UNITED STATES OF AMERICA

COMMISSION ON REVIEW OF
OVERSEAS MILITARY FACILITY STRUCTURE
OF THE UNITED STATES

FIRST MEETING

WEDNESDAY, JULY 14, 2004

The meeting came to order at 10:00 a.m. in Room 483 of the Ford House Office Building. Al Cornella, Chairman, presiding.

PRESENT:

AL CORNELLA                      Chairman
LEWIS CURTIS, III                Commissioner
H.G. TAYLOR                      Commissioner
PATRICIA WALKER                  Executive Director
                                  & Designated
                                  Federal Officer

ALSO PRESENT:

J. Michael Gilmore, Ph.D.        CBO
Douglas Holtz-Eakin, Ph.D.       CBO
Frances M. Lussier, Ph.D.        CBO
Joanne Vines                     CBO
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(Whereupon, the meeting was opened and called to order by Patricia Walker, Designated Federal Officer.)

MS. WALKER: Well, good morning, everyone.

Thank you for attending.

This is the opening of the first public meeting for the Commission on Overseas Basing and I appreciate your attendance.

The Chairman, Mr. Al Cornella, will give an opening statement.

CHAIRMAN CORNELLA: Thank you very much.

Again, welcome to everyone.

The purpose of today's meeting is to receive a presentation from the Congressional Budget Office on its report What Are Our Options for Changing the Army's Overseas Basing?

This is not a hearing and we are not prepared to accept public testimony. We will accept any material or information in written form and you may present that to Mr. Wade Nelson who's standing in the back of the room.

Of course, the Commission was created through an act of Congress and has been charged with
conducting a thorough study of matters relating to overseas military facility structure of the United States.

The areas of responsibility include, but are not limited to: Numbers of forces, examining current overseas facilities and ranges, assessing the feasibility and advisability of the closure and realignment of overseas military facilities, examining the establishment of new military facilities, and addressing any other issues that this Commission deems relevant in regard to overseas military facilities of the United States.

The Commission will provide Congress and the President with an objective evaluation of the various alternatives being considered by soliciting information and opinion from a wide array of civilian and military leaders, departments, and agencies. The Commission is empowered to hold hearings, take testimony, travel, and secure from any Federal department or agency the information and evidence that the commission deems necessary to carry out its duties.

Before we recognize and introduce the CBO leadership and staff, I would like to introduce the Commissioners and Commission staff. To my right is
Lieutenant General Retired United States Army Pete Taylor; Major General Retired Lewis Curtis of the United States Air Force; and joining us in a brief bit will be Brigadier General Keith Martin, Retired, Pennsylvania Army National Guard and Director of Homeland Security for the state of Pennsylvania. Mr. James Thomson, President and CEO of RAND Corporation could not be here today.

I'd also like to introduce our Executive Director, Ms. Pat Walker, who has been serving as a Deputy Assistant Secretary of Defense for Reserve Affairs.

Also, Mr. Clifton Aldrich, Mr. Jim Hanna, and Ms. Christina Duffy will be acting as Senior Analyst for the Commission along with other analysts that we intend on acquiring.

I'd like to also introduce Wade Nelson, our Director of Public Affairs mentioned previously; Joan Sigler, Special Assistant to the Executive Director, I saw you somewhere, Joan, okay; and Mike Naylon who's acting as our Organizational Advisor.

Before we move on to the CBO, would any of the Commissioners have any remarks they would like to make? Okay.

So, at this point, I would like to
introduce and thank the Director of the Congressional
Budget Office Dr. Doug Holtz-Eakin.

I'd also like to introduce Dr. Mike
Gilmore; the individual who will be presenting the
report and we'll introduce her again in the few
minutes, Dr. Fran Lussier; and Joanne Vines who's the
Unit Chief of the Defense Cost Unit.

With that, I'd ask for any remarks from
Dr. Holtz-Eakin.

DR. HOLTZ-EAKIN: Well, Mr. Chairman,
thank you for inviting the CBO to meet with you today.
We're really happy to brief you on our report and to
help the Commission in its important deliberations.

