

September 2007

MILITARY BASE REALIGNMENTS AND CLOSURES

Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers





Highlights of [GAO-07-1040](#), a report to congressional addressees

Why GAO Did This Study

The Army is implementing 44 base realignment and closure (BRAC) recommendations to construct 125 new Armed Forces Reserve Centers (AFRC) and close 387 existing reserve components facilities. The Department of Defense (DOD) expects the new AFRCs to increase recruiting and retention and create greater efficiencies by fostering jointness and consolidating functions. GAO (1) assessed the extent DOD's cost and savings estimates to implement the recommendations have changed from BRAC Commission projections and (2) determined the extent the Army has identified potential challenges that could affect BRAC implementation and has developed a plan to address these challenges.

GAO analyzed DOD's publicly available BRAC budget data and interviewed officials at Army offices, including Reserve Command, National Guard Bureau, and the National Guard in five states. This report, prepared under the Comptroller General's authority to initiate evaluations, is one of a series related to the BRAC 2005 round.

What GAO Recommends

GAO is recommending that the Secretary of Defense direct the Army to develop a plan for bringing together various stakeholders to monitor and address potential challenges. DOD partially concurred with GAO's recommendation.

www.gao.gov/cgi-bin/getrpt?GAO-07-1040.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Brian Lepore at (202) 512-4523 or leporeb@gao.gov.

MILITARY BASE REALIGNMENTS AND CLOSURES

Plan Needed to Monitor Challenges for Completing More Than 100 Armed Forces Reserve Centers

What GAO Found

Since the BRAC Commission issued its projections in 2005, DOD's cost estimates for implementing the reserve component recommendations have increased at the same time savings estimates have decreased. Implementation cost estimates increased from \$2.9 billion to \$3.2 billion—a 13 percent or \$363 million increase in constant dollars—mostly due to higher military construction cost estimates. Annual recurring savings estimates decreased from \$323 million to \$288 million—an 11 percent decrease in constant dollars. However, GAO analysis suggests that these savings could be significantly less than currently estimated because over 90 percent of these savings are associated with eliminating positions currently held by military personnel without corresponding decreases in end strength in the force structure. GAO and the BRAC Commission have previously reported that military personnel eliminations are not a true source of savings because DOD does not expect to reduce end strength correspondingly but rather intends to reassign or shift these personnel to vacant positions in other areas. Although GAO agrees that transferring personnel to vacant positions may enhance capabilities and allows DOD to redirect freed-up resources to another area of need, GAO does not believe that such transfers produce a tangible dollar savings that DOD can apply to fund other defense priorities outside the military personnel accounts because these personnel will remain in the end strength—continuing to receive salaries and benefits. However, DOD's treatment of military personnel savings represents a long-standing difference of opinion between DOD and GAO.

The Army has identified several potential challenges in implementing the 44 reserve component recommendations. These include completing many construction projects in a compressed time frame, realizing efficiencies based on limited testing of new military construction processes, potential increasing land and supporting infrastructure costs, and changing force structure and mission requirements that may affect facility capacity. The Army has started construction on 5 of the 125 AFRC projects, and the extent these challenges might occur remains uncertain until the Army receives and evaluates more AFRC construction proposals and more AFRCs are built. However, because the Army does not have a plan to routinely bring together the various key stakeholders involved in the construction of these facilities, including the state Army National Guard when appropriate, the extent the Army is able to monitor and quickly address potential challenges is unclear. Best practices suggest that involving stakeholders in planning can help create a clearer understanding among the stakeholders of competing demands, the limited resources available, and how those demands and resources require continuous balancing. Without a plan that brings together key stakeholders, it could be more difficult for the Army to monitor for implementation challenges and work through alternatives to mitigate them in a timely manner.

Contents

Letter		1
	Results in Brief	3
	Background	7
	Cost Estimates Have Increased from BRAC Commission's Projections While Savings Estimates Decreased	10
	Potential Challenges Exist to Implement Army's BRAC Recommendations Affecting Its Reserve Components	12
	Conclusions	21
	Recommendation for Executive Action	21
	Agency Comments and Our Evaluation	22
Appendix I	Scope and Methodology	27
Appendix II	Comments from the Department of Defense	29
Appendix III	GAO Contact and Staff Acknowledgments	32
Related GAO Products		33
Table		
	Table 1: Comparison of BRAC Cost and Savings Estimates	11
Figures		
	Figure 1: Armed Forces Reserve Center, Greenville, North Carolina	8
	Figure 2: Locations Where the Army Plans to Construct New Armed Forces Reserve Centers by September 15, 2011	10
	Figure 3: Army's Rescheduling of AFRC Project Construction Starts (Fiscal Years 2006 through 2011)	13

Abbreviations

AFRC	Armed Forces Reserve Center
BRAC	base realignment and closure
DOD	Department of Defense
OSD	Office of the Secretary of Defense

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September 13, 2007

Congressional Addressees

On May 13, 2005, the Department of Defense (DOD) made public its recommendations for base realignment and closure (BRAC) as part of an effort to reduce excess infrastructure and costs, further transformation, and foster jointness. After performing its own analysis, the BRAC Commission¹ forwarded the recommendations to the President for approval. These recommendations were accepted in their entirety by the President and Congress, and became effective on November 9, 2005. The BRAC Commission directed 56 BRAC 2005 recommendations to the Army, of which 44 pertained to the reserve components.² These 44 recommendations represent more than 500 individual actions representing over 60 percent of the BRAC actions for all the services and primarily direct the Army National Guard and Army Reserve to construct 125 new Armed Forces Reserve Centers (AFRC) and close 387 existing facilities. DOD expects the new AFRCs will increase recruiting and retention and create greater efficiencies and improved effectiveness by fostering jointness and consolidating functions. Moreover, the Army reported to the BRAC Commission that these new AFRCs will increase military value and improve the readiness and ability of the reserve components to train and deploy in support of current and future contingency operations. At the same time the Army is to construct these AFRCs, it is also undertaking a massive worldwide restationing initiative that involves the implementation of other significant Army BRAC recommendations; the relocation of about 50,000 soldiers and their families from Germany and Korea to the United States; the transformation of an Army force structure based on a division organization to more rapidly deployable, brigade-based units; and an increase in the Army's authorized end strength by 74,000 over the next 5 years. By statute, DOD must complete the recommendations for closing or

¹BRAC legislation (Pub. L. No. 101-510, Title XXIX, as amended by Pub. L. No. 107-107, Title XXX) provided for an independent commission to review the Secretary of Defense's realignment and closure recommendations and present its findings and conclusions on the Secretary's recommendations, along with its own recommendations, to the President.

²The Army National Guard, Army Reserve, Air Force Reserve, Air National Guard, Navy Reserve, Marine Corps Reserve, and Coast Guard Reserve constitute the DOD reserve components. The reserve component recommendations addressed in this report only involve the Army. The other reserve components are addressed in separate recommendations.

realigning bases made in the BRAC 2005 round within a 6-year time frame ending September 15, 2011—6 years from the date the President submitted to Congress his approval of the commission’s recommendation.³ As a result, the ability to quickly identify and mitigate challenges that could arise is imperative to the Army’s success in managing the construction of 125 AFRCs, implementation of over 500 actions, and meeting the BRAC statutory 2011 deadline.

