and Closure, November 1998, 54 p.

¹¹ Inside the Pentagon. Armed Services Committee to Tackle Readiness, BRAC in Next Congress, November 19, 1998, p. 15.

Secretary of Defense William Cohen stressed, at almost every opportunity during the early part of the year, the importance of further base closures. In speaking to the Illinois legislature on January 28, 1999, he stated that the most politically challenging aspect of his effort to improve DOD efficiency and save money was base closures. He said:

I know that BRAC is now seen as a four-letter word, but I must tell you that the vast sums of money we waste on unneeded facilities is robbing our men and women in uniform of needed training, modern weapons, and a better quality of life. The two additional rounds we will fight for this year will ultimately save \$20 billion [during implementation] and generate \$3 billion annually [thereafter].

Despite such appeals, many Members of Congress remained opposed to new rounds, for the time-being, in large part because of widespread fear among constituents over such closings. This was underscored in hearings on February 2 before the House Armed Services Committee (formerly, House National Security Committee), when Secretary of Defense Cohen's call for two more closure rounds reportedly received a "cool response." More ominously, from the Pentagon's perspective, the Senate Armed Services Committee voted on May 12 and 13 against authorizing any new rounds of closings during its mark-up of the FY2000 defense authorization bill (S. 1059). On May 26, the full Senate rejected a last-ditch effort by Senators John McCain and Carl Levin to revive their base closure initiative during floor debate and passage of the defense bill. The 60 to 40 vote marked the third year in a row that DOD's attempt to win support in the Senate committee to shut down more bases has been blocked. With opposition to base closures even stronger in the House, most observers believed that DOD's high priority initiative had been effectively "squashed" for the remainder of the year -- if not longer.

In the second session of the 106th Congress, the Administration's FY2000 DOD budget proposal sought authority to close more military bases in the years 2003 and 2005. Deputy Defense Secretary John Hamre emphasized that it was a particularly opportune time for Congress to take the initiative since the national economy was so strong. In an effort to win the support of Congress, Secretary of Defense Cohen said that the base closing process needed to be improved -- that there were too many bureaucratic obstacles in the transition to private use of a closed base. Also, he contended that the failure to close more bases would cost the Pentagon as much as \$20 billion that could be better spent on upgrading and building new weapon systems, as well as increasing the performance levels of U.S. fighting forces. He also pledged that politics would not be permitted to intrude in any future base closure rounds.

Congress, however, has chosen not to authorize any new rounds of closures this year. In floor debate, on June 7, 2000, the Senate defeated an amendment to the FY2001 defense authorization bill sponsored by Senators McCain and Levin. The amendment, which would have authorized two new rounds in 2003 and 2005, was rejected by a vote of 63 to 35. The positions of the opposing sides in the debate reflected the same concerns expressed in previous years.