Before turning over the briefing to Fran,
I just wanted to set the context of our report so that
those who hear the briefing understanding that the CBO
by statute is a nonpartisan organization that does not
provide policy recommendations. Instead, we respond
to Congressional requests and in this instance, the
report was prepared at the request of Senator Don
Nichols, Chairman of the Senate Budget Committee and
its primary focus as a result is on Federal budget
costs not DOD policy.

However, it does contain alternatives
which are reflective of those which have been
suggested by defense experts, by Congressional staff and members, and also by public statements of the Administration.

And we look forward to the deliberations of the Commission and we're happy to contribute to its efforts.

CHAIRMAN CORNELLA: Thank you, Dr. Holtz-Eakin, and again, we're very pleased with your accommodating us and your courtesy -- as a courtesy of your staff as well.

So, Fran, do you want to take over?

DR. LUSSIER: Sure. I, too, want to thank the Commission for the opportunity to come and present the results of our efforts, our study of the options for changing the Army's overseas basing and one thing I do want to emphasize is that I am only going to talk about -- we only did look at options for Army forces overseas.

Even though all the services have forces based overseas, the issues pertaining to alternatives or ways to change that overseas basing vary markedly among the services and given the resources and time we had to complete the study, we felt that it was -- to concentrate on just one service and reasons that I'll go into in a few minutes, we decided to focus on the
Army.

So, that being said, there are almost an endless number of ways that the Army could change its overseas basing structure. Indeed, our report includes and we examined seven -- a total of seven alternatives, two of which had -- I mean six of which had two components and it would take more than the time allotted to me today to go through each one of those alternatives in detail. On top of which, I'd probably put you all to sleep.

So, the thing to do today is just give a very short background about the types of forces and the number of forces that are based overseas, give -- try to highlight the major findings from our study, and then give some details of the alternatives that we looked at for each -- for forces based in Europe and for Army forces based in Korea.

Just as a matter of background, I don't know if people can see this slide in the back and I don't know if it would be useful to turn off the lights. No. Okay. All right.

Well, what we have here is a picture -- a depiction of where the major combat -- U.S. major combat forces are based today and by major combat forces, I mean Army divisions, Air Force tactical
wings, Marine expeditionary forces, and Navy carrier battle groups.

You can see that most of those forces are still based -- are indeed based in the United States, but there are a significant number of them based primarily in Europe and then in the Asian theater.

All total about 200,000 active duty military personnel from all the services are based overseas primarily in the European and Asian theater to support -- you know, associated with these major forces or supporting these forces and of those 100,000 forces in Europe and the 80,000 forces approximately in Asian, certainly the majority of the ones in Europe are from the Army where there are 60,000 Army personnel based in Germany and another 4,000 or so based primarily in Italy.

In the Asian theater, all the services have significant number of forces based, but again, the Army has the most personnel with a total of about 30,000 Army personnel based there. Twenty-eight thousand of which are in South Korea.

So, this is one of the reasons that we decided to focus on Army persons based overseas and in addition besides having the greatest number, the basing of Army forces seems to have come under the
most scrutiny from the Administration. Most of the discussion has focused on the basing of forces -- Army units in Germany and in South Korea.

And there are various sundry concerns and issues that have been raised in the public about those forces in Europe, that the Army has a large and expensive infrastructure to support not only the 60,000 personnel there but their families because most of the tours in Europe are three-year tours where the soldier can bring his family and so, based on CBO's estimates, the difference in cost between having those forces based in Germany versus based in the United States is about a billion dollars in annual cost.

In addition, there have been questions raised about the usefulness of those forces as they are based in Germany. Most people don't think we're going to have a war in Germany in the near future and so, the question is would these forces, these heavy units be able to get to conflicts in the region in a timely manner and we've seen the war in Iraq and other places it takes sometimes several weeks to move a division from Germany to someplace else in the European theater and so, people raise questions as to whether this is a good use of our forces.