This report is one in a series of reports that detail the progress DOD has made in implementing the base closures and realignments included in the BRAC 2005 round. Because of the broad congressional interest in the BRAC process, we performed our work under the Comptroller General’s authority to conduct evaluations under his own initiative.⁴ In this report, we assessed the extent to which (1) BRAC cost and savings estimates for the Army reserve component recommendations have changed from BRAC Commission projections and (2) the Army has identified potential challenges that could affect the implementation of the recommendations and has developed a plan to address these challenges. This report is addressed to you to facilitate your oversight role for the Army’s infrastructure and BRAC implementation issues.

To accomplish these objectives, we assessed the changes to the cost and savings estimates reported in the BRAC Commission report and the Army’s BRAC budget justification materials provided to Congress in support of the President’s fiscal year 2008 budget request. All cost and savings estimates have been adjusted for inflation and are presented in fiscal year 2005 constant dollars. In addition, we interviewed key officials involved in implementing the recommendations to understand the potential challenges the Army faces in completing the recommendations by the end of the 6-year statutory completion period. We performed our work at the Office of the Secretary of Defense’s (OSD) BRAC Office, Office of the Assistant Secretary of Defense for Reserve Affairs, Office of the Assistant Secretary of the Army for Installations and Environment, Army’s Office of the Assistant Chief of Staff for Installation Management, National Guard Bureau, Office of the Chief Army Reserve, Army Reserve Command, and U.S. Army Corps of Engineers. We also interviewed National Guard officials in five states and officials in two Army Reserve

³Pub. L. No. 101-510, § 2904, as amended (1990).

⁴31 U.S.C. § 717.

regional readiness commands most affected by the BRAC 2005 recommendations. We found DOD's data to be sufficiently reliable for the purposes of this report and for making broad estimated cost and savings comparisons. We conducted our work from June 2006 through June 2007 in accordance with generally accepted government auditing standards. Further details on our scope and methodology can be found in appendix I.

Results in Brief

DOD's cost estimates for implementing the Army reserve component recommendations have increased compared with those projected by the BRAC 2005 Commission while the savings estimates have decreased. Based on data in DOD's fiscal year 2008 President's budget submission, estimated costs to implement the recommendations have increased from \$2.9 billion to \$3.2 billion in constant fiscal year 2005 dollars—a 13 percent or \$363 million increase—mostly because of higher military construction cost estimates. Furthermore, we calculated that the annual recurring savings projected to accrue starting in 2012 decreased by 11 percent, to \$288 million. Moreover, our analysis suggests that these annual recurring savings could be significantly less than what is projected in the fiscal year 2008 budget submission because more than 90 percent of these savings are associated with eliminating positions currently held by military personnel without corresponding force structure end-strength reductions. We have previously reported, and the BRAC Commission agreed, that military personnel position eliminations are not a true source of savings because DOD does not expect to reduce end strength correspondingly but rather intends to reassign or shift these personnel to vacant positions in other areas. DOD's assumption behind the military personnel savings is that transferring military personnel to vacant positions allows DOD to obtain new and additional capabilities without having to request additional appropriations to hire personnel for these positions. Although we agree that transferring personnel to vacant positions may enhance capabilities and allows DOD to redirect freed-up resources to another area of need, we do not believe that such transfers produce a tangible dollar savings that DOD can apply to fund other defense priorities outside the military personnel accounts because these personnel will remain in the end strength—continuing to receive salaries and benefits. In fact, the Army plans to increase its reserve component's end-strength authorization by about 9,000 military members over the next 5 years. Not recognizing that these dollar savings cannot be readily applied elsewhere could create a false sense of the savings available for use in other areas outside the military personnel account, such as modernization. However, DOD's treatment of military personnel savings represents a long-standing difference of opinion between DOD and us.

The Army has identified several potential challenges that could affect its ability to successfully construct all 125 AFRCs within the current \$3 billion estimate and by the 2011 statutory deadline;⁵ however, it is unclear whether the Army will be able to successfully address these challenges because the Army does not have a plan that routinely brings together the various stakeholders, including the state Army National Guard when appropriate, to help them monitor for implementation challenges and to quickly take steps to mitigate those challenges should they occur. Although the Army has started construction on only 5 out of 125 AFRCs (3 Reserve-led and 2 Guard-led) and none were completed at the time we completed the work for this report, reserve component officials told us that the more significant challenges that could affect BRAC implementation are the following:

- *Completing construction of all AFRCs in compressed time frame:* The Army rescheduled the construction for many AFRC projects to start later in the BRAC implementation period, thus increasing the number of projects to be managed in a more compressed time frame. This compressed construction time frame, in turn, reduces the time available to mitigate unforeseen problems that may arise and increases the risk that the AFRC projects and BRAC-recommended realignments may not be completed by the 2011 statutory deadline.
- *Realizing efficiencies from new military construction processes that have undergone limited testing:* The Army recently transformed its military construction process in an effort to reduce costs and build facilities faster. Because these new processes have undergone limited testing, it remains uncertain whether these efficiencies will be realized although the Army has already included these projected efficiency savings in its BRAC budget estimates for fiscal years 2006 through 2011.
- *Potential increasing land and supporting infrastructure costs:* Cost estimates for land and supporting infrastructure could be higher because for many AFRCs earlier estimates were too low. Also, supporting infrastructure, such as access roads and utilities, are lacking because of the remoteness of some AFRC sites, which officials told us could increase costs.

⁵Per the Commission's recommendations, the Army is not required to construct certain AFRCs if the Army is unable to acquire land suitable for construction of the facilities.

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- *Changing force structure and mission requirements for units slated to occupy AFRCs:* Future force structure and mission requirements could change the composition and requirements of some units relocating into new AFRCs. As a result, Army National Guard officials told us that some new centers may not fully meet the personnel and equipment requirements of certain types of newly-formed units, such as the fires brigades being created by Army modularity.⁶

It is unclear whether the Army will be able to successfully address these challenges if they arise because the Army does not have a plan that routinely brings together the various stakeholders, including the state Army National Guard when appropriate, as a group to help them monitor for potential challenges and develop plans to mitigate the challenges should they occur. Effective development of such a plan for BRAC implementation would better enable the Army to measure progress toward its goals and identify strategies to meet goals that were not met because of implementation challenges. Reserve component officials further noted that this issue is important given that so many stakeholders with varying viewpoints and perspectives on the potential challenges are involved in the construction of the 125 AFRCs. Although the construction of these reserve centers is guided by 44 separate business plans that describe required actions, their timing, and resources, both Army National Guard and Reserve Command officials told us that these plans do not provide the information needed to quickly develop plans to mitigate these challenges should they occur. In addition, Army officials told us that should some of these challenges occur, they might have to adapt by choosing one or more of the following alternatives: (1) requesting more BRAC funds, (2) reducing the scope of a construction project, (3) expanding the use of alternative, less expensive construction materials, (4) requesting additional funds from the regular military construction appropriations, or (5) using funds as allowable from operation and maintenance appropriations. Finally, National Guard officials said they could exercise additional alternatives, such as using state funds, seeking assistance from

⁶Army modularity, which has been referred to as the largest Army reorganization in 50 years, encompasses the Army's total force and directly affects the Army's combat units and its related support and command and control. The foundation of Army modularity is the creation of brigade combat teams that will have a common organizational design and will increase the pool of available units for deployment. Many units of the Army National Guard and the Army Reserve are being reorganized because of Army modularity into organizations such as fires brigades, which combine the functions of division artillery, general support field artillery, and corps artillery into one organization.

state congressional delegations, or allowing temporary overcrowding of the AFRCs. However, the extent to which challenges will occur and alternatives will be used remains uncertain until the Army receives and evaluates more AFRC construction proposals and more centers are built.

