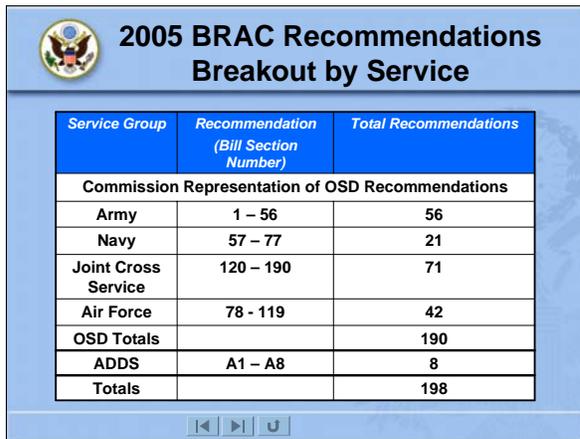


Statement of Frank Cirillo, Director of Review and Analysis:

Good Morning and thank you Mr. Chairman.



The image shows a presentation slide titled "2005 BRAC Recommendations Breakout by Service". It features a table with three columns: "Service Group", "Recommendation (Bill Section Number)", and "Total Recommendations". The table lists recommendations for the Army, Navy, Joint Cross Service, Air Force, OSD Totals, ADDS, and a final Totals row. The slide also includes a small US seal icon and navigation controls at the bottom.

Service Group	Recommendation (Bill Section Number)	Total Recommendations
Commission Representation of OSD Recommendations		
Army	1 – 56	56
Navy	57 – 77	21
Joint Cross Service	120 – 190	71
Air Force	78 - 119	42
OSD Totals		190
ADDS	A1 – A8	8
Totals		198

We have identified and will deliberate on 190 indexed recommendations, as presented to the Commission by the Secretary of Defense. First, we will address the Secretary's recommendations for Army installations; followed by the Navy; then the seven Joint Cross-Service Groups; and finally present the Air Force recommendations. The eight additional actions listed by the Commission on July 19th will be addressed within the respective Service or Joint Cross-Service Group presentations. The final order of the proceedings is subject to revision, as called for, to make the best use of the time available.

We estimate that this process will take several days. Printed copies of the recommendations are available to the audience here today, as well as posted on our website.

We have prepared legislative language that would, if approved, implement the Secretary's recommendations. This language designates installations by tracking the numbers assigned in the Secretary's recommendations.

During the proceedings, the motions on which you vote will be described using the section number of the bill.

Please take off the chart

I ask Commissioners, and our audience, to be patient with me as I describe our voting procedures. The standards set forth in the statute authorizing this BRAC round are complex and, therefore, so are the procedures.

A vote, in *favor* of a recommendation will mean that the Commission finds the recommendation does not substantially deviate from the eight statutory selection criteria and the Defense Departments' force structure plan. In that case the Commission will concur with the Secretary's proposed closure or realignment recommendation.

In order to reject, a DoD recommendation, and remove an installation from the list of closures or realignments, at least five Commissioners must vote to reject the recommendation. *In addition*, the Commission must also find that the recommendation substantially deviates from one or more of the eight statutory selection criteria and the force structure plan *and* that not closing or

realigning the installation is consistent with the final selection criteria and force structure plan.

In addition to a “yes” or “no” vote on the DoD recommendations, Commissioners will vote on any amendments they may have to the recommendations as offered.

In accordance with Commission rules, commissioners filed amendments that they may propose, giving all Commissioners advance notice of the proposed amendments.

Amending the Secretary’s recommendation for an installation requires the Commission to find that the original recommendation submitted by the Secretary of Defense substantially deviates from the final selection criteria and force structure plan, *and* that the recommendation, as amended, is consistent with the criteria and force structure plan.

There will be instances where recommendations of a similar or related nature will be discussed and voted on “en bloc”, that is, as a group. It is important to remember that the installations affected by the recommendations have been thoroughly assessed. Commissioners and staff have reviewed the records of regional hearings, analyzed the certified data received from the Department of Defense and carefully considered the extensive record of issues raised by local communities.

This procedure in no way limits discussion on these recommendations by Commissioners. Nor does it restrict Commissioners from offering motions on individual recommendations.

When the Chairman calls for the “yeas” and “nays”, each Commissioner will raise his or her hand, and the results will be announced by counsel.

Commissioners Bilbray, Coyle, Gehman, and Hansen recused themselves from certain matters involving their home states and will therefore not vote on some of the recommendations. They will indicate when they abstain because of their recusals.

And now to the specifics of the recommendations before you.

Next chart please

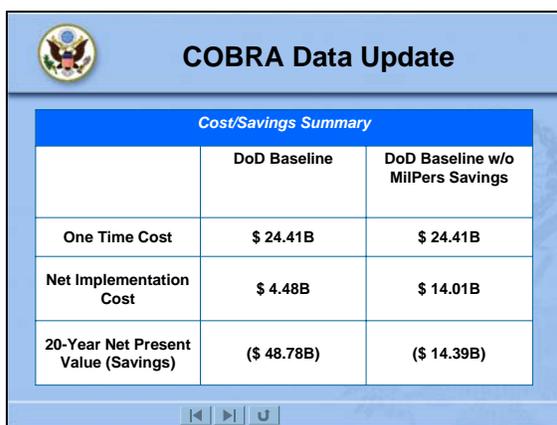


The chart is a table titled "DoD Cost and Savings Comparison" with a blue header and a light blue background. It features a table with four columns: "Round", "Costs", "Net Annual Recurring Savings *", and "20-Year Net Present Value". The data rows are: 1988 (\$2.8, \$0.9, \$8.519), 1991 (5.2, 2.0, \$22.6), 1993 (7.6, 2.6, \$26.28), 1995 (6.8, 1.7, \$16.56), Total Previous Rounds (\$22.4, \$7.2, \$73.97), and Total 2005 (\$24.4, \$5.5, \$48.8). At the bottom, there are navigation icons and the text "*Dollars in billions".