In South Korea, the issues are slightly
different. There the concerns are primarily about the location and the condition of Army bases which are primarily very close to the -- located north of Seoul and close to the border with North Korea well within artillery range -- North Korean artillery range and on top of which a lot of those bases haven't undergone a major renovation since the 1950s when they were built. So, they're no in very good shape.

For that reason or partly for that reason, most of the tours by the 28,000 Army personnel based in South Korea are one-year tours where they're not accompanied by their families. It means every year 28,000 have to be replaced by soldiers coming from somewhere else in the Army and because the Army has a policy of not assigning soldiers to back-to-back outside of the Continental United States, which is what CONUS means, Continental United States tours, most of those replacements have to come from the Continental United States.

This, in turn, causes increased personnel turnover in units that are based in the United States which some people feel contributes -- negates the efficiency of those units that have a high personnel turnover.

So, we looked at several alternatives that
would try to address some of these concerns and by the way, if any of the Commissioners have questions, please feel free to interrupt me as I go along.

COMMISSIONER TAYLOR: Just what were some of your assumptions? I'll assume that you were looking in the stable end strength.

DR. LUSSIER: We were looking at the end strength of the Army before significant changes were made to -- for stop loss, before significant changes were made for the Iraq war, before a lot of Reservists were activated. So, the basing of the personnel end strength for the Army, we looked at the end of Fiscal Year '02. So, the end of September '02. Four hundred and eight-five thousand end strength.

COMMISSIONER TAYLOR: Well, that's still -- that's what the end strength still is. Some of these other things are allowing it to -- to creep up. But, not -- the end strength's still the same.

DR. LUSSIER: Right.

COMMISSIONER TAYLOR: What about in the one billion marginal cost? Did you -- and I don't recall seeing it in there. It might have been there. Did you look at the -- or the cost of -- if you're assuming a stable end strength, you brought these divisions back from overseas, the cost of building
places to bed them down in the United States?

   DR. LUSSIER: Yes, as a matter of fact, when I start talking about these things in detail, we did look at the cost of how much -- first we tried to see if there was any excess capacity in the United States to house persons brought back from overseas. From what we can tell, there is not a plethora of excess barracks or excess housing in the United States that is up to standards to receive large numbers of units. There is some capability, but not a lot.

   And, so, yes, we did cost out -- estimate cost for building housing, family housing, places to put the units, headquarters for the units, and everything that we feel would be associated with bringing units back from Europe or Korea to the United States.

   COMMISSIONER TAYLOR: And still there wouldn't be any savings?

   DR. LUSSIER: Yes.

   DR. GILMORE: No, wait a minute.

   DR. LUSSIER: That would be everybody. That would be for everybody. If you brought everybody back.

   DR. GILMORE: The billion doesn't include the cost to bring forces back -- them. That's just --
DR. LUSSIER: That's just a one --

DR. GILMORE: -- that's just the marginal cost of having forces in Europe versus --

DR. LUSSIER: Having them in the United States.

DR. GILMORE: -- having them in the United States. The cost to build the infrastructure to get them back into the United States --

DR. LUSSIER: That would be a one --

DR. GILMORE: -- would be over and above that and we look at that in the alternative, praying we get to that.

DR. LUSSIER: That would be a one time --

DR. GILMORE: But, it is a marginal cost, includes salaries and --

DR. LUSSIER: Base operations --

COMMISSIONER TAYLOR: Just to sustain them over there?

DR. LUSSIER: It's more expensive to operate bases in Europe --

COMMISSIONER TAYLOR: Right. Sure.

DR. LUSSIER: -- than it is here in particular and we have to maintain schools over there for --

COMMISSIONER TAYLOR: Sure.
DR. LUSSIER: -- the children and PCS costs are certainly higher.

Anyway, yes, we'll talk about that in detail.

So, those are some of the types of schemes and some alternatives to address some of these concerns. One was to re-station the forces. Particularly, in Europe, we looked at taking some of the forces that are currently based in Germany and moving them to Eastern Europe. Places like Bulgaria, Romania, and Poland have been discussed in the press.