To better ensure that BRAC 2005 recommendations affecting the Army's reserve components and interests of the states are effectively managed and any potential adverse effects are quickly identified, we are making a recommendation to the Secretary of Defense to direct the Secretary of the Army to develop a plan for routinely bringing together the various stakeholders as a group, to include the state Army National Guard when appropriate, to monitor for and develop steps to mitigate implementation challenges should they occur. Without a plan that involves bringing together the stakeholders to help monitor for challenges and work through alternatives, early identification of challenges and development of steps to mitigate them in a timely manner becomes more difficult. Best practices suggest that involving stakeholders in planning can help create a clearer understanding among the stakeholders of competing demands, the limited resources available, and how those demands and resources require continuous balancing.

In commenting on a draft of this report, DOD partially concurred with our recommendation. While stating that we appropriately highlighted BRAC implementation challenges due to transformation, modularity, mission changes, and construction factors affecting BRAC military construction projects, to include changes to initial BRAC cost savings projections and military construction time frames, DOD believes that we overlooked the existence of various groups, forums, or plans that the Army has in place to assist with BRAC execution and management. Although we were aware of these groups, forums, and plans during the course of our work, we nonetheless found that these venues were not adequately meeting the needs of many reserve component and state-level stakeholders. For example, during our review many Army National Guard and Reserve officials still expressed confusion and frustration over how to respond to certain challenges associated with the construction of the 125 new AFRCs despite the existence of these various venues. Moreover, these AFRCs are to be in 38 states and because local circumstances may vary, it is unclear how planning groups that exclude the states will be positioned to effectively mitigate the risks that may be unique to a given location. Consequently, we still believe that the Army would benefit from routinely bringing together the reserve component and state-level stakeholders who are playing a vital role in the planning of the actual design and construction of the AFRCs so that challenges and issues can be effectively

mitigated before the AFRCs are built and subsequently require potential modification. As a result, we continue to believe that our recommendation has merit. However, to clarify our intent, we modified our recommendation to specifically include state National Guard stakeholders when appropriate. DOD's written comments are reprinted in appendix II. DOD also provided technical comments, which we have incorporated into this report as appropriate.

Background

The BRAC Commission directed 56 BRAC 2005 recommendations to the Army, of which 44 pertained to the reserve components. After the 44 reserve component recommendations became effective on November 9, 2005, OSD required the Army to submit a detailed business plan for each recommendation that includes information such as a listing of all BRAC actions, schedules for personnel movements between installations and reserve centers, updated cost and savings estimates, and implementation completion time frames. In total, the 44 recommendations affecting the reserve components direct the construction of 125 new AFRCs. Of the 44 recommendations, 5 involve the realignment of the Army Reserve's command and control structure within five regional areas. An AFRC is a joint-use facility that accommodates units from two or more reserve components. The primary function of an AFRC is to provide administrative, training, and storage areas for the assigned military units. As a joint-use facility, the interior of an AFRC consists of space shared by all occupying components—such as assembly halls, classrooms, conference rooms, physical fitness areas, and restrooms—as well as space used exclusively by individual components, such as offices, equipment storage, and weapons vaults. In addition, a vehicle maintenance shop with work bays and maintenance administrative support facilities is generally adjacent to the AFRC to allow units to store and maintain their respective military vehicles and related equipment. Figure 1 shows an example of an existing AFRC.

Figure 1: Armed Forces Reserve Center, Greenville, North Carolina



Source: Army Corps of Engineers.

The implementation of these BRAC recommendations involves many key stakeholders with differing levels of responsibilities.

- Army headquarters level has four main offices with BRAC responsibilities.
 - Assistant Secretary of the Army for Installations and Environment establishes overall Army BRAC policy, direction, and oversight.
 - Assistant Chief of Staff for Installation Management manages the overall execution of Army BRAC actions. This office has two primary divisions with BRAC responsibilities. First, the BRAC Division serves as the program manager for Army base closures, realignments, and disposals and manages the financial aspects of the BRAC program. Second, the Army Reserve Division serves as the principal advisor for the Army Reserve BRAC recommendations.
 - Army Reserve Command oversees the Army Reserve's transformation and integrates it with the BRAC program.
 - National Guard Bureau serves as the central coordinator for the individual states and for the Army National Guard BRAC recommendations.
- At the state and regional level, there are two other organizations with BRAC responsibilities.
 - Reserve regional readiness commands manage the facilities for the Army Reserve units assigned in their respective region. In partnership with the Army Reserve Division, these commands develop the requirements and budget justification documents needed to construct the 76 Reserve-led AFRCs.

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- State National Guard Construction and Facilities Management Offices are the principal administrators for the states' military real property, facilities, military construction, and environmental programs. In partnership with the National Guard Bureau, these state offices develop the requirements and budget justification documents needed to construct the 49 National Guard-led AFRCs.
 - The Army Corps of Engineers is the Army's primary construction agent and provides military construction execution oversight for Reserve-led AFRCs. It also assists the Army Reserve Division in the development and preparation of the requirements and budget justification documents needed to construct the Reserve-led AFRCs.

Responsibility for managing the actual construction of the AFRCs is divided between the two Army Reserve Components—Army National Guard and the Army Reserve—with land ownership being a key determinant of which component manages which AFRC project. For AFRCs built on federal land, whether already owned or to be acquired by the federal government, the Army Reserve is the lead component (76 centers out of 125). In these cases, the Army Reserve in partnership with the Army Corps of Engineers identifies and purchases the land, if needed, and the Corps manages the construction. In contrast, for AFRCs built on state land, whether already owned or to be acquired by the state, each state's respective Army National Guard is the lead component (49 centers out of 125). The National Guard became the lead for these 49 projects because it indicated to the Army that it either already owned suitable land for the AFRC or was able to acquire it at no cost to the federal government. For these National Guard-led AFRCs, each state's Construction and Facilities Management Office, rather than the Army Corps of Engineers, manages the contracting. Regardless of the reserve component that manages the construction and where the AFRCs are built, DOD provides 100 percent of the funding to construct the 125 AFRCs. States are not required to share in AFRC construction cost. The expected cost of the 125 AFRCs ranges from \$1.5 million to up to \$81 million. The Army started construction on 5 AFRCs in 2006 and expects to start construction on 27 more in late fiscal year 2007 if funding becomes available. Figure 2 shows the location of the 125 AFRCs expected to be constructed because of BRAC recommendations.

Figure 2: Locations Where the Army Plans to Construct New Armed Forces Reserve Centers by September 15, 2011



Source: BRAC Commission (data); MapInfo (map).

Cost Estimates Have Increased from BRAC Commission's Projections While Savings Estimates Decreased

Data from the fiscal year 2008 President's budget submission show that expected costs for implementing the BRAC Army reserve component recommendations have increased and expected savings have decreased from the BRAC Commission projections. We calculated that DOD's onetime costs to implement the BRAC Army reserve component recommendations increased \$363 million or 13 percent, from \$2.9 billion to \$3.2 billion, during the BRAC 6-year implementation period compared to the BRAC Commission's estimates. After the BRAC implementation period, we calculated that DOD will achieve a net annual savings of \$288 million, 11 percent less than the BRAC Commission's estimate of \$323 million, as shown in table 1.

