

Authorizing Base Realignment and Closure (BRAC)

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In its FY 2017 budget proposal, the administration, for the fifth year running, requested authority for another BRAC round. BRAC is a classic “good government” measure, and DoD has assessed that it has 22 percent excess base capacity. However, both chambers of Congress have denied the authority.

BACKGROUND

BRAC is the process by which DoD closes or realigns bases using an outside commission and an all-or-nothing list of facilities. The process began at the end of the Cold War when, with the demise of the Soviet Union and the subsequent 40 percent cut to U.S. military forces, there was a widespread belief that the United States had too much military infrastructure.¹

Previous efforts to close bases had failed in the face of opposition by affected communities and their congressional delegations. Therefore, in 1988 the Congress created a streamlined, no-amendment process to close bases that were recommended by an independent commission (the Defense Authorization Amendments and Base Closure and Realignment Act of 1988).² In 1990 the Congress authorized three additional BRAC rounds in 1990, 1993, and 1995 (the

¹ David E. Lockwood and George Siehl, *Military Base Closures: A Historical Review from 1988 to 1995* (CRS Report No. RL 97-305), Washington, DC: Congressional Research Service, October 18, 2004, <https://www.fas.org/sgp/crs/natsec/97-305.pdf>.

² Ibid, 2.

Defense Base Realignment and Closure Act of 1990). The Congress must specifically authorize each BRAC round.

The process, in brief, is as follows: an independent commission is established by the president with the advice and consent of the Senate; DoD provides this commission with a list of domestic military installations that the secretary recommends for realignment or closing; the commission reviews the list using criteria set by the Congress, holds hearings, makes changes, as appropriate, and provides its findings and recommendations in a report to the president; the president either approves or disapproves the commission's recommendations in full; if approved, the recommendations are sent to Congress for review with no possibility for amendment; in order to disapprove, Congress must pass a joint resolution of disapproval within 45 days.³

The department conducted BRAC rounds in 1988, 1991, 1993, 1995, and 2005 and cites \$12.5 billion in annual savings as a result.⁴ These savings represent the avoided costs for base operating support, personnel, and leasing that DoD otherwise would have had to fund. The first four rounds had upfront costs averaging \$6.5 billion. The last round was controversial because of its high cost (\$35 billion), which grew by 67 percent over the initial budget of \$21 billion.⁵ This occurred because DOD, especially the Army, used the opportunity to conduct many installation realignments and because the Congress added requirements that health care facilities be "world class." In general, the military services and DoD agencies have found BRAC to be a useful mechanism for organizational consolidation and streamlining ("realignments") since the BRAC process covers transition costs.

Communities affected by BRAC have generally recovered economically, though there is a difficult period of transition.⁶ DoD's Office of Economic Adjustment (OEA) provides technical and financial support to assist the affected communities during the closure or realignment process. OEA works with the Local Redevelopment Authority, which serves as a coordinating body for the community, to help them

³ Public Law 101-510, <http://www.brac.gov/docs/BRAC05Legislation.pdf>.

⁴ Office of the Under-Secretary of Defense (Comptroller) Chief Financial Officer, *Defense Budget Overview*, 4-2.

⁵ U.S. Government Accountability Office, *Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005*, GAO-12-709R (Washington, DC, 2012), <http://www.gao.gov/assets/600/592076.pdf>.

⁶ Tadlock Cowan, *Military Base Closures: Socioeconomic Impacts*, (CRS Report No. RS 22-147). Washington, DC: Congressional Research Service, February 7, 2012, <https://www.fas.org/sgp/crs/natsec/RS22147.pdf>; Mark A. Hooker and Michael M. Knetter, "Measuring the Economic Effects of Military Base Closures," Working Paper 6947, National Bureau of Economic Research, 1999, <http://www.nber.org/papers/w6941.pdf>.

understand what resources are available, while also providing assistance with economic recovery efforts and base redevelopment plans by the private sector or state/local government. From 1988 through 2008, OEA distributed approximately \$400 million in assistance to communities nationwide. In analyzing the 2005 BRAC round, GAO found that 62 percent (13 of 21) of the closure communities had real per capita income growth rates higher than the national average, and unemployment rates were equivalent to the national average. However, there was wide variation in the post-BRAC outcomes, with some communities doing very well and others not so well.⁷

Believing that there was still substantial excess infrastructure and under pressure to reduce overhead costs, the administration proposed BRAC rounds in the FY 2013, 2014, 2015, and 2016 budget requests. Congress approved none of them.

