

Testimony

of

Anthony J. Principi

Former Chairman, 2005 Base Realignment and Closure Commission

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Before the

Subcommittee on Economic Development,
Public Buildings and Emergency Management, House Committee on
Transportation and Infrastructure

Rayburn House Office Building, Room 2167

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Good morning Chairman Jeff Denham, Ranking Member Holmes Norton and members of the Subcommittee. I welcome your invitation to comment on the question of whether a civilian BRAC Commission can consolidate federal office space and save taxpayers billions. The simple answer is yes if structured properly. Most likely the more important underlying question is whether the Administration and the Legislative branches can afford not to execute a civilian and military BRAC to relieve itself of costly and un-needed infrastructure in order to achieve badly needed cost savings to the federal budget. As we have all learned, the process does not come without pain at the Federal level in deciding what to close or consolidate, at the Congressional level in fielding constituent concerns, and at the local community level where jobs and the economy may be negatively affected. There will be tough choices in tough times. My comments today will be addressed from my experiences as former Chairman of the 2005 BRAC Commission and former Secretary of the Department of Veterans Affairs.

I think that it would be helpful to review why a BRAC process was even necessary. In the early 1960's, at the President's direction, Secretary of Defense Robert McNamara implemented a base closure program with minimal consultation with the military departments or the Congress. Hundreds of base closures and realignments took place and more than 60 major bases were closed. In 1965 President Johnson vetoed legislation that would have established more Congressional oversight in any DoD base closure program. As a result, more bases were routinely closed during the 1960s. In the 1970s, feeling the anguish from constituents, Congress added a provision to the 1976 MILCON Authorization Bill prohibiting any base closure or reduction involving more than 250 civilian jobs. President Ford vetoed the Bill and Congress failed to override the veto. It wasn't until 1977 that Congress effectively put a halt to base closures in spite of DoD efforts to do so over the next ten years.

In 1988, the DoD budget declined for three straight years and was predicted to decline further. To ensure that scarce DoD resources would be devoted to more pressing operational missions and investment needs rather than maintaining unneeded facilities, Secretary of Defense Frank Carlucci chartered the "Defense Secretary's Commission on BRAC that Congress enacted into law (PL 100-526) in 1988 that provided the statutory basis for this one-time approach. In spite of the fact that the Secretary of Defense appointed the Commission, reported to him, that most hearing and votes were closed and that there was little public information about how the Commission arrived at its recommendations, Congress did not enact a joint resolution of disapproval. 86 military facilities were closed and 59 other realigned with annual savings estimated at \$694 million. However, there were many critics of the 1988 BRAC who decried the lack of transparency and independence of the Commission and felt the closure list unfairly targeted facilities located in Congressional districts of Members out of favor with the Administration. It was not until 1990 that Congress passed the Defense Base Closure and Realignment Act (PL 101-510) when Secretary of Defense Cheney unilaterally proposed closing 35 bases and realigning 20 others. That Act brought transparency to the process and independence to the Commission. Consequently, there were BRAC Commissions in 1991, 1993, 1995 and 2005 that have withstood the test of time, effectiveness, and cost savings.

BRAC is a major undertaking to be sure -- but if done right -- it can be as open, deliberative, inclusive, and non-partisan a process, as any I have seen in my professional career. I strived to

make it so in 2005. I can assure you that it was not an easy process. On May 13, 2005, the BRAC commission received a total of 190 recommendations from DoD that would in effect close or realign 837 military activities nationwide. Not only were the recommendations double in number from the previous BRAC round – but they were greater than all previous BRAC's combined. We had four months to complete our mission.

Over the course of those four months, our commissioners and staff made 182 visits to 173 installations. We conducted 20 regional hearings and another 20 legislative and deliberative hearings, as well as hundreds of meetings with community representatives and elected officials and then prepared a 338 page report of our findings and recommendations to reach the president and the Congress by the legislatively imposed deadline of September 8, 2005. In my view, the lessons learned from this can be applied to other federal agencies with unneeded infrastructure.

Briefly turning to my experience as Secretary of Veterans Affairs, I soon learned after confirmation in 2001 that due to the new paradigm of modern health care that provides 80% of medical care on an outpatient basis and the low occupancy rate in a number of our VA medical hospitals, the Department needed a major assessment to realign its infrastructure needs with its mission of providing care to wounded or injured veterans. I created a Commission called the Capital Assessment Realignment for Enhanced Services – otherwise known as the CARES Commission to assess the VA's recommendations for closures and realignments. Unfortunately, I did not have the all-or-nothing safeguards of the BRAC law and as a result, a number of the Commission's recommendations for closure or downsizing did not withstand Congressional direction. I understand VA facilities would be considered as well in the Civilian Property Realignment Act. In my view, this would potentially free up funds needed for veteran's medical care and the increasing veteran benefit payments.

Turning to the current Administration's proposal to establish a BRAC-like process to dispose of and/or realign Federal civilian real property through a civilian commission, I strongly endorse the proposed Civilian Property Realignment Act and would suggest several changes for your consideration. In reviewing the Administration's proposed legislation, I find the purpose clear. In particular, I find myself in agreement with the purpose to enable Federal agencies to retain and reinvest savings and sales proceeds. In my view, this will provide an incentive to these agencies to identify costly or unneeded facilities.