Table 1: Comparison of BRAC Cost and Savings Estimates

Dollars in millions (constant fiscal year 2005 dollars)

	2005 BRAC Commission- reported estimates	DOD's fiscal year 2008 budget estimates	Difference	
			Amount	Percentage
Onetime costs during implementation through fiscal year 2011	\$2,857	\$3,220	\$363	13
Net annual recurring savings after the implementation period	323	288	(35)	(11)

Source: GAO's analysis.

Increases in projected military construction costs account for 97 percent of the increase in onetime costs during implementation. Projected military construction costs mainly rose because of increased requirements that resulted from the BRAC Commission's estimates either underestimating the amount of construction needed or omitting certain requirements, such as vehicle maintenance shops, that have now been included. For example, the estimated military construction costs for the recommendation to build 17 AFRCs in Texas increased from \$313 million to \$387 million, or 24 percent, mostly because the original square footage estimates for many of the new AFRCs were underestimated and lacked vehicle maintenance shops.

In addition, the savings projected to accrue from the BRAC 2005 reserve component recommendations starting in fiscal year 2012 have decreased. Although achieving savings is one of the rationales for undertaking a BRAC round, DOD also cited other goals such as achieving reserve component transformation and increasing recruiting and retention to justify the need for the reserve component recommendations. Once implementation is completed, DOD believes it will achieve a steady rate of annual savings. The BRAC Commission estimated that the BRAC 2005 Army reserve component recommendations would result in an annual recurring savings of \$323 million. Based on data in DOD's fiscal year 2008 President's budget submission, annual recurring savings decreased by 11 percent, to \$288 million. However, 92 percent or \$265 million of the annual recurring savings are attributable to eliminating positions currently held by military personnel, which both we and the BRAC Commission do not consider savings because the Army reserve components do not plan to

reduce their military personnel end strength. If the savings due to military personnel eliminations are removed, then annual recurring savings would be reduced from \$288 million to \$23 million. We have previously reported, and the BRAC Commission agreed, that military personnel position eliminations are not a true source of savings because DOD does not expect to reduce end strength correspondingly but rather intends to reassign or shift these personnel to vacant positions in other areas. DOD's assumption behind the military personnel savings is that transferring military personnel to vacant positions allows DOD to obtain new and additional capabilities without having to request additional appropriations to hire personnel for these positions. Although we agree that transferring personnel to vacant positions may enhance capabilities and allows DOD to redirect freed-up resources to another area of need, we do not believe that such transfers produce a tangible dollar savings that DOD can apply to fund other defense priorities outside the military personnel accounts because these personnel will remain in the end strength—continuing to receive salaries and benefits. In fact, the Army plans to increase its reserve component's end-strength authorization by about 9,000 military members over the next 6 years. Not recognizing that these dollar savings cannot be readily applied elsewhere could create a false sense of the savings available for use in other areas outside the military personnel account, such as modernization. However, DOD's treatment of military personnel savings represents a long-standing difference of opinion between DOD and us.

Potential Challenges Exist to Implement Army's BRAC Recommendations Affecting Its Reserve Components

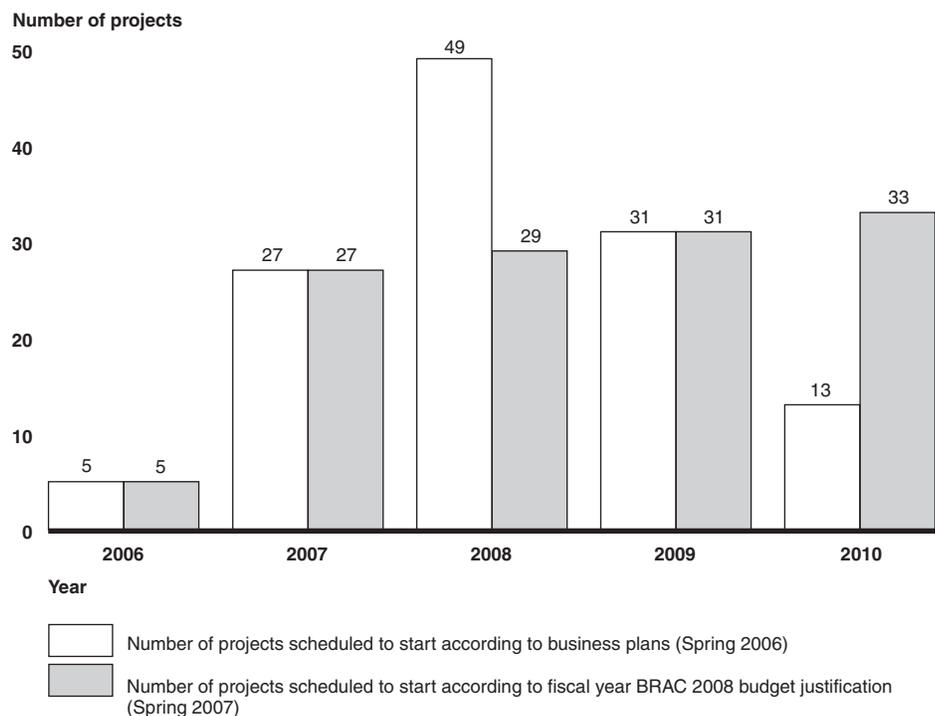
The Army identified several challenges that it may face when implementing the BRAC 2005 reserve component recommendations to build 125 AFRCs. Although the Army has started construction on only 5 out of 125 AFRCs (3 Reserve-led and 2 Guard-led) and none were completed at the time we completed the work for this report, reserve component officials told us that the more significant challenges that could affect BRAC implementation include completing many construction projects in a compressed time frame, realizing efficiencies when using new military construction processes, potential increasing land and supporting infrastructure costs, and changing force structure and mission requirements that affect facility capacity.

Completing Construction of All AFRCs in Compressed Time Frame

Other BRAC funding priorities caused the Army recently to shift the start of many of its AFRC projects to the later years of the time frame ending with the BRAC statutory 2011 deadline. This approach compresses the amount of time available to construct the facilities and respond to any

construction delays that might arise and consequently increases the risk that the projects will not be completed in time to meet the BRAC statutory completion deadline. As shown in figure 3, the Army rescheduled the start of 20 projects that originally were slated to begin construction in either fiscal year 2008 or 2009 to fiscal year 2010—the second to last year of the BRAC statutory completion period.

Figure 3: Army’s Rescheduling of AFRC Project Construction Starts (Fiscal Years 2006 through 2011)



Source: GAO’s analysis of OSD and Army data.

Note: Data are from OSD-approved business plans and the fiscal year 2008 Army budget justification submission to Congress.

According to Army officials, the Army’s reasoning for shifting many AFRCs to the later implementation years was to fund the more costly and complex BRAC recommendations first, such as those that could affect Army combat missions at locations like Fort Bliss, Texas, and Fort Riley, Kansas, earlier in the implementation period than originally planned. Also according to Army officials, the Army would assume less risk as smaller projects theoretically can be completed within shorter time frames

compared to larger projects, which we believe is reasonable given our understanding of the BRAC construction process.

