

July 18, 1995

MORE MILITARY BASES NEED TO BE CLOSED

INTRODUCTION

Congress initiated a process for closing military bases in 1988 when it became clear that the United States was going to reduce the size of its military forces after the Cold War. To provide guidance on base-closing decisions, Congress created the Defense Base Closure and Realignment Commission, an independent body of eight individuals with expertise in defense policy. The commission was assigned the responsibility of deciding which military bases will be closed or realigned and submitting its recommendations to the President and Congress.

Until recently, the base closure process had been successful. Independent commissions made recommendations to reduce defense infrastructure in 1988, 1991, and 1993. The President and Congress ultimately adopted each of the packages of recommendations, and the closure and realignment decisions are being implemented. But the latest round of base closings, which is the last currently planned, has been flawed in several important respects. The process has been politicized by the White House. Anticipated budget savings have been disappointingly meager. And base closures have lagged behind reductions in military forces, personnel, and budgets. There still are too many bases for the size of the U.S. armed forces anticipated by Administration policy.

The Defense Base Closure and Realignment Commission submitted its recommendations to the President on July 1. These include decisions to close 28 major bases, realign 22 major bases, and close or realign a larger number of minor bases. President Clinton on July 13 reluctantly accepted the commission's recommendations. As Congress considers these recommendations, there are several problems with the base closure and realignment process that must be addressed. Each presents an opportunity for a legislative remedy. Congress should:

- ✓ **Accept the findings of the Defense Base Closure and Realignment Commission.** The military services need to close bases. The retention of unneeded bases will impose a financial drain on the military at a time when its budget has been

reduced. The money saved by closing bases can be used to fund vital military readiness and modernization programs. The base closure process, therefore, must move forward. A decision by Congress to reject the findings of the commission will require the military to absorb the cost of maintaining 22 major bases and a larger number of minor bases it does not need.

- ✓ **Extend the base closure process for another two rounds.** The closing of military bases still lags behind the reduction in military forces, personnel, and budgets. While defense budgets have declined by about 35 percent in real terms between FY1985 and FY1994, and military personnel levels have dropped by 25 percent over the same time, the size of base infrastructure has fallen by only 15 percent. This year's list of base closures and realignments submitted by the Department of Defense, as modified by the Defense Base Closure and Realignment Commission, makes it likely this lag will continue. Since this is the last round of base closures authorized by Title XXIX of the National Defense Authorization Act for FY 1991, Congress should extend the closure and realignment process for another two rounds.
- ✓ **Increase its oversight of the process by which the Administration recommends base closures to the Defense Base Closure and Realignment Commission.** According to numerous press reports, the White House may have politicized the process of base closings by pressing the Department of Defense to remove bases from the closure list in states that loom large in next year's presidential race. This process was established with the intent of separating political considerations from base closure decisions. Congress needs to call the Clinton White House to account if it has attempted to politicize the process. It can start by holding hearings on whether there were attempts by aides at the White House to intervene.
- ✓ **Reduce the cost of closing bases.** The ultimate goal of the base closure process is to reduce the cost of carrying unnecessary infrastructure. This will free up money to support military readiness and modernization. It has become apparent, however, that it is costing the Pentagon considerable sums of money to shut down the bases and that savings are not realized until years later. Congress can ease this problem by scaling back the environmental and other regulations that drive up the initial costs of closing bases. This includes shortening the lengthy process for evaluating the environmental status of bases about to be closed. Further, Congress should ensure that such closing costs come not from the defense budget, badly strapped by cuts, but from such other federal accounts as the environmental account or the community development account.
- ✓ **Privatize military depots.** The cost of performing depot maintenance is too high. In addition to making recommendations for closing or realigning regular military bases, the Defense Base Closure and Realignment Commission has the power to recommend closing military depots, which are logistical and maintenance facilities. The rate of closing depots is roughly the same as that for regular military bases. Congress could spur this process by enacting legislation to privatize many of the maintenance duties now performed at Defense Department depots.