Secondly, the Act would create a seven (7) person Civilian Property Realignment Board to assess the recommendations submitted by the Federal agencies. In addition to the need to spell out the qualifications for appointment to Board, I would strongly recommend that to ensure the Board's independence, the President appoint five members including its Chairman while the Majority and Minority leaders of both Houses of Congress appoint a member. This would raise the total of the Board to nine people. I also suggest that a Commission be established in lieu of a Board and that all Commissioners be confirmed by the Senate.

Third, the Act proposes that all proceedings, information, and deliberations of the Board "shall be open, upon request, to the Chairman and Ranking Member of several Senate and House Subcommittees. Again, in the interest of transparency, I would propose that all proceedings, information as well as Board deliberations not classified be made concurrently public as was

done by BRAC Commissions. The 2005 BRAC Commission maintained an internet website for this purpose.

Fourth, I give pause to the proposal that the Board report its findings, conclusions and recommendations to the Director of OMB. The proposed Act also proposes authority for the Director of OMB to manage the process including the authority to approve or disapprove the Commission's recommendations. Accountability and authority, in my view, should rest with the President. As with the BRAC Commission neither the President nor the Director of OMB should have the "final" authority to approve or disapprove the recommendations. If the President disagrees with the recommendations they should be returned to the Board for a limited period of time at which point they can be changed or sent directly to the Congress for a vote.

Fifth, I note the absence of any proposed criteria that would govern the deliberations of the Board. Such criteria should be promulgated in the Federal Register for comment and included in the Act. The Board would be bound by these criteria in making their recommendations to the President and Congress.

Sixth, one of the real lessons learned from the 2005 BRAC was the need for an effective accounting tool to estimate the true cost savings and true costs for each recommended closure and realignment. The Department of Defense utilized a cost accounting method called the Cost of Base Realignment Actions (COBRA) to project costs and savings in Net Present Value. In the case of BRAC 2005, transformation and not cost savings was the key driver in the Secretary's recommendations to the Commission.

I thank you for the opportunity to appear before you and I am prepared to respond to any questions you may have.

Anthony J. Principi

During his four-year tenure (2001-2005) as Secretary of the U.S. Department of Veterans Affairs, New York-born Anthony J. Principi directed the federal government's second largest department, responsible for a nationwide system of health care services, benefits programs, and national cemeteries for America's 25-million living veterans and dependents. Commanding a budget in excess of \$71 billion, Mr. Principi led an organization of 230,000 employees in hundreds of VA medical centers, clinics, benefits offices, and national cemeteries throughout the country.

Mr. Principi is a 1967 graduate of the U.S. Naval Academy at Annapolis, Md., and first saw active duty aboard the destroyer USS Joseph P. Kennedy. He later commanded a River Patrol Unit in Vietnam's Mekong Delta. During his service in Southeast Asia, Mr. Principi was awarded the Bronze Star with combat "V" for valor and several other military decorations for valor.

Upon returning from Vietnam, Mr. Principi earned his law degree from Seton Hall University in 1975 and was assigned to the Navy's Judge Advocate General Corps in San Diego, Calif. In 1980, he was transferred to Washington D.C. as a legislative counsel for the Department of the Navy.

From 1984 to 1988, he served as Republican chief counsel and staff director of the Senate Committee on Veterans' Affairs, following three years as counsel to the chairman of the Senate Armed Services Committee.

Mr. Principi served as Deputy Secretary of Veterans Affairs, VA's second-highest executive position, from March 17, 1989, to September 26, 1992, when he was named Acting Secretary of Veterans Affairs by President George H.W. Bush. He served in that position until January 1993. Following that appointment, he served as Republican chief counsel and staff director of the Senate Committee on Armed Services.

Mr. Principi was chairman of the Commission on Service members and Veterans Transition Assistance established by Congress in 1996.

Mr. Principi was nominated by President George W. Bush on December 29, 2000, and was confirmed by the Senate on January 23, 2001 to serve as Secretary of Veterans Affairs...

Prior to his nomination as Secretary of Veterans Affairs, Mr. Principi was senior vice president at Lockheed Martin IMS, and a partner in the San Diego law firm of Luce, Forward, Hamilton & Scripps.

Mr. Principi was appointed by President George W. Bush to chair the 2005 military Base Realignment and Closure Commission (BRAC). The Commission was responsible for recommending to the President and Congress the realignment and closure of military installations throughout the United States.

Mr. Principi is a Senior Vice President of Pfizer, Inc. and Executive Chairman of QTC Management, Inc., the nation's largest provider of disability medical evaluations. He serves on the Boards of Mutual of Omaha Insurance Company, A.T. Kearney, PSDS and Wounded Warrior Project.

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Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

ANTHONY J. PRINCIPAL

(2) Other than yourself, name of entity you are representing:

None

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

Anthony J. Principal
Signature

3/23/11
Date