

**Appendix C**

**Secretary of Defense Transmittal Memorandum**

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THE SECRETARY OF DEFENSE  
WASHINGTON, DC 20301-1000

12 MAR 1993

Honorable James Courter  
Chairman  
Defense Base Closure and Realignment Commission  
1700 North Moore Street  
Suite 1425  
Arlington, VA 22209

Dear Mr. Chairman:

Pursuant to Public Law 101-510 as amended, I hereby transmit, as an enclosure to this letter, a list of military installations inside the United States that I recommend for closure or realignment on the basis of the force structure plan and final criteria established under that law. Also enclosed is a summary of the selection process that resulted in the recommendation for each installation, with a justification for each recommendation.

I am recommending the following actions:

Major base closures	31
Major base realignments	12
Smaller base or activity closures, realignments, disestablishments, or relocations	<u>122</u>
Total recommendations	165

These recommendations support our national goals of maintaining military effectiveness while drawing down the force, reducing the deficit, and reinvesting in America.

Our overall base closure policy is an important part of this effort. The policy has five compelling characteristics:

- o It saves money that would otherwise go to unnecessary overhead.
- o It supports military effectiveness by reducing the competition for ever scarcer resources.
- o It is fair and objective.
- o It hits bases overseas harder than those at home.
- o It supports the investment necessary to foster economic growth.

But as we implement the policy, we recognize a special obligation to the people -- military and civilian -- who won the cold war. We will meet that obligation.

#### **SAVING TAXPAYER DOLLARS AND MAINTAINING MILITARY EFFECTIVENESS**

Closing military bases worldwide saves taxpayer dollars; permits DoD to invest properly in the forces and bases it keeps in order to ensure their continued effectiveness; and frees up valuable defense assets (people, facilities and real estate) for productive private sector reuse.

The defense budget will decline by more than 40 percent in real terms from 1985 to 1997, and military personnel in the United States will be reduced by 30 percent. Base closures have lagged behind this overall drawdown. No bases were closed until two years ago, following decisions made in the 1988 and 1991 rounds of base closures. Under those two rounds, domestic base structure was reduced by only nine percent, measured by plant replacement value.

Plant replacement value is what it would cost to replace all the buildings, pavements, and utilities at a base. We measure our progress in terms of plant replacement value because it is a better measure of magnitude than simply counting large bases and small bases equally.

Failure to close bases in line with reductions in budgets and personnel constitutes a double hit: Resources are drained into bases we don't need, and therefore are not available to buy the things we do need.

#### **THE PLANNED 1993 ROUND OF CLOSURES WILL SAVE \$3.1 BILLION PER YEAR**

The following table shows the costs and savings associated with the 1993 closures and realignments:

Net costs in FY 1994 through 1996	\$1.7 billion
<u>Net savings in FY 1997 through 1999</u>	<u>\$5.7 billion</u>
Net savings during implementation	\$4.0 billion
 Annual savings thereafter (\$FY99)	 \$3.1 billion

The 1993 program, coupled with the previously approved 1988 and 1991 closures, will reduce the domestic base structure by about

15 percent (measured by replacement value). All three rounds of closures together, when complete in 1999, will produce \$5.6 billion in annual recurring savings, measured in FY 1999 dollars.

#### **BEING OBJECTIVE AND FAIR**

Congress has given the Executive Branch extraordinary authority to close domestic bases, provided the Executive Branch follows the established rules strictly and keeps faith with the Congress.

This means using an objective, fair analytical process for closing bases that will withstand scrutiny by the Defense Base Closure and Realignment Commission, the General Accounting Office, Congress and the public. The process has worked well so far.

The Military Departments and Defense Agencies made their recommendations to me on February 22, 1993. The Joint Staff and the Office of the Secretary of Defense reviewed the recommendations and underlying analyses to ensure that the law and DoD policies were followed.

I am not recommending any base for closure that would conceivably be kept open under a revised force structure plan.

My recommendations are consistent with a six-year force structure plan. The plan DoD has used is the Bush Administration's "base force." The legal deadline for recommendations precluded us from making changes based on future force reductions not yet decided.

The "base force" has twelve active Army divisions; we will have room to station all of them. It has twelve carriers; we will have room to berth all of them. It has 1098 active Air Force fighters; we will have room to beddown all of them.

Unless the force structure is increased above the "base force," we will have all the bases we need.

I am confident, therefore, that future changes will decrease force structure, and will require more, not fewer, base closures than those I will recommend at this time.

While the recommendations stand on their own merits, it is important to note two additional points. First, with respect to maintenance depots, there was not sufficient time for the Office of

the Secretary of Defense to review all potential interservicing possibilities. I suggest that the Commission examine those possibilities. Second, some installations host non-defense government activities, and it was not possible to evaluate fully the net impact of the recommendations on those activities. I suggest that the Commission devote some attention to those potential impacts.

#### **CONSIDERING REGIONAL IMPACTS CAREFULLY**

I have carefully considered the regional economic impacts of these necessary, yet tough, closure decisions. In looking at the regional impacts, I considered the cumulative economic impact of previously approved closures and the ones I am recommending. I am concerned not only about the impacts at bases on our 1993 closure list, but also about the effects at bases closed by earlier rounds.