THE BASE CLOSURE PROCESS IN PERSPECTIVE

The Reagan Administration began the base closure process in 1988. Subsequent recommendations for reductions were adopted in 1991 and 1993. Since Cold War defense budgets peaked in 1985 and major military personnel reductions began in 1990, the process has run concurrently with the general budget and force reductions at the Pentagon.

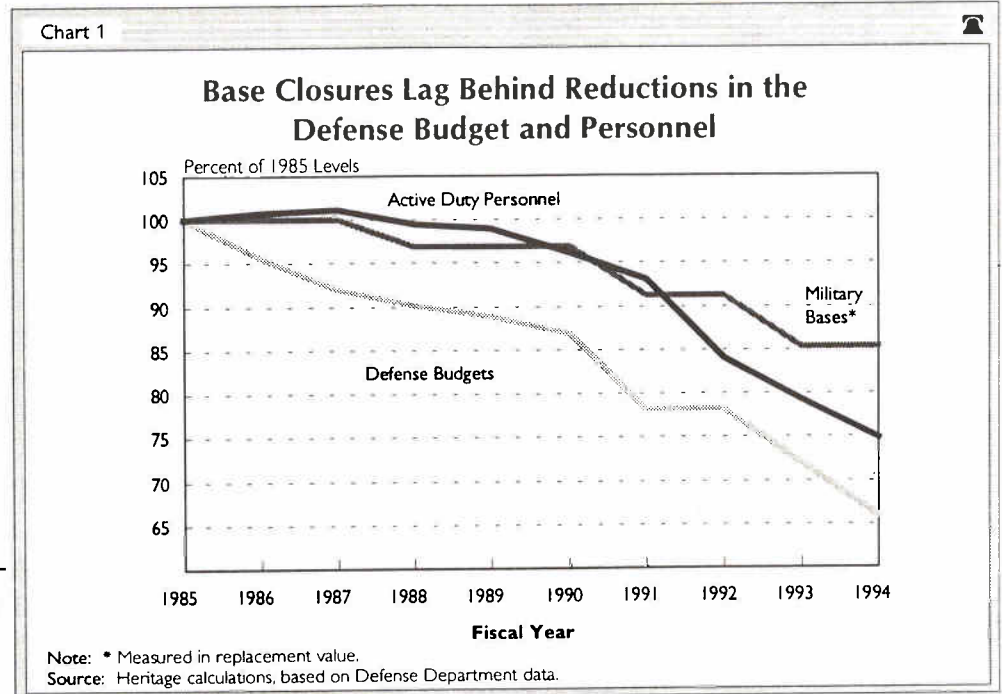
But the base closure process has not led to a reduction in military infrastructure that is commensurate with other defense cutbacks. While defense budgets have declined by about 35 percent in real terms between FY 1985 and FY 1994, and military personnel levels have dropped by 25 percent over the same time, the base infrastructure has fallen by only 15

percent as measured in replacement value (see Chart 1).¹

The same lag appears between base closures and reductions in military forces. For example, during the period covering FY 1988 through FY 1994, the Army shed

eight divisions or, roughly 30 percent of its force structure. Yet base reductions involving all the services, as measured in replacement value, have fallen by just 15 percent. Similar comparisons can be made for the Air Force and Navy (see Chart 2).

The budget savings derived from the three previous rounds of base closings are disappointing. The Pentagon estimates net savings to the defense budget from all three of the previous rounds of base closures at just \$3.1 billion (1996 dollars).² Savings have been lower than might be expected because the cost of shutting down the bases was \$13.1 billion (in 1996 dollars).³ Absent the closure costs, the savings would be \$16.2 billion (in