Last year (FY 2017) the Congress did allow DOD to conduct an analysis of infrastructure. DoD's March 2016 report concluded that in FY 2019 the department overall will have 22 percent excess capacity: the Army, 33 percent; the Navy, 7 percent; the Air Force, 32 percent; and the Defense Logistics Agency, 12 percent. These numbers are relative to a 1989 baseline, which assumes that facilities were appropriately sized at that time.⁸

This year the administration again proposed a BRAC round and included funds in its five-year plan to pay the upfront net costs for implementing such a round. The administration also had a veiled threat in its budget documents: "The need to reduce unneeded facilities is so critical that, in the absence of authorization of a new round of BRAC, the department will explore any and all authorities that Congress has provided to eliminate wasteful infrastructure."⁹

One such alternative authority is 10 U.S.C. 2687. This provision states that the closure of a military installation at which at least 300 civilian personnel are authorized to be employed, or the realignment of an installation at which more than 1,000 civilian personnel are authorized to be employed, can be implemented after the appropriate congressional committees have been notified and 30 legislative days or

⁷ Government Accountability Office, *DEFENSE INFRASTRUCTURE: Communities Need Additional Guidance and Information to Improve Their Ability to Adjust to DOD Installation Closure or Growth* (GAO 13-436), May 2013.

⁸ Department of Defense, *Department of Defense Infrastructure Capacity*, March 2016, <http://defensecommunities.org/wp-content/uploads/2015/01/2016-4-Interim-Capacity-Report-for-Printing.pdf>.

⁹ Office of the DoD Comptroller, *Defense Budget Overview: Fiscal Year FY 2017 Budget Request*, 4-2, http://comptroller.defense.gov/Portals/45/Documents/defbudget/fy2017/FY2017_Budget_Request_Overview_Book.pdf.

60 calendar days have expired. This notification requires an evaluation of the fiscal, local economic, budgetary, environmental, strategic, and operational consequences, as well as consideration of the impacts to the infrastructure of any installation receiving additional personnel as a result of the closure or realignment.

Using this authority is difficult: it must be tied to the budget submission cycle, which restricts the planning and implementation; it lacks the “all or nothing” protection against parochial interests; it does not include an exemption from the requirement to comply with the National Environmental Policy Act; and it lacks the broad implementation authorities granted or delegated to DoD during the BRAC process. From the congressional perspective, the process also lacks the impartial commission and gives the executive branch all the power for selecting locations.

This authority has never been used, but in 1990 Secretary Cheney began the 10 USC 2687 process and that was one of the inducements for the Congress to pass the legislation for additional BRAC rounds.

DoD can also cut up to 1,000 military personnel from a base without prior approval by Congress as long as it notifies the Congress and provides a justification.¹⁰ It can't close bases, but it can nibble away at them.

Despite the administration's urgings and implied threats, the House and Senate National Defense Authorization Act (NDAA) bills have provisions expressly prohibiting a new BRAC round. The House NDAA does include language allowing the secretary of defense to conduct analysis of the department's infrastructure.

The Congress has made several arguments against a BRAC round.

- The most common of these arguments is that the upfront costs may end up being higher than their intended savings. Chairman Mac Thornberry (R-Texas) has gone so far as to say, “I'm not sure we can afford another BRAC,” referencing the 2005 round.¹¹
- Lawmakers have also stated that the DoD, in its analysis of military infrastructure, is “envisioning a military far smaller than anyone thinks is

¹⁰ 10 U.S.C. § 993 Notification of Permanent Reduction of Sizable Numbers of Members of the Armed Forces, <https://www.law.cornell.edu/uscode/text/10/993>.

¹¹ Kristina Wong, “House Armed Services chairman opposes new round of base closures,” *The Hill*, March 16, 2015, <http://thehill.com/policy/defense/policy-strategy/235839-armed-services-chairman-opposes-new-round-of-base-closures>.

wise."¹² Future force expansion might require additional space. Military forces are nearing a postwar low, and there is sentiment in the Congress that forces should grow.

- Finally, it is widely accepted in Congress that overseas bases should be closed first. BRAC only applies to domestic bases.¹³

Table 1: Remarks from Congress and Administration

Senate	House	Administration/Secretary Carter
<p>Sec. 2702. - Prohibition on Conducting Additional BRAC Round:</p> <p>"Nothing in this Act shall be construed to authorize an additional BRAC round."</p>	<p>Sec. 2702. - Prohibition on Conducting Additional BRAC Round:</p> <p>"Nothing in this Act shall be construed to authorize an additional BRAC round. . . . Nothing in the previous sentence shall be construed to affect the authority of the Secretary of Defense ... to conduct an analysis, study, or report of the infrastructure needs of the Department of Defense."</p>	<p>Statement of Administration Policy:</p> <p>"The Administration strongly objects to section 2702 and strongly urges the Congress to provide BRAC authorization as requested so that DOD can make better use of scarce resources.</p> <p>Carter's Heartburn Letter:</p> <p>"The Department strongly objects to provisions in the House and Senate bills which do not authorize an additional BRAC round.... In addition to addressing every previous Congressional objection to BRAC authorization, the Department recently conducted a DOD-wide parametric capacity analysis which demonstrated that the Department has 22 percent excess capacity. While criticizing the Department for being inefficient and unable to make hard decisions to move the enterprise forward, it is Congress that has continued to fail to remove the most readily evident excess in our enterprise."</p> <p>[Full text of the SAP and Heartburn letter are in the appendix.]</p>

¹² House Armed Services Committee, "Thornberry on DOD BRAC Report," press release, April 15, 2016, <https://armedservices.house.gov/news/press-releases/thornberry-dod-brac-report>.