Realizing Efficiencies from New Military Construction Processes That Have Undergone Limited Testing

Army officials also stated that the Army could be challenged in realizing anticipated cost savings from the Army Corps of Engineers' recent military construction transformation efforts. To reduce construction costs and complete construction projects faster, the Corps is currently transforming and streamlining its process for managing and contracting military construction projects by allowing contractors flexibility in using a wider variety of less expensive commercial construction materials while still meeting all the applicable building codes and functional and technical requirements. A major component of the transformation initiative is the use of a standard request for proposal that is less prescriptive. Based on these and other transformation changes, the Corps expects that construction costs of the primary facilities will be reduced by 15 percent. As such, the Army has already incorporated a 15 percent reduction in its construction estimates for all the AFRCs it is expected to build under BRAC. Although preliminary results are encouraging for several active Army construction projects, results based on a few AFRC projects remain inconclusive. Specifically, the Corps initiated three Army Reserve-led AFRC construction projects in 2006, which were awarded for amounts less than the amount budgeted by the Army. However, it is uncertain whether this cost reduction can be totally attributable to military construction transformation, as the supporting infrastructure costs to develop the sites for these projects were lower than what would typically be expected for an AFRC. According to Corps officials, these three pilot AFRC projects were located on Army installations with access to roads and available utilities, whereas most Army AFRC projects are expected to be located at remote or undeveloped sites that could be more expensive to develop because they generally require more road development and utility access. Moreover, it is uncertain whether the National Guard will achieve any of the military construction transformation savings because it does not generally use the Corps for managing construction projects and the states are not obligated to incorporate many of these transformational practices into the construction of the 49 Guard-led AFRCs, even though the projects are federally funded.

Further, Army Corps of Engineers officials told us that some of the expected military construction transformation savings could decrease if the cost of construction materials escalates or there is a shortage of construction labor, especially in locations of high construction volume. Corps officials told us that in the last several years, the actual rate of

construction inflation has exceeded the federal government's inflation rate as determined by the Office of Management and Budget, which DOD is required to use in budgeting for its construction projects. While this difference was as high as 6.1 percentage points in 2004, the difference between the actual rate of construction inflation and the government's inflation rate has diminished recently. We note, however, that this trend may not necessarily continue into the future depending on the economics surrounding the construction industry. However, if construction inflation continues to exceed the rates used in the construction budget process, Corps officials told us they will try to overcome the inflation difference by negotiating with the building contractors for a lower construction price, redirecting funds from other sources, or reducing the scope of some construction projects.⁷ Given the potential for underestimated future inflation rates, combined with the fact that DOD is still early in the BRAC implementation process and the Corps has only started construction on three reserve-led AFRC projects (with the efficiencies gained from military construction transformation for those three being inconclusive), the Army lacks assurance it will be able to achieve the 15 percent reduction in military construction costs for the AFRC projects until it receives bids from more projects. Thus, it might have been premature of the Army to have already incorporated these anticipated savings into its BRAC budget requests before the Corps has more information with which to evaluate the results.

Some Army officials also expressed concern that the Army Corps of Engineers' military construction transformation could result in a reduction in quality for the centers. Under military construction transformation, the Corps is broadening the construction materials standards for the AFRC projects it is managing. According to the Corps, broadening the standards will allow contractors to pursue a wider variety of alternate building systems in lieu of typical reserve standards, which is expected to help keep costs down. Previously, the Reserves generally required their AFRCs to be built using brick or concrete block. Now contractors—while still meeting all applicable building codes and technical requirements for the facility—may propose less expensive alternatives, such as wood frame, prefabricated and modular construction systems. For example, in two 2006 pilot projects the typical reserve standard of concrete blocks covered with a brick veneer was replaced with a less expensive metal frame

⁷The House Armed Services Committee has directed the Secretary of Defense to submit an analysis of the construction cost inflation differences by February 1, 2008. H.R. Rep. No. 110-146, at 520 (2007) (Conf. Rep.).

covered with a brick veneer. However, several state-level Army National Guard officials and some Corps officials we met viewed this broadening of standards as a reduction in quality and maintain that the savings generated from using alternative construction materials may be offset later by increased maintenance and repair costs. Corps officials told us that they will be monitoring construction quality under these new processes but the actual outcome remains uncertain until the Army receives and evaluates more AFRC construction proposals and more centers are built.

Potential Increasing Land and Supporting Infrastructure Costs

Army Corps of Engineers officials indicated that cost estimates for acquiring needed land and building supporting infrastructure could be higher than estimated because earlier estimates were too low for many Reserve-led projects⁸ and because supporting infrastructure, such as access roads and utilities, is lacking because of the remoteness of some AFRC sites. Although the BRAC Commission attempted to estimate purchase prices for land while developing the recommendations, cost projections for many AFRCs are expected to be higher based on some recent site visits. For example, in Connecticut, land has not been identified for a Reserve-led AFRC slated to start construction in 2007 because according to Corps officials the average cost of several proposed locations is \$2 million—\$1.1 million higher than initially projected. This could be even more problematic in the later years of BRAC's implementation period because as land identification is delayed, inflation and market demands could further increase land costs. According to our analysis, the Reserves have 18 projects slated to begin from 2008 to 2010 where land costs are expected to exceed the amount estimated by the BRAC Commission. However, the extent these costs could increase will depend on the economics of the real estate market at the time of purchase. Moreover, Corps officials told us that because some Reserve-led AFRCs are expected to be at remote undeveloped sites, actual costs for supporting infrastructure, such as access roads and electricity, water, and sewer lines, could be higher than currently projected. Other Army officials, on the other hand, stated to us that higher than expected land acquisition and infrastructure support costs will not be a significant issue because the Army can use funds from other BRAC projects if costs for those other projects are lower than expected. For example, a challenging site location at Fort Lewis caused an increase in the cost estimate and as a result the

⁸Per the Commission's recommendations, the Army is not required to construct certain AFRCs if the Army is unable to acquire land suitable for construction of the facilities.

Army recently initiated action to increase the programmed amount by \$4 million. Although the Army was able to reallocate money for the Fort Lewis project, Corps of Engineers officials told us that some future projects could incur significantly higher supporting costs that the Army may be challenged in funding.

Changing Force Structure and Mission Requirements for Units Slated to Occupy AFRCs

Army officials noted that the Army's changing force structure and mission requirements may affect the capacity of the AFRCs to meet the personnel and equipment requirements of some units relocating into new AFRCs. Army modularity is restructuring combat and combat support units from a division organization to smaller, more rapidly deployable brigade-size units. Reserve and National Guard officials told us that they planned for Army modularity changes in determining facilities requirements to the extent information was known, but some units were reconfigured, disestablished, or newly activated after the BRAC recommendations became effective, which complicates how the BRAC recommendations will be applied to these units. Furthermore, some Army National Guard officials told us that the new centers may not fully meet the personnel and equipment requirements of certain types of units. For example, Guard officials told us that personnel requirements for the newly formed fires brigade were less defined when the BRAC recommendations became effective and these requirements have doubled since then (e.g., fires brigades have grown from 350 to 750 personnel). As more force structure and mission change challenges emerge, Army BRAC offices, the National Guard Bureau, the Army Audit Agency, and the individual affected states are discussing BRAC implications. Although they are uncertain about precise outcomes due to Army modularity, Guard officials we interviewed did not see modularity as posing an insurmountable implementation challenge at this time because they tried to incorporate future modularity changes—to the extent the changes were known—into AFRC requirements and because state governors have flexibility to balance space requirements of their units with available facilities in the states to station their Guard units. However, because so few AFRCs have actually begun construction the extent to which pending force structure and mission changes could be potential problems remains uncertain.