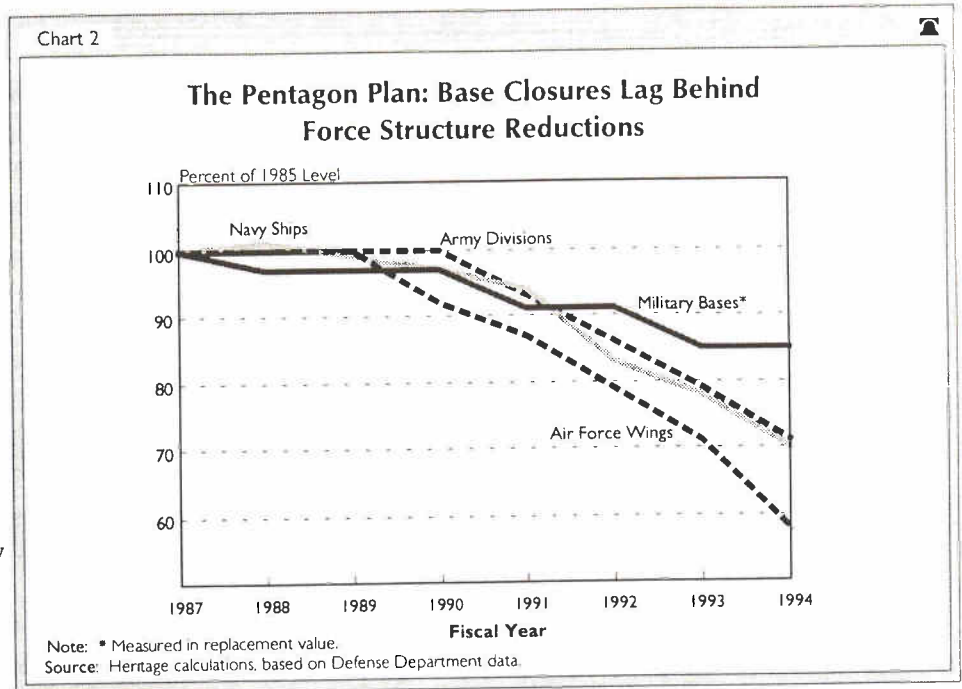


- 1 Replacement value estimates the cost of building an existing base. It is a more precise measurement of the reduction in bases than simply counting the number of bases closed or realigned, because it accounts for the differing size and value of each base closed or realigned.
- 2 Department of Defense, *Base Closure and Realignment Report*, March 1995, p. 1-3.
- 3 *Ibid.* This estimate excludes both environmental cleanup costs and the projected revenue from land sales.

1996 dollars). After the payment of closure costs, the estimated annual savings are \$4.2 billion (again in 1996 dollars).⁴

Excess depot capacity is likely to be as great a problem as excess military infrastructure. As military equipment inventories have fallen, the depots to service

this equipment have not been eliminated. For example, between 1988 and 1994 the Air Force reduced the number of fighter and attack aircraft authorized for deployment by almost 50 percent. Assuming Air Force depots have been reduced at roughly the same rate as bases generally, the depots have been reduced by only 15 percent.⁵



THE PENTAGON'S RECOMMENDATIONS ON BASE CLOSURES

The Department of Defense forwarded its recommendations for closing and realigning bases to the Defense Base Closure and Realignment Commission on February 28, 1995. The recommendations proposed closing 33 major bases or facilities and realigning (closing a portion of a base or moving one or more of its functions) 26 others. A larger number of smaller facilities would be closed or realigned. As measured in replacement value, the recommendations would have reduced defense infrastructure by about 6 percent. Assuming this is the last round, all the rounds combined would reduce military infrastructure by 21 percent from 1991 levels, as measured in replacement value.⁶