¹³ Mackenzie Eaglen, *Shrinking Bureaucracy, Overhead, and Infrastructure*, Washington, DC: American Enterprise Institute, March 2013,14, http://www.aei.org/wp-content/uploads/2013/03/-shrinking-bureaucracy-overhead-and-infrastructure-why-this-defense-drawdown-must-be-different-for-the-pentagon_083503530347.pdf;

John Vandiver, "Congress' message to DOD: No BRAC for now, but cut more in Europe," *Stars and Stripes*, March 31, 2012, <http://www.stripes.com/news/congress-message-to-dod-no-brac-for-now-but-cut-more-in-europe-1.173258?localLinksEnabled=false>.

ASSESSMENT

The Government Accountability Office (GAO) has conducted many audits of the BRAC process and has supported DoD's claimed savings. In the long run, BRAC saves money.¹⁴ BRAC is also a useful mechanism for reducing overhead and consolidating management headquarters.

BRAC has strong bipartisan support in the national security community. The Atlantic Council, the Stimson Center, American Enterprise Institute, CATO, CSIS, Center for a New American Security, and Heritage have all supported authorizing a new BRAC round.¹⁵ A 2015 letter signed by 38 experts in national security also supported BRAC.¹⁶

The arguments against BRAC are valid, but there are mechanisms available to cope with them.

- The 2005 BRAC round was particularly costly, but DoD indicates that a new round of BRAC would be more in line with the first four rounds.
- Future force expansion might require additional space but, typically, BRAC rounds have eliminated 5 percent of excess, so there would be enough slack left after a BRAC round for force expansion. Congress can include

¹⁴ U.S. Government Accountability Office, *Military Bases: Lessons Learned from Prior Base Closure Rounds*, GAO-97-151, Washington, DC, 1997, <http://www.gao.gov/assets/160/155939.pdf>; U.S. Government Accountability Office, *Military Base Realignments and Closures: Updated Costs and Savings Estimates from BRAC 2005*, GAO-12-709R, Washington, DC, 2012, <http://www.gao.gov/assets/600/592076.pdf>; Amy Belasco, *Defense Spending and the Budget Control Act Limits*, CRS Report No. RL 44039, Washington, DC: Congressional Research Service, July 22, 2015, <https://www.fas.org/sgp/crs/natsec/R44039.pdf>.

¹⁵ For example, David W. Barno et al., "The 7 Deadly Sins of Defense Spending: How the Pentagon Can Cut Costs—and Come Out Stronger," June 6, 2013, Center for a New American Security, <http://www.cnas.org/content/7-deadly-sins-defense-spending-how-pentagon-can-cut-costs-and-come-out-stronger#.VgBNhkorLcs>; James Jay Carafano, *Defense Reform by the Numbers: Four Crucial Priorities for the Next Administration*, March 23, 2015, Heritage Foundation, <http://www.heritage.org/research/reports/2015/03/defense-reform-by-the-numbers-four-crucial-priorities-for-the-next-administration>; Stimson, "Strategic Agility Assessment of President's FY2015 Defense Budget," March 2014, https://www.stimson.org/sites/default/files/file-attachments/Strategic_Agility_PB_Assessment_0318_1.pdf; James Hasik, "BRAC for Better Business," May 22, 2015, Atlantic Council, <http://www.atlanticcouncil.org/blogs/defense-industrialist/brac-for-better-business>; Christopher A. Preble, "We Desperately Need to Close More Military Bases," Cato Institute, May 13, 2016, <http://www.cato.org/publications/commentary/we-desperately-need-close-more-military-bases>; Mackenzie Eaglen, "All the Misleading Reasons Not to Do BRAC," March 17, 2016, American Enterprise Institute, <http://www.aei.org/publication/all-the-misleading-reasons-not-to-do-brac/>.

¹⁶ Bryan Clark et al., "Thirty-Eight Think Tank Experts Urge Defense Reform," April 29, 2015, Center for Strategic and Budgetary Assessment, <http://csbaonline.org/2015/04/29/thirty-eight-think-tank-experts-urge-defense-reform/>.

consideration of future force expansion as a parameter for assessing military value.

