BRAC 2017
and
The Balance Between Readiness, End-Strength and Modernization

April 17, 2014

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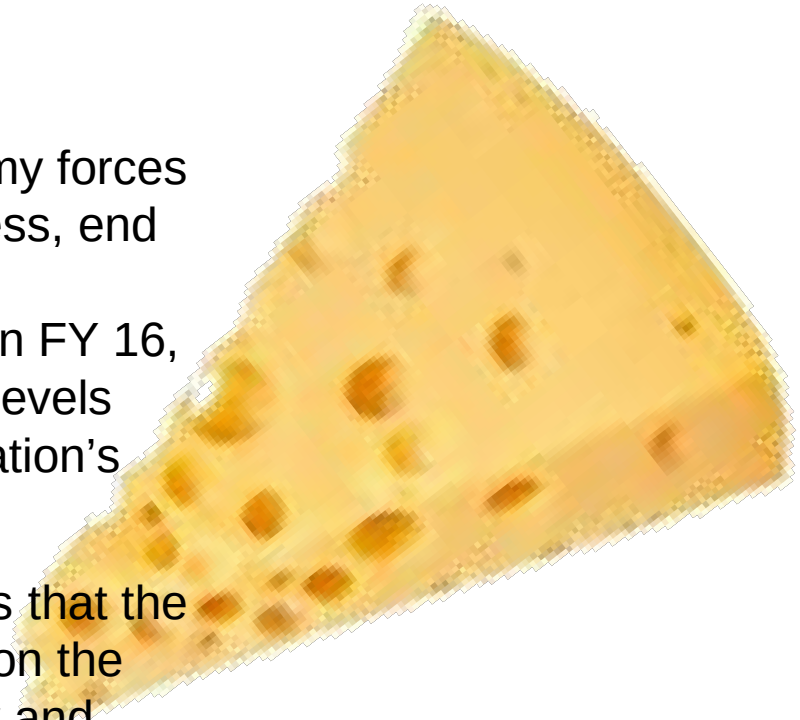
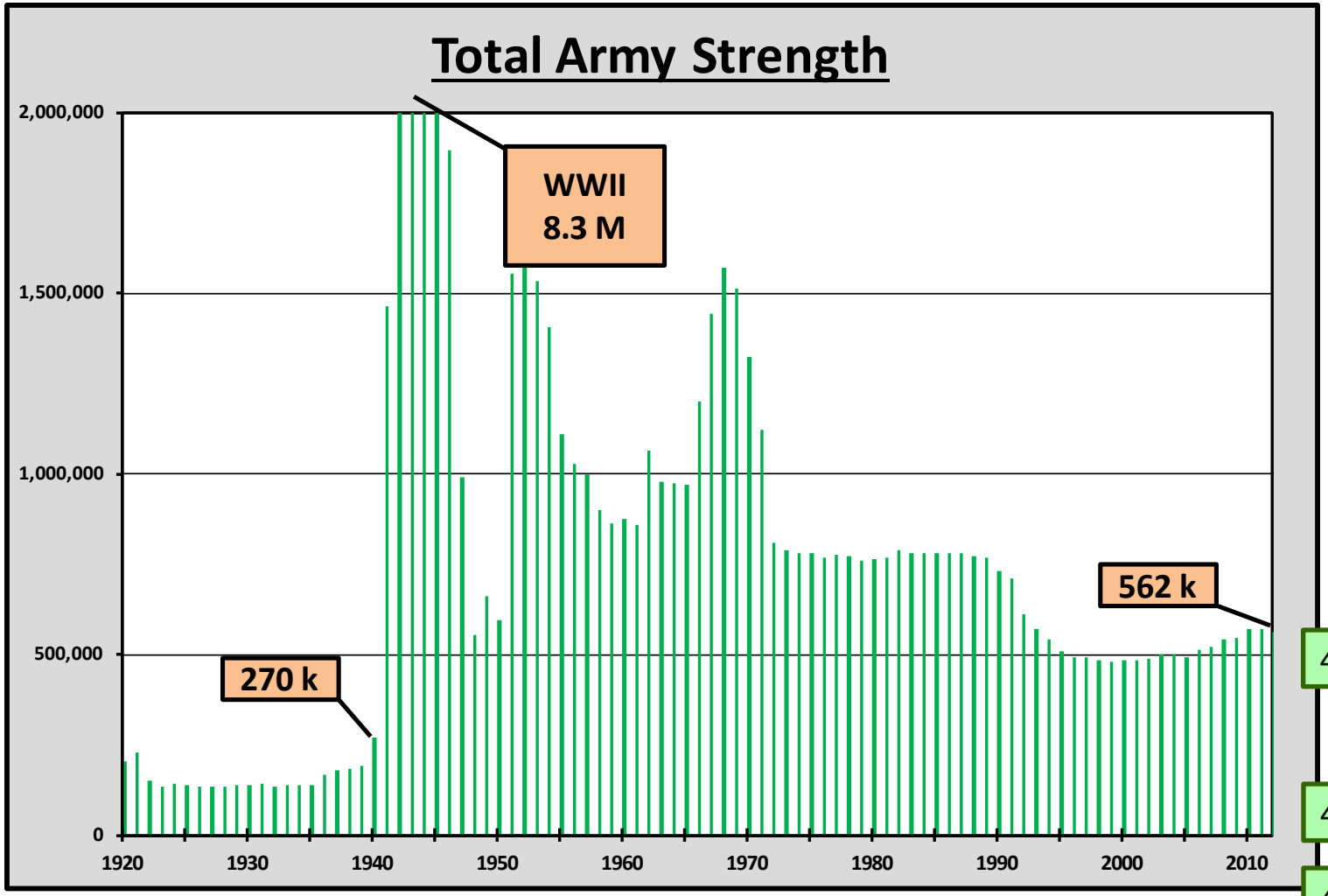
Army Posture Statement