#### **REDUCING OVERSEAS BASES EVEN MORE**

DoD is reducing its military forces and its overseas base structure much more than in the U.S.

DoD has, to date, announced it will end or reduce its operations overseas at sites accounting for 28 percent of replacement value.

Our plan is to reduce the replacement value of the overseas base structure by 35-40% as we complete our reduction in personnel stationed overseas to about 200,000.

DoD base spending overseas will also decline dramatically, both because of troop reductions and because Japan and Korea are paying an increasing share of the costs of stationing U.S. forces there.

While DoD will continue to reduce its forward deployed forces, those forces have played a fundamental role in regions vital to the national interest. Permanently stationing and periodically deploying forces overseas have been key to averting crises and preventing war. They show our commitment, lend credibility to our alliances, enhance regional stability, provide crisis response capability, and promote U.S. influence and access throughout the world.

## **SUPPORTING THE REINVESTMENT NECESSARY TO RESTORE ECONOMIC GROWTH**

Closing domestic bases and reducing DoD's weapons and equipment purchases are critical elements of a balanced defense drawdown -- one which will preserve a fully capable, albeit smaller, military.

Nationally, the drawdown in defense spending does not pose any extraordinary problems for the economy. The economic impact of the planned drawdown is actually smaller than the impacts after the Korean and Vietnam wars. However, the impacts are substantial in regions where the local economy depends heavily on defense spending.

There are three ways DoD can help support economic growth: investing in people, investing in industry, and investing in communities.

### **Investing in People**

DoD can help support economic growth through a host of initiatives that will ease the transition for displaced workers (military, civilian and private sector):

- o Military: DoD has a number of programs to ease the transition of military personnel into the civilian job market including separation bonuses, early retirement incentives, educational assistance, civil service employment preference and extended health benefits.

- o Civilian: DoD eases the transition for the civilian work force through a number of programs including priority placement for other government jobs, out-placement referral for private sector jobs, joint participation with individual states in retraining programs, post-closure hiring preference with contractors, voluntary early retirement authority and separation pay incentives.

- o Homeowners Assistance: DoD helps military and civilian homeowners who face a financial loss selling their homes when real estate values have declined as the result of a base closure decision.

- o Private Sector: Many defense-related private employers have transition assistance programs for their employees who face layoffs. The Federal Government has a well-established role which

complements state and local government and private employer efforts, including initiatives under the Economic Dislocation and Worker Adjustment Assistance Act, the Worker Adjustment and Retraining Notification Act, the Employment Services Program, the unemployment insurance system, and the health benefits system. The Department of Defense is participating in the Interagency Task Force on Dislocated Workers to help focus additional attention on this critical area.

### Investing in Industry

DoD can help support economic growth by promoting high-wage job growth through investment in dual-use technologies and by better integrating the commercial and military business sectors:

- o Dual-use Technology: About \$1 billion of FY 1993 DoD funds are for support of dual-use technologies.

- o Industrial Base: DoD is looking to expand industry access to maintenance and overhaul work.

- o Energy Conservation: DoD is encouraging energy conservation projects and is making such investments.

### Investing in Communities

DoD can help support economic growth by promoting productive private sector reuse of base facilities and real estate no longer needed by defense.

History shows us that most local communities economically recover from base closures and actually end up better off, with more jobs and a more diverse economic base -- but in the past the recovery has been too slow and too costly.

DoD is developing a new reuse and reinvestment strategy with initiatives that will: close bases more quickly, thereby making them available for reuse more quickly; promote reuse opportunities, in concert with local community efforts; and, refocus DoD internally to consider, for the first time, the trade-offs between DoD needs and local community needs. The law gives me considerable authority to decide whether the land is sold or given away, and to whom it should go.

DoD's Office of Economic Adjustment (OEA) spearheads the President's Economic Adjustment Committee which focuses Federal assistance programs on adversely affected communities. OEA also gives planning assistance grants to affected communities. In addition, DoD funds (\$80 million in FY 1993) will help the Economic Development Administration to assist communities.

DoD wants to ensure, wherever possible, that environmental cleanup is not a barrier to economic recovery. DoD has spent and will continue to spend significant defense resources on environmental restoration, but we will need help from Congress and the Environmental Protection Agency to streamline the process.

Lastly, we will create, in coordination with other Cabinet agencies, a new community economic redevelopment fund to help communities most affected by base closures. The fund will be used as a catalyst to spur new economic growth, especially where recovery would be difficult. Funding will be provided by setting aside a portion of the net savings from base closures.

I have sent identical letters, with enclosures, to the Chairmen of the House and Senate Armed Services and Appropriations Committees, and published this letter, with enclosures, in the Federal Register.

Sincerely,



List of Enclosures and Tables:

Enclosure:

DoD recommendations pursuant to P.L. 101-510: List of the military installations inside the United States recommended for closure or realignment, with a summary of the selection process that resulted in the recommendation for each installation, and the justification for each recommendation.

Tables:

Table 1: 1988 and 1991 Closures and Realignment  
Table 2: Cumulative Reductions of Domestic Bases