- In response to congressional concerns, DoD has already conducted an assessment of its overseas infrastructure and made substantial reductions to its European infrastructure through the European Infrastructure Consolidation process.¹⁷

The nature of the proposed BRAC legislation is important. In the past, DoD has proposed the same legislative language for future BRAC rounds as it has used in the past BRAC rounds, believing that any changes in its proposed language would open the door to congressional changes that it would not support. However, DoD and Congress might need to make some changes to allay the major congressional concerns—for example, the size of the BRAC round, the inclusion of overseas bases, and the need for future expansion. The most recent language, which is not publicly available, made some of these accommodations by requiring the secretary to certify that BRAC would have the primary objective of eliminating excess capacity and reducing costs, emphasizing recommendations that yield net savings within five years (subject to military value), and limiting recommendations that take longer than 20 years to pay back.

Alternative closure authorities are weak, but the next administration could try to use them to produce some savings and to put pressure on the Congress.

RECOMMENDATIONS FOR A WAY FORWARD

Continued obstruction of BRAC makes the Congress look parochial, stalemated, and unable to govern effectively. DoD's analysis, the testimony of administration officials, and bipartisan assessments by the broader national security community are unanimous in arguing that DoD has excess infrastructure and that reducing this excess would both produce savings and put the assets to more productive uses. Further, by obstructing BRAC, Congress looks hypocritical: on the one hand it quite

¹⁷ U.S. Department of Defense, "Department of Defense Infrastructure Capacity March 2016," http://1yxsm73j7aop3quc9y5ifaw3.wpengine.netdna-cdn.com/wp-content/uploads/2016/04/041816_dod_brac_parametric.pdf; U.S. Department of Defense, "DoD Announces European Infrastructure Consolidation Actions and F-35 Basing in Europe," press release, January 8, 2015, <http://www.defense.gov/News/News-Releases/News-Release-View/Article/605338>; Mackenzie Eaglen, *Shrinking Bureaucracy, Overhead, and Infrastructure*, Washington, DC: American Enterprise Institute, March 2013, 14, http://www.aei.org/wp-content/uploads/2013/03/-shrinking-bureaucracy-overhead-and-infrastructure-why-this-defense-drawdown-must-be-different-for-the-pentagon_083503530347.pdf.

appropriately urges DoD to reduce overhead and infrastructure while on the other hand preventing actions that would produce those reductions.

Given the opposition of both the House and Senate in their respective NDAsAs, authorization of a BRAC round is likely impossible this year. However, the Congress should take two steps that would set the stage for a future round that it could accept.

- Adopt the House language allowing DoD to continue its analysis of infrastructure. In this way, DoD could begin updating the base-by-base inventory needed to underpin a future BRAC round.
- Specify its expectations about the structure of a future BRAC round. For example, the Congress could state its expectations about the size of the round, the inclusion of overseas basing, and consideration of future force expansion. In this way, DoD could craft a legislative proposal that would be acceptable to the Congress.



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APPENDIX: FULL TEXT OF ADMINISTRATION AND SECRETARY CARTER OBJECTIONS

Statement of Administration Policy:

"The Administration strongly objects to section 2702 and strongly urges the Congress to provide BRAC authorization as requested so that DOD can make better use of scarce resources. Maintaining excess infrastructure is costly and wasteful, and it deprives the Department of the ability to reallocate scarce resources to address readiness, modernization, and other national security requirements. In addition to addressing every previous Congressional objection to BRAC authorization, the Department recently conducted a DOD-wide parametric capacity analysis which demonstrated that the Department has 22 percent excess capacity. Additionally, the Administration's BRAC legislative proposal includes several changes that respond to Congressional concerns regarding cost. Specifically, the revised BRAC legislation requires the Secretary to certify that BRAC will have the primary objective of eliminating excess capacity and reducing costs; emphasizes recommendations that yield net savings within five years (subject to military value); and limits recommendations that take longer than 20 years to pay back. The Administration strongly urges the Congress to provide BRAC authorization as requested"

Carter's Heartburn Letter:

"The Department strongly objects to provisions in the House and Senate bills which do not authorized an additional BRAC round. Maintaining excess infrastructure is costly and wasteful, and it deprives the Department of the ability to reallocate scarce resources to address readiness, modernization, and other national security requirements. In addition to addressing every previous Congressional objection to BRAC authorization, the Department recently conducted a DOD-wide parametric capacity analysis which demonstrated that the Department has 22 percent excess capacity. While criticizing that the Department for being inefficient and unable to make hard decisions to move the enterprise forward, it is Congress that has continued to fail to remove the most readily evident excess in our enterprise: excess infrastructure and the support functions that go with it. To ignore the costs the Department is force to shoulder in sustaining excess infrastructure while criticizing DOD for wasteful spending or decrying the lack of resources available for modernization of equipment, among many other Department priorities, is not only misguided but also a disservice to America's taxpayers."