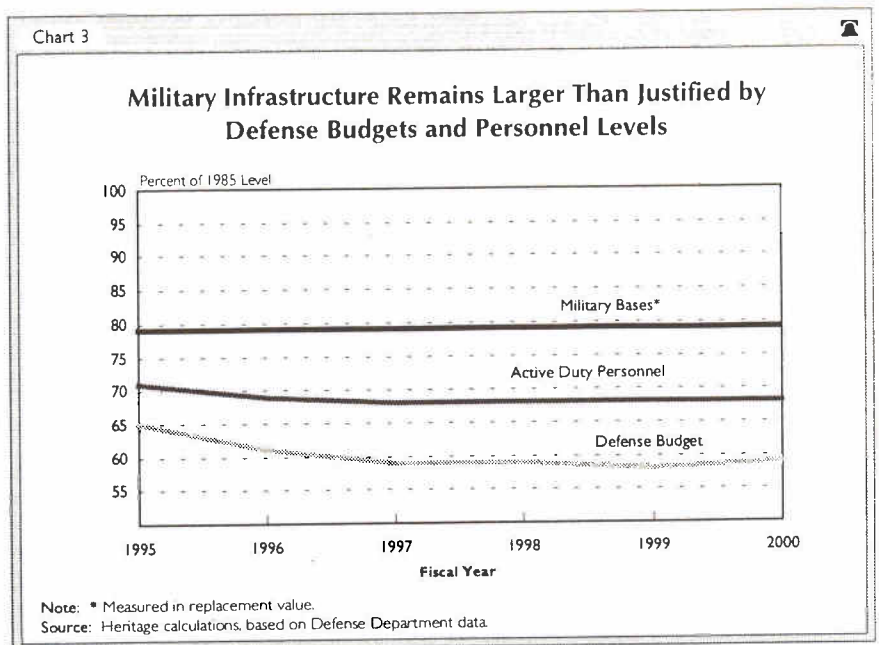
The recommendations of the Department of Defense do not go far enough. The resulting base structure will be too large for the size of the U.S. armed forces. For example, the Clinton Administration's projected defense budget for the year 2000 would be 58 percent of the 1985 defense budget in real terms. The number of active duty military personnel in

⁴ *Ibid.*

⁵ While it is true that the services have lengthy depot maintenance backlogs in some areas, such as Marine Corps equipment, these backlogs exist because there is not enough money to pay for the maintenance.

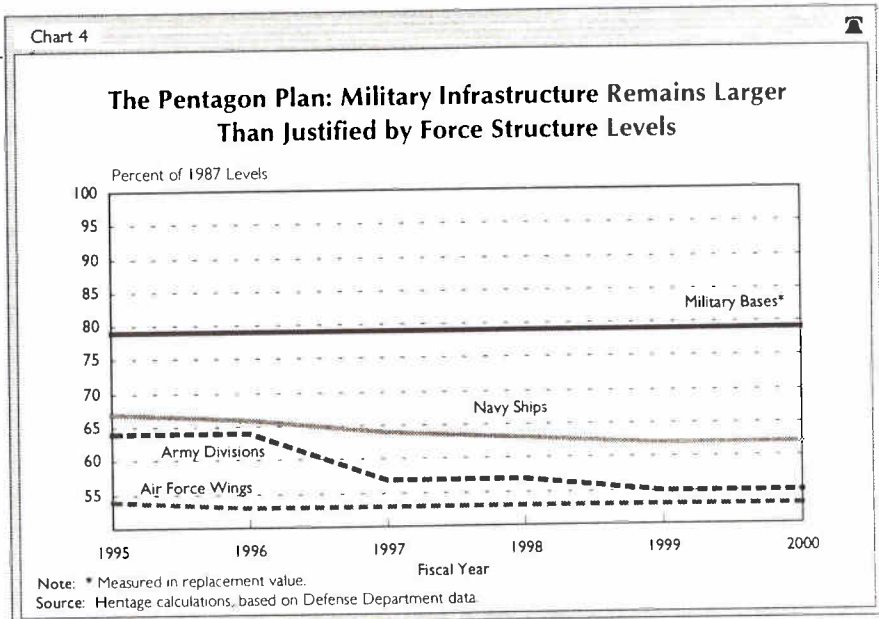
⁶ The Pentagon estimates the value of domestic military infrastructure in existence in 1991 at \$510.5 billion. The four rounds of base closures, including this year's Pentagon proposal, would reduce that value by \$109.2 billion. This represents a 21 percent reduction in military bases.

the year 2000 would fall to 67 percent of the number in 1985. Military infrastructure, by contrast, would still be roughly 79 percent of what it was in 1985 under the Pentagon's base closure recommendation (see Chart 3). Force structure reductions in the Air Force, Army, and Navy will also be far deeper than the corresponding cut-backs in infrastructure (see Chart 4).