- “It is essential that we take steps to prevent hollowness within the force.”
- “Our ability to provide trained and ready Army forces will improve as we begin to balance readiness, end strength and modernization. However, if sequestration-level spending caps resume in FY 16, we will be forced to reduce end strength to levels that will not enable the Army to meet our Nation’s strategic requirements.”
- “We have learned from previous drawdowns that the cost of an unprepared force will always fall on the shoulders of those who are asked to deploy and respond to the next crisis.”



It is not a historical accident that post-war drawdowns have usually resulted in a hollow force, dispersed across hollow installations

History of Army End-Strength



490K by 2015

↓ QDR

450K by 2017

420K by ????

Force Structure and Infrastructure

- Army world-wide facility capacity analysis, preliminary results:
  - Based on 490K Active Component end-strength
  - Between 12-28 percent excess capacity (average: 18 percent)
  - Over 160 Million square feet of excess capacity
- QDR directed Army AC End-Strength: 450K by 2017; 420K if Sequestration Resumes in Fiscal Year 2016
- Additional excess capacity will be created if the AC shrinks below 490K, necessitating incremental facility capacity analyses
- Army estimate: $3/square foot to maintain underutilized facilities

"Empty Space Tax" could cost the Army ~$500M/year

Supplemental PEA

Supplemental Programmatic Environmental Assessment			
Installations assessed in the January 2013 PEA		**Additional installations to be assessed in the Supplemental PEA**	
Fort Benning	(10,800)	Aberdeen Proving Ground	(4,300)
Fort Bliss	(16,000)	Fort Belvoir	(4,600)
Fort Bragg	(16,000)	Fort Huachuca	(2,700)
Fort Campbell	(16,000)	Fort Jackson	(3,100)
Fort Carson	(16,000)	Fort Leavenworth	(2,500)
Fort Drum	(16,000)	Fort Meade	(3,500)
Fort Gordon	(4,600)	Fort Rucker	(2,500)
Fort Hood	(16,000)	Fort Shafter	(3,800)
Fort Irwin	(3,600)	JB San Antonio	(5,900)
Fort Knox	(7,600)		
Fort Lee	(3,600)		
Fort Leonard Wood	(5,400)		
Fort Polk	(6,500)		
Fort Riley	(16,000)		
Fort Sill	(6,800)		
Fort Stewart	(16,000)		
Fort Wainwright	(5,800)		
Schofield Barracks	(16,000)		
JB Elmendorf-Richardson	(5,300)		
JB Langley-Eustis	(4,200)		
JB Lewis-McChord	(16,000)		

The Money Is Gone, Part II

- If Congress prevents the Army from realizing savings from infrastructure efficiencies through BRAC, where else in the budget can we go?
  - ✓ Military Personnel: Already planned
  - ✓ Modernization: Already planned
  - ✓ Research and Development: Already planned
  - × Compensation and Benefits: Congress rejects
  - × Medical Costs: Congress rejects
  - × Civilian Personnel: Need BRAC to optimize
  - × Installation Infrastructure: Need BRAC to optimize
  - ✓ Training and Readiness: Easiest to harvest