The Army's Ability to Monitor and Quickly Address Potential Challenges Is Unclear

It is unclear whether the Army will be able to successfully address potential implementation challenges affecting the completion of 125 AFRC projects because it does not have a plan that routinely brings together the various stakeholders, including the state Army National Guard when appropriate, to monitor and address these challenges. Although the Army

has several venues in place to assist with BRAC execution and management,⁹ in discussions with Army BRAC headquarters officials they acknowledged to us that they could be more proactive in outreaching and communicating with the stakeholders over how to deal with and mitigate particular challenges associated with constructing 125 AFRCs. Effective development of a plan to address challenges associated with the BRAC implementation would enable the Army to better communicate with stakeholders, measure progress toward its goals, and identify strategies to meet goals that were not met because of implementation challenges. Such planning is important to ensure that an organization's activities support its goals and are guided by good business principles, such as those embodied in the Government Performance and Results Act of 1993.¹⁰ Although the construction of the AFRCs is guided by 44 separate business plans that describe required actions, their timing, and resources, Guard and Reserve officials said that these plans do not provide the information needed to monitor for potential challenges or the steps needed to quickly mitigate them. Furthermore, we have previously reported that involving stakeholders in planning efforts can help create a clearer understanding among the stakeholders of the competing demands that confront most agencies, the limited resources available to them, and how those demands and resources require careful and continuous balancing.¹¹ Because the Army's reserve components recommendations involve so many stakeholders, comprehensive and routine stakeholder involvement is essential to the success of the Army's implementation planning efforts. Additionally, a plan that involves key stakeholders would be important because AFRCs will be truly joint facilities—the Guard will be co-occupants of centers built by the Reserves and the Reserves will be co-occupants of centers built by the Guard—and because there are so many stakeholders involved in ensuring that construction is completed on time.

⁹These include the Stationing Senior Review Group chaired by the Army Vice Chief of Staff, the Installation Management Board of Directors, and at the installation level, the Deputy Garrison Commander for Transformation, who provides project feedback to various installation stakeholders on a routine basis. In addition, the Army plans to begin quarterly BRAC program reviews with the Assistant Secretary of the Army for Installations and Environment to further provide a forum for discussing issues associated with the BRAC program. Moreover, the Army stated that it has venues where stakeholders meet for BRAC project reviews and conferences.

¹⁰Pub. L. No. 103-62 (1993).

¹¹GAO, *Executive Guide: Effectively Implementing the Government Performance and Results Act*, [GAO/GGD-96-118](#) (Washington, D.C.: June 1996).

In addition to the various Army headquarters offices that provide overall BRAC direction and oversight, key stakeholders involved with the Army's BRAC recommendations associated with Army reserve components include the Reserves, which is represented by officials from the Army Reserve Division of the Assistant Chief of Staff for Installation Management; the Office of the Chief Army Reserve; and the various regional readiness commands. Similarly, the Guard is represented by officials from the National Guard Bureau and officials in each state's respective Adjutant General and Construction and Facilities Management Office. Moreover, the U.S. Army Corps of Engineers plays a vital role in the construction of many AFRCs because it is the Army's primary construction agent, responsible for construction management of the Reserve-led AFRCs. In our discussions with officials, we found that many times component and state-level stakeholders were confused and frustrated regarding how to respond to potential challenges and had varying viewpoints and perspectives on how these challenges should be addressed if they occur. For example, some state National Guard officials said that they are concerned about the potential for a reduction in quality for many of the Reserve-led AFRCs because the Corps' military construction transformation effort is allowing alternative building materials to be used in lieu of the traditional brick and mortar. Conversely, Reserve officials told us that they were concerned about the extent to which the Guard might make what these officials deemed unsatisfactory scope reductions in the Guard-led AFRCs for such space as classrooms, assembly rooms, maintenance bays, and parking lots. Because of varying viewpoints and perspectives on the potential challenges and how they might be handled, opportunities for these stakeholders to express and address their concerns is of importance, particularly the resolution of potential issues before too many AFRCs are built. Army officials told us that should some of these challenges occur, they might have to adapt by choosing one or more of the following alternatives, many with potentially adverse effects: (1) request more BRAC funds, which would place additional demands on an account with a set limit of funds and potentially undermine DOD's ability to complete other BRAC recommendations unless OSD requests and receives more funds from Congress; (2) reduce the scope of a construction project to stay within the price limit, which could result in an overcrowded facility or inadequate space for storing mission-needed equipment and supplies; (3) work with the contractors to lower the cost by using more alternative, less expensive construction materials; (4) request additional funds from the regular military construction appropriations; or (5) use funds as allowable from operation and maintenance appropriations, which would leave other maintenance and repair requirements unfunded.

Because it is early in the BRAC implementation process, the extent to which challenges will occur and alternatives will be used remains uncertain until the Army receives and evaluates more AFRC construction proposals and more centers are built. However, there are indications that some of the challenges identified by the Army are already beginning to occur. For example, the Army Corps of Engineers is currently debating what to do about two projects expected to start in 2007—Fort Detrick, Maryland, and Fort Lewis, Washington—where current construction estimates exceed the amount budgeted. According to the Corps, higher-than-expected supporting infrastructure costs and estimate reductions based on anticipated military construction transformation efficiencies contributed to the difference between the current estimated cost to construct the AFRCs and what was actually budgeted, and consequently the projects might run out of money. In addition, several Corps officials expressed concern that many of the 2007 and the 2008 project proposals may exceed the cost estimate set for the projects. If this happens, Corps officials told us that they could work with the contractors to expand the use of alternative construction materials or reduce the scope of a particular project to stay within the price limit. However, if the Corps has to reduce the scope, this increases the risk that the facility will be too small for the number of personnel or their equipment. Likewise, Guard officials told us that if they experience similar problems, they would consider other alternatives such as using operation and maintenance appropriated funds as allowed or requesting funds from the regular military construction appropriation. Finally, Guard officials said that they could use additional options if project proposals exceed cost estimates, such as using state funds, seeking assistance from state congressional delegations, allowing temporary overcrowding of the AFRC, or leaving open readiness centers expected to close under BRAC. For example, some Army Guard officials told us that if a newly built AFRC is overcrowded and does not adequately support the unit's personnel and equipment, they might retain certain existing armories or readiness centers that were expected to close under BRAC, which could further reduce BRAC savings

and increase operation and maintenance costs should the centers continue to support a federal mission.¹²

Conclusions

As the Army begins its \$3 billion BRAC construction of 125 new AFRCs around the nation, it will need to carefully manage many potential challenges that could place the successful implementation of the program at risk. We recognize that implementing these BRAC recommendations while the Army simultaneously implements other BRAC recommendations and ongoing, worldwide restationing and transformation initiatives is an extremely difficult and daunting task. Although we realize the Army has several venues in place to assist with BRAC execution and management, the Army has not established a plan that routinely brings together the various stakeholders, that includes the state Army National Guard when appropriate, to help monitor and address potential implementation challenges associated with completing the Army reserve component BRAC recommendations. Developing such a plan would better ensure clear communication and collaboration between key stakeholders, which is especially important given that many stakeholders have varying viewpoints and perspectives on these potential challenges and the possible adverse effects. Development of such a plan for BRAC implementation would also enable the Army to better measure progress toward its goals and identify strategies to meet goals that were not met because of implementation challenges. Without a plan that brings together key stakeholders including the state Army National Guard when appropriate, it will be more difficult for the Army to monitor for implementation challenges and work through alternatives to mitigate them in a timely manner.