Political considerations. Given the pressing need to reduce military infrastructure in the United States, the relatively modest recommendations of the Department of Defense were surprising. It was widely expected that in this round of base closures the Department of Defense would propose reducing military infrastructure by as much as the three previous rounds combined.

Of course, this did not happen. The likely explanation is political intervention by the White House. President Clinton's aides reportedly attempted in 1994 to put off the entire round of reductions slated for this year because they feared the negative repercussions for President Clinton's reelection effort in affected states.⁷ White House Chief of Staff Leon Panetta reportedly intervened with Secretary of Defense William Perry later last year to have the scope of the reductions trimmed.⁸



7 Lucy Howard and Carla Koehl, "The Politics of Base Closings," *Newsweek*, March 6, 1995, p. 6.

8 *Ibid.*

The politicization of the process became apparent when President Clinton boasted in a January 1995 radio interview that the Navy's shipyard near Portsmouth, New Hampshire, would not be included on the list of closed bases. Indeed, the Portsmouth facility was not included in the Secretary's recommended closure list. Thus, the White House knew what the Secretary of Defense was going to recommend more than a month before the Pentagon submitted its recommendations. Nevertheless, the report of the Secretary of Defense to the Defense Base Closure and Realignment Commission asserts that the recommendations for the closure of military bases were objective and nonpolitical.⁹ This appears not to be the case.

THE DELIBERATIONS OF THE BASE CLOSURE AND REALIGNMENT COMMISSION

To its credit, the Defense Base Closure and Realignment Commission apparently recognized and tried to resist the Clinton Administration's attempt to politicize the process. The commission on May 10 announced it had added 31 bases to the list recommended by the Secretary of Defense for either closure or realignment.¹⁰ The additional bases included the Portsmouth shipyard. Press reports indicated that the White House was particularly interested in striking bases from the list that were located in California, New Hampshire, and Texas.¹¹ Nevertheless, of the 31 bases added to the list by the commission, 13, or almost 42 percent, are located in or near these three states.

The commission on July 1 announced its list of bases for closure or realignment.¹² Despite its earlier action of adding bases to its list for consideration that were not included in the recommendation submitted by the Secretary of Defense, the commission chose not to expand the number of major bases to be closed or realigned. In fact, the commission ultimately decided to close only 28 major military bases instead of the 33 proposed earlier by the Pentagon. The commission also recommended realigning another 22 major bases. This compares to 26 realignments recommended to the commission by the Department of Defense. The closures and realignments proposed by the commission probably will shrink the military infrastructure by about 6 percent.

IMPROVING THE BASE CLOSURE PROCESS

To be a complete success, the base closure process needs to be extended and improved. This will require Congress to:

- ☛ **Accept the findings of the Defense Base Closure and Realignment Commission.** Moving the base closure process forward first requires implementing the current round of cutbacks. Congress should not force the military to carry the cost of

9 Department of Defense, *Base Closure and Realignment Report*, March 1995, pp. 4-1-4-6.

10 Defense Base Closure and Realignment Commission, "Commission Adds 31 New Bases to Closure and Realignment List." Press Release, May 10, 1995.

11 Howard and Koehl, "The Politics of Base Closings."

12 The Defense Base Closure and Realignment Commission, *1995 Report to the President*, July 1, 1995.

maintaining unneeded bases. Congress can take a step toward preserving the base closure process by accepting the commission's findings.