"The money is gone." – Secretary John McHugh

Base Closure & Realignment: 101

- **What is BRAC?**
  - A statutory process through which DoD can close or realign military installations
- **Why Did Congress Create the BRAC Process?**
  - Need to close installations
  - Fair process
  - Timely closure/realignment of military installations
  - Decision making based on objective criteria emphasizing military value
  - Independent review of recommendations
  - "All or nothing" acceptance to eliminate political influence

Using DoD's ***non-BRAC*** authorities to address excess infrastructure is not as transparent or economically advantageous to local communities

Base Closure & Realignment: 101

Non-BRAC Closure and Realignments

- In 1977, Congress enacted 10 U.S.C. § 2687
- 10 U.S.C. § 2687 requires numerous studies, Congressional notification during the budget process, and a 60-day waiting period
- Congressional notification must include evaluation of economic, budgetary, environmental, strategic, and operational consequences
- Congressional notification must also include evaluation of the criteria used to consider the closure/realignment, such as local infrastructure at existing and receiving locations to accommodate the missions and costs associated with any needed transportation infrastructure improvements

Base Closure & Realignment: 101

BRAC Process:

1. Capacity Analysis
2. Certification of data
3. Secretary of Defense develops recommendations based on a 20-year Force Structure Plan and selection criteria
4. Secretary of Defense forwards to an independent Commission selected jointly by the President and Congress
5. Independent Commission reviews for consistency with force structure plan and selection criteria
6. Affected communities have opportunity to appeal to independent Commission
7. Independent Commission forwards its recommendations to the President
8. President approves or disapproves on an all-or-none basis
9. If approved, President sends recommendations to Congress
10. Congress has an opportunity to reject, also on an all-or-none basis
11. If Congress does not reject, DoD has legal obligation to close and realign as recommended by Commission

BRAC Produces Proven Savings

Cumulative BRAC Rounds (1988, 1991, 1993, 1995)

- $943 Million in net annual Army recurring savings
- $2 Billion in total net Army implementation costs
- 46 percent annual Army return on investment
- 2.2-year Army payback period

Army is saving ~ $2B each year from all prior rounds of BRAC

BRAC 2005

- Two types of BRAC recommendations: **Efficiency** and **Transformation**
- $1 Billion net annual Army recurring savings (DoD wide: $3.8B; validated by GAO)
- $13 Billion total net Army implementation costs (DoD wide: $35B)
- ≥ 7.7 percent annual Army return on investment
- 12.6-year Army payback period

BRAC 2005: **Efficiency vs Transformation** Subset: Army Payback Category	Army Business Plans in Category	Annual Recurring Savings (FY12)	Total Cost (FY06-11)	Payback Period (Measured in Years)	Return on Investment (Percent)
Transformation (Payback > 7 Years)	46	~ $ 400M	~ $11B	> 30 yrs	~ 3 %
Efficiency (Payback < 7 years)	30	~ $ 575M	~ $ 2B	3.4 yrs	~ 30 %
Actual Army Totals (Net)		> $ 975M	~ $13B	12.6 yrs	~ 7.7 %

BRAC Pre-Condition:
Cutting Overseas Infrastructure

European Infrastructure Consolidation (EIC)

- Initiated by SecDef in response to Congressional concerns to rightsize overseas basing
- Objectives:
  - Eliminate existing excess capacity
  - Leverage already planned/announced force structure reductions
  - Recapitalize affordably to consolidate
  - Validate remaining infrastructure for sustaining our enduring presence
- Approach:
  - Conduct a comprehensive review that focuses on reducing excess
  - Use BRAC's analytical construct

Army reducing overseas footprint since 2006 (and earlier!)

- Army end-strength in Europe declining ~45 percent
- On track to cut supporting infrastructure/overhead/operating budgets by over 50% by 2018
- In Korea, the Army decreased the number of Soldiers by about a third (10,000 Soldiers) and is on pace to shrink acreage/site footprint by about half

Will generate savings but not enough to eliminate need for BRAC

Community Benefits from BRAC

- Creates greater transparency and opportunity to appeal decisions
- Gives access to DoD Office of Economic Adjustment (OEA) grants, planning, and technical expertise
- Provides more community control over property re-use
- Provides opportunity to thoughtfully develop, master plan, and balance community interests

Status Quo = adverse impact from smaller forces without hope of mission back-fill; property remains off the tax-rolls

BRAC = chance to recuperate lost DoD workload; get property back into tax base and create new jobs

How you can help…

- Your Army needs your support
- Savings in infrastructure can be refocused on modernization and training (readiness)
- The money is gone

The Army needs a BRAC round to maintain balance