Round	Costs	Net Annual Recurring Savings *	20-Year Net Present Value
1988	\$2.8	\$0.9	\$8.519
1991	5.2	2.0	\$22.6
1993	7.6	2.6	\$26.28
1995	6.8	1.7	\$16.56
Total Previous Rounds	\$22.4	\$7.2	\$73.97
Total 2005	\$24.4	\$5.5	\$48.8

Mr. Chairman and Commissioners. A good part of the dialogue between the Commission and the Department of Defense throughout this process has centered on the amount of savings to be realized during this BRAC round. Before I address the issue of savings, let me first provide some context to this round. The chart shown here, presents a comparison of the 2005 BRAC costs and savings figures, to those resulting from the four previous rounds. The chart depicts the One-Time costs, Net Annual Recurring Savings and the 20-Year Net Present Value of the four previous rounds. The bottom row provides the summary statistics of the 190 recommendations forwarded to the Commission by the Secretary of Defense. As you can see, the 2005 BRAC Commission Totals are commensurate to all the previous rounds combined. This has been a truly monumental undertaking.

Next chart please



The image shows a screenshot of a presentation slide titled "COBRA Data Update". It features a table with the following data:

Cost/Savings Summary		
	DoD Baseline	DoD Baseline w/o MilPers Savings
One Time Cost	\$ 24.41B	\$ 24.41B
Net Implementation Cost	\$ 4.48B	\$ 14.01B
20-Year Net Present Value (Savings)	(\$ 48.78B)	(\$ 14.39B)

Now to the issue of savings. DoD, in recommending the 190 realignments or closures is projecting a One-Time costs of 24.4 Billion Dollars and a 20-Year Net

Present Value Savings of approximately 49 Billion Dollars. These figures are displayed in the center column of the chart.

As discussed in previous hearings, this projected savings includes the salaries of almost 27,000 military personnel that are slated for elimination as part of the BRAC action.

DoD has characterized the savings associated with the elimination of military personnel as true savings, although only the Navy is on record as reducing overall end strength in the near future. GAO has stated in their report, that DoD's savings projections create a false sense of savings available for use in other areas... such as modernization and maintenance. At best GAO believes these purported military personnel savings should be better characterized as cost avoidance, as the cannot be easily used elsewhere.

This Commission has publicly stated similar concerns with the projected savings. In our staff assessment of the impact that military eliminations has on the projected savings, we calculated the projected costs and savings without military personnel reductions and the results are shown in the final column.

The difference in the 20-Year Net Present Value is significant, as you can see.

The Commission has not been able to reconcile this issue with DoD.



**Comparison of BRAC 2005 with Previous Rounds
(From GAO Report)**

Round	Major Closures	Major Realignments	Minor closures and realignments	Actions
1988	16	4	12	43
1991	26	17	32	75
1993	28	12	123	163
1995	27	22	57	106
Total Previous Rounds	97	55	235	387
Total 2005	33	30	774	837

This next chart reflects the Government Accountability Office comparison of the range of recommendations reviewed during the first four base closure and realignment rounds and the 2005 recommendations.

As you can see in the last column, which reflects the “Actions” included within the respective rounds, there are more than twice the number of “Actions” in 2005 than the four previous rounds added together. I will give you a few seconds to review the chart before I go on.

Next Chart Please



**2005 BRAC Recommendations
Breakout by Service**

Service Group	Recommendation (Bill Section Number)	Total Recommendations	Total Actions (Close, Realign, Gain)
Commission Representation of OSD Recommendations			
Army	1 – 56	56	204
Navy	57 – 77	21	151
Joint Cross Service	120 – 190	71	435
Air Force	78 - 119	42	207
OSD Totals		190	997
ADDS	A1 – A8	8	15
Totals		198	1012

The Secretary noted in his testimony on May 16th, that when he was asked if he had made any last minute changes to the list when he was presented the intermediate level results, he said that he had looked at it and was convinced and persuaded that he ought not to change any of it, that if he were to try to reach into the middle of it, and pull a thread, that the interconnections and relationships were such that the non-intuitive effects could be not well understood.

This chart, depicts the overall complexity of the 2005 Round that the Commission has been reviewing and assessing, over the last four months, showing not only the specific closures and realignments, but also the installations gaining resources as a result of those actions, over a thousand in all including the commission additions under consideration.

As mentioned earlier, we have identified one-hundred and ninety distinct recommendations as indexed in the Secretary's Report, and it is those actions the Commission has been reviewing and analyzing since May 13th.

Even though the interconnecting threads of this extremely complex list of recommendations has consumed the Commission and the interested Public efforts over these last four months, staff, in conjunction with information provided by both the Public and by the Department of Defense through its effective "Clearinghouse" process, has been successful in assessing the interconnections and relationships, and have in fact completed our analysis to support these final deliberations.

In sum, the last few weeks have been extremely intense in order to allow you to complete the informational hearings and provide you with time to advise staff of your specific issues and concerns, and especially to convey to us those Community concerns that will most impact your deliberations over the next few days.

And now, I introduce Mr. Gary Dinsick, the Review and Analysis Army Team Leader, who will introduce the Army recommendations, as well as his respective analytical staff. Mr. Dinsick.