- ☞ **Extend the base closure process for another two rounds.** The additional two rounds will reduce military bases to between 64 percent and 69 percent of what they were during the Cold War. Even after these two additional rounds, the cut-back in bases will trail reductions in military budgets, personnel, and forces. Defense budgets and force structure will be around 60 percent of Cold War levels. These rounds should occur in 1997 and 1999.
- ☞ **Increase its oversight of the process by which the Administration recommends base closures to the Defense Base Closure and Realignment Commission.** The political manipulation of the base closure process by the White House, if true, is unacceptable. Preventing such abuses in the future will require rigorous congressional oversight. The first step requires determining whether the charges leveled at the White House by the press are true. The House and Senate Military Construction Appropriations Subcommittees should hold hearings on these charges and require both White House staff and Pentagon officials to testify.
- ☞ **Reduce the cost of closing bases.** Savings in the base closure process have been low because the cost of shutting down bases is too high. Closing bases has become an expensive proposition for several reasons. First of all, the procedures for selling off bases and other facilities are being circumvented. Many of the properties are retained by the Department of Defense or given to other federal agencies, or to state and local governments, at no cost.¹³ Selling these properties to the private sector would help offset the closure costs.

The second reason for the high costs is that local governments are successfully pressuring the federal government to provide grants and other assistance to them in order to support the conversion of properties. Such improvements include building roads and sewer systems, many of which are funded through the defense budget. This has turned the Department of Defense into a community development agency. Funding such social and economic projects is not a proper function of the Department. The federal government needs to exercise discipline in rejecting the demands of local communities for assistance in upgrading and improving the properties that are being disposed of by the Department of Defense.

The third reason is that the cost of environmental cleanup is too high. The Department of Defense is expected to spend over \$5 billion on environmental cleanup, much of it for cleaning up closed bases. Some of these costs are caused by unrealistic federal and local environmental requirements; cleaning ground water, for example, is likely to be expensive and in some cases impossible. Some are due to unnecessary environmental policies that put a high priority on cleanup. These policies at times result in the needless cleanup of land that will remain in federal hands and therefore not require cleanup prior to reuse.¹⁴ The Pentagon

13 Frank C. Conahan, Senior Advisor to the Comptroller General for Defense and International Affairs Programs, "Challenges in Identifying and Implementing Closure Recommendations," testimony before the House National Security Committee Subcommittee on Military Installations and Facilities, February 23, 1995, p. 6.

should be relieved of the costs of environmental cleanup altogether. Other federal agencies or departments, such as the Environmental Protection Agency (EPA) or a new Bureau of Natural Resources, should be given responsibility for these costs.¹⁵

☞ **Privatize military depots.** The base closure commission has focused on reducing the number of military depots to the level required to meet expected demand for depot service. Many of the depot functions, however, can be privatized and performed by contractors. Not only is it likely that private enterprises can perform these services more efficiently, but the Pentagon will be able to reap a dividend by selling the properties to the private sector.¹⁶ This is not to say that all such functions can be privatized. All maintenance duties that require close proximity to combat operations, or that are a part of combat operations, should remain in the hands of the military. Nevertheless, many other functions, and the associated facilities, should be privatized. This would allow the commission to be far more aggressive in closing down depots.

CONCLUSION

Base closings must continue if the military is going to maintain its combat capabilities. The excess infrastructure, if not shed, will continue to be a financial drain on the military services. In an era of shrinking defense budgets, this financial drain will weaken America's combat readiness and defense modernization programs. Shedding excess infrastructure requires extending the base closure process by another two rounds. It also entails finding ways to reduce the cost of closing bases. Further, politics must be kept out of the base closure process. Only then can the savings achieved from closing unneeded military bases be used to fund the U.S. armed forces' most important function—preparing to fight and win the nation's wars.

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14 *Ibid.*, p. 7.

15 The Heritage Foundation proposed the creation of the Bureau of Natural Resources in its study on eliminating the federal deficit. See Scott A. Hodge, ed., *Rolling Back Government: A Budget Plan to Rebuild America* (Washington, D.C.: The Heritage Foundation, 1995), pp. 32-33.

16 For a discussions of the benefits of privatizing military depots, see Loren Thompson, "The Privatization of Defense Support Functions: A Public-Sector Case Study," The Alexis de Tocqueville Institution, April 28, 1995.