Recommendation for Executive Action

To better ensure that BRAC 2005 recommendations affecting the Army's reserve components and interests of the states are effectively managed and any potential adverse effects are quickly identified, we recommend

¹²In developing its BRAC recommendations for the reserve components the Army allowed the states to voluntarily participate in the process. The Department of the Army worked very closely with the state adjutants general throughout the BRAC 2005 process, and understands that the state governors will close 211 Army National Guard facilities with the intent of relocating their tenant units into the 125 new AFRCs. According to some state guard officials, because many of the Army National Guard facilities slated to close under BRAC are owned by the states, a state has the option to keep these facilities open if the state determines that the new AFRC will not sufficiently meet the requirements of the units slated to occupy it.

that the Secretary of Defense direct the Secretary of the Army to develop a plan for routinely bringing together the various stakeholders as a group, to include the state Army National Guard when appropriate, to monitor for and develop steps to mitigate implementation challenges should they occur. These steps should include ways to monitor and mitigate the effects of potential challenges on BRAC completion time frames, project cost and scope, construction quality, and capacity of the facility to meet changing mission requirements.

Agency Comments and Our Evaluation

In written comments on a draft of this report, DOD partially concurred with our recommendation. DOD's comments are reprinted in appendix II and addressed as appropriate in the body of the report. DOD further provided technical comments, which we also incorporated into this report as appropriate.

DOD partially concurred with our recommendation that the Secretary of Defense direct the Secretary of the Army to develop a plan for routinely bringing together the various stakeholders as a group to monitor for and develop steps to mitigate implementation challenges should they occur to better ensure that BRAC recommendations affecting the Army's reserve components are effectively managed and any potential adverse effects are quickly identified and mitigated. While stating that we appropriately highlighted BRAC implementation challenges due to transformation, modularity, mission changes, and construction factors affecting BRAC military construction projects, to include changes to initial BRAC cost savings projections and military construction time frames, DOD believes that we overlooked the various groups, forums, or plans that the Army has in place to assist with BRAC execution and management. Although we were aware of these various venues and we changed our report to acknowledge them, we nonetheless found that these venues were not adequately meeting the needs of the various state Army National Guard and Reserve officials who share in the responsibility for the design and construction of the AFRCs. Throughout our work we found that many of these officials were still confused and frustrated regarding how to respond to potential challenges associated with the construction of the 125 new AFRCs despite the existence of the Army's various venues. Moreover, because the AFRCs are to be in 38 states and because local circumstances may vary, it is unclear how executive-level planning groups or other forums that exclude the states will be positioned to effectively mitigate the risk that may be unique to a given location. Although DOD stated in its comments that the Army already has a plan in place to bring the various stakeholders together, Army BRAC headquarters officials acknowledged that they could be more proactive in outreaching and communicating with

the stakeholders on how to deal with and mitigate particular challenges associated with constructing 125 AFRCs. Moreover, because of varying viewpoints on how potential challenges should be addressed, opportunities for these stakeholders to meet and express their concerns is of importance, especially so that any potential issues can be resolved before too many AFRCs are built and the Army can meet the BRAC statutory 2011 deadline. Consequently, we continue to believe that the Army would benefit from routinely bringing together the reserve component and state-level stakeholders who are playing a vital role in the actual design and construction of the AFRCs so that challenges and issues can be effectively mitigated before they rise to the Army's executive headquarters level. Additionally, best practices suggest that involving stakeholders in planning can help create a clearer understanding among the stakeholders of competing demands, the limited resources available, and how those demands and resources require continuous balancing.

In addition to the existing groups, forums, or plans, DOD also stated that the Army BRAC office will begin quarterly BRAC program reviews with the Assistant Secretary of the Army for Installations and Environment, which will further provide a forum for discussing and vetting issues affecting the BRAC program. Although we commend the Army for initiating these reviews, it remains unclear the extent to which the reserve components and state National Guard offices will be routinely involved until these reviews take place and it is this involvement that forms the basis of our recommendation. In addition, DOD stated that OSD-approved business plans are in place and updated biannually as needed. As we stated in the report, although the construction of the AFRCs is guided by 44 separate business plans that describe required actions, their timing, and resources, Army National Guard and Reserve officials said that these plans do not provide adequate information needed to monitor for potential challenges or the steps needed to quickly mitigate them.

For the reasons stated above, we continue to believe that our recommendation has merit. To clarify the intent, however, we modified our recommendation to specifically include state National Guard stakeholders when appropriate, because it is unclear how existing executive-level planning groups that may not include the states will be positioned to effectively mitigate the risk that may be unique to a given state.

DOD also noted in its comments that it continues to disagree with us regarding the treatment of military personnel savings. DOD considers military personnel reductions attributable to a BRAC recommendation as

savings that are just as real as savings generated through end-strength reductions. As we stated in the report, the issue of military personnel savings represents a long-standing difference of opinion between DOD and us. Although we agree that transferring personnel to vacant positions may enhance capabilities and allows DOD to redirect freed-up resources to another area of need, we do not believe that such transfers produce a tangible dollar savings that DOD can apply to fund other defense priorities outside the military personnel accounts because these personnel will remain in the end strength and will continue to receive salaries and benefits. Not recognizing that these dollar savings cannot be readily applied elsewhere could create a false sense of the savings available for use in other areas outside the military personnel account, such as modernization.

We are sending copies of this report to interested congressional committees; the Secretary of Defense; the Under Secretary of Defense for Acquisition, Technology, and Logistics; the Secretary of the Army; the Chief of the National Guard Bureau; and the Director, Office of Management and Budget. We will also make copies available to others upon request. In addition, the report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions concerning this report, please contact me at (202) 512-4523 or leporeb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix III.



Brian J. Lepore, Director
Defense Capabilities and Management

List of Congressional Addressees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Ted Stevens
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Tim Johnson
Chairman
The Honorable Kay Bailey Hutchison
Ranking Member
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Duncan L. Hunter
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable John P. Murtha
Chairman
The Honorable C.W. Bill Young
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable Chet Edwards
Chairman
The Honorable Roger F. Wicker
Ranking Member
Subcommittee on Military Construction,
Veterans Affairs, and Related Agencies
Committee on Appropriations
House of Representatives

The Honorable Tom Davis
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

Appendix I: Scope and Methodology

We performed our work at various Office of the Secretary of Defense (OSD) and Army base realignment and closure (BRAC) offices involved in the implementation of the Army reserve component recommendations and at various states affected by the recommendations.

To determine changes in estimated cost and savings, we used data in the Army's BRAC budget justification materials provided to Congress in support of the President's fiscal year 2008 budget request and compared them to the estimates in the 2005 BRAC Commission report, both publicly available data. All cost and savings estimates have been adjusted for inflation and are presented in fiscal year 2005 constant dollars because the BRAC Commission reported its estimates in 2005 constant dollars. BRAC Commission estimates are based on the Department of Defense's (DOD) quantitative model, known as the Cost of Base Realignment Actions. DOD has used this cost model in each of the previous BRAC rounds and, over time, has improved upon its design to provide better estimating capability, although the model is not intended to produce budget quality estimates. We did not validate the Army's military construction requirements because the Army Audit Agency was in the process of validating these requirements at the time of our review. To assess the reliability of DOD's BRAC cost and savings estimates, we talked with officials at the OSD BRAC Office about their data quality control procedures and reviewed relevant documentation. We determined the Army's budget justification data to be sufficiently reliable for the purposes of this report and for making broad cost and savings comparisons. We also analyzed data from OSD-approved business plans for each recommendation to determine reasons for changes in cost and savings estimates.

To identify what Army officials said were the more significant potential challenges that could affect the implementation of the BRAC 2005 reserve component recommendations, we interviewed numerous stakeholders to the process. These stakeholders included officials in the OSD BRAC Office, Office of the Assistant Secretary of Defense for Reserve Affairs, Office of the Assistant Secretary of the Army for Installations and Environment, Army's Office of the Assistant Chief of Staff for Installation Management, National Guard Bureau, Army Reserve Command, Office of the Chief Army Reserve, and U.S. Army Corps of Engineers Headquarters and Louisville District offices. We also interviewed National Guard officials in five states and officials in two Army Reserve regional readiness commands most affected by the 2005 BRAC recommendations. Specifically, we visited state National Guard officials in Alabama, Arkansas, Kentucky, Oklahoma, and Texas. With the exception of Kentucky, we selected these states because they either had a large number

of Armed Forces Reserve Centers (AFRC) slated for construction, had a National Guard headquarters located near a reserve regional readiness command, or both. We selected Kentucky because its National Guard headquarters is located near the U.S. Army Corps of Engineers' Louisville District, which is managing the BRAC construction of the Reserve-led AFRCs. In the states we visited, we spoke with the chief construction and facilities management officers. In two states, we met with the adjutants general. Additionally, we met with officials in two reserve regional readiness commands—one in Alabama and one in Arkansas. During these meetings, we interviewed key officials involved in implementing the recommendations to understand the potential challenges the Army faces in completing the recommendations by the end of the 6-year statutory BRAC completion period and summarized their views. We conducted our work from June 2006 through July 2007 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Defense



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

AUG 23 2007

Mr. Brian J. Lepore
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548-0001

Dear Mr. Lepore,

This is the Department of Defense (DoD) response to the GAO draft report, GAO-07-1040, "MILITARY BASE CLOSURES AND REALIGNMENTS: Plan Needed to Monitor Challenges for Completing More than One Hundred Armed Forces Reserve Centers," dated July 26, 2007 (GAO Code 350874).

The Department partially concurs with the GAO's recommendation in the draft report concerning development of a plan for routinely bringing together the various stakeholders as a group. The Army currently has several venues in which it participates in the execution of the Base Realignment and Closure (BRAC) program with all of the stakeholders and is proactive in monitoring changing mission requirements and adjusting, as needed, project cost, scope and construction resources to meet BRAC timelines.

It is also important to note that the Department continues to disagree with GAO regarding the treatment of military personnel savings in the draft report. The Department considers military personnel reductions attributable to a BRAC recommendation as savings that are just as real as savings generated through end-strength reductions. While the Department may not reduce overall end-strength, the reductions in military personnel for each recommendation at a specific location are real. As is the case of monetary savings, personnel reductions allow the Department to re-apply these military personnel to support new capabilities and to improve operational efficiencies.



Page 2

The Department's comments regarding the specific recommendations in the report are outlined in the enclosure. The Department appreciates the work performed by the GAO in this regard and appreciates the opportunity to comment on the draft report.

Sincerely,



Philip W. Grone
Deputy Under Secretary of Defense
(Installations and Environment)

Enclosure:
As stated

GAO DRAFT REPORT – DATED JULY 26, 2007
GAO CODE 350874/GAO-07-1040

**“MILITARY BASE CLOSURES AND REALIGNMENTS: Plan Needed to Monitor
Challenges for Completing More than One Hundred Armed Forces Reserve Centers”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE RECOMMENDATION**

RECOMMENDATION 1: The GAO recommends that the Secretary of Defense direct the Secretary of the Army to develop a plan for routinely bringing together the various stakeholders as a group to monitor and develop steps to mitigate those challenges should they occur. Those steps should include ways to monitor and mitigate the effects of potential challenges on the base realignment and closure completion timeframes, project cost and scope, construction quality, and capacity of the facility to meet changing mission requirements.

DOD RESPONSE: DoD partially concurs with comment. Although Army was not directed to develop a plan for managing potential adverse effects, the following mechanisms and forums exist to mitigate challenges and impacts to BRAC program execution. The Army Vice Chief of Staff (VCSA) chairs the Stationing Senior Review Group (SSRG) meetings at which programmatic issues are raised, discussed, and resolved. The Installation Management Board of Directors monitor performance measures for programs and operations to ensure compliance with the plan. At the installation level the Deputy Garrison Commander for Transformation is identified as the BRAC program coordinator and provides project feedback to the Senior Mission Commander and the various installation stakeholders on a routine basis. The Army BRAC office will begin Quarterly BRAC program reviews with the Assistant Secretary of the Army for Installations and Environment, inclusive of the stakeholders, which further provides a forum for discussing and vetting issues impacting the BRAC program. In addition, OSD-approved Business Plans are in place and updated biannually, as needed. Army already has a plan in place to bring the various stakeholders together and has made significant strides in monitoring and mitigating risks that would hamper completing mandated BRAC actions by September 15, 2011. Additionally, the Army has venues where stakeholders meet for BRAC project reviews and conferences. BRAC construction priorities are coordinated through the National Guard Bureau Army Installations (ARI) Office, Office of the Assistant Chief of Staff for Installation Management (OACSIM) Army Reserve Installations Division (ARID) and U.S. Army Reserve Command (USARC) Transformation Integration Office (TIO) based on mission impact, land acquisition, environmental issues and level of funding per fiscal year. BRAC projects are also validated through independent U.S. Army Audit Agency (USAAA) audits and Program Managers are in place to manage BRAC execution by regions. GAO has appropriately highlighted challenges due to transformation, modularity, mission changes, and construction factors impacting BRAC military construction projects, to include changes to initial BRAC cost savings projections and military construction timelines. GAO’s draft report does not accurately reflect the steps currently in place, nor does it address the steps scheduled to further assist with BRAC execution and management.

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

Brian J. Lepore, (202) 512-4523 or leporeb@gao.gov

Acknowledgments

In addition to the contact named above, Barry Holman, Director (retired); Laura Talbott, Assistant Director; Shawn Arbogast; Rachel Beers; Grace Coleman; Jennifer Edwards; Julie Matta; and Charles Perdue made key contributions to this report.

Related GAO Products

Defense Infrastructure: Challenges Increase Risks for Providing Timely Infrastructure Support for Army Installations Expecting Substantial Personnel Growth. [GAO-07-1007](#). Washington, D.C.: September 13, 2007.

Military Base Realignment and Closures: Observations Related to the 2005 Round. [GAO-07-1203R](#). Washington, D.C.: September 6, 2007.

Military Base Closures: Projected Savings from Fleet Readiness Centers Likely Overstated and Actions Needed to Track Actual Savings and Overcome Certain Challenges. [GAO-07-304](#). Washington, D.C.: June 29, 2007.

Military Base Closures: Management Strategy Needed to Mitigate Challenges and Improve Communication to Help Ensure Timely Implementation of Air National Guard Recommendations. [GAO-07-641](#). Washington, D.C.: May 16, 2007.

Military Base Closures: Opportunities Exist to Improve Environmental Cleanup Cost Reporting and to Expedite Transfer of Unneeded Property. [GAO-07-166](#). Washington, D.C.: January 30, 2007.

Military Bases: Observations on DOD's 2005 Base Realignment and Closure Selection Process and Recommendations. [GAO-05-905](#). Washington, D.C.: July 18, 2005.

Military Bases: Analysis of DOD's 2005 Selection Process and Recommendations for Base Closures and Realignments. [GAO-05-785](#). Washington, D.C.: July 1, 2005.

Military Base Closures: Observations on Prior and Current BRAC Rounds. [GAO-05-614](#). Washington, D.C.: May 3, 2005.

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