We also -- in South Korea, we looked at what it would cost and the advantages of moving forces further south from the DMZ. We also looked at bringing forces -- different number of forces back to the Continental United States and stationing them here at the States.

And then we looked at the affects of rotating units to maintain presence. Please have talked about doing this primarily by bringing forces back to the United States and rotating them from here either to Europe or to South Korea, but we also looked at the advantages of rotating units from Germany to Eastern Europe on a periodic basis.

We used various method -- various measures
to try and evaluate the effects of these different alternative.

First and foremost because budget is our middle name, we looked at the costs associated with the different alternatives.

First, the one time cost that would be involved with bringing forces back, re-stationing them either from overseas to the United States or within different locations overseas which involves primarily building new facilities.

COMMISSIONER TAYLOR: And you're going to talk about that?

DR. LUSSIER: We're going to talk about that in detail and moving class and things like that.

And then we also tried to estimate if there would be any annual costs or savings. This is the marginal cost difference between having them overseas or having them in the United States.

We also looked at the affect on average persons in terms of time to get forces primarily from Europe to places where there might be conflicts in that theater, coming home from Germany if there's a shortening of deployment time. The availability of units for conflicts that take place -- that take part in things like the occupation of Iraq and things like
that, but truly, they are mostly personnel in units in the Continental United States and then we also tried to see what impacts some of these changes might have on the overall quality of life for enlisted personnel in terms of the time that they would spend over a ten-year career on unaccompanied tours and the time they would spend deployed. With the enlisted personnel because they make up the bulk of the Army core structure.

And so, we would now like to talk about or summarize our major findings and first and foremost is that any major shifting of forces would require significant up-front spending. As you mentioned, we have the -- we've already invested a large amount of money in the big infrastructure in Germany, in significant infrastructure in South Korea. If we move forces from those places, we need -- we'll need to replicate, reproduce or build another infrastructure somewhere else. So, it's going to take a major investment of money to move a large number of forces from where they are now.

So, in some ways, some of the benefits realized would be relatively small for that up-front cost. The annual savings would be relatively small unless we brought a large number of forces back from
overseas to the Continental United States. In which case, we'd need a large up-front investment, but otherwise, the annual savings would be relatively small and we've got a small improvement in the amount of time it would take to move forces from other bases particularly in Eastern Europe to places where there might be conflicts. The times -- time lines based on what we found would shortened but not by very much and rotating forces to maintain overseas presence yields mixed results.

Indeed, if you bring the forces back to the United States and rotate them overseas to sort of -- what they call a bare bones basis, then we'd have a greatly reduced need for infrastructure overseas. There won't be families with them. Won't need to worry about providing schools, family housing, or elaborate bases and it would also reduce the turnover in Army units because more forces would be based in the United States. We wouldn't have soldiers leaving to go on three-year tours in Europe or one-year tours in Korea.

But, on the other hand, it also would limit what forces could be available for other operations. Because generally it takes more than one unit to support one unit deployed forward. We usually
have the unit deployed forward which is busy doing its
thing and then you have another unit that is just
recovering from either a six-month or a one-year
deployment and it's not in very good shape to -- to go
to a different kind of conflict.

And it would also increase family
separation when you're comparing the kinds of life
that people now have based on accompanied tours in
Europe. Now, when a soldier goes to Europe, his
family -- their family is with them for three years
and if you bring people back to the United States and
send units on six-month or one-year deployments to
Europe, they will -- those times -- and family will
stay behind. So, the soldier will experience a
separation during those kinds of deployments. So,
overall, this kind of a scheme would increase family
separation.

So, while I'd like to look some more
details, probably a little bit more detail of the
analysis and the alternatives we considered for each
theater, looking first at the theaters, the forces
based in Europe, we already looked at permanently
stationing your forces within Europe and then rotating
and still maintain presence and bringing forces back
to the states.
For information on what has actually --
the Army has based in Europe, of the 60,000 soldiers
the Army has stationed in Europe, 56,000 of those are
in Germany. Approximately half are assigned to the
two divisions each of which has two brigades, accounts
for about 25,000 of the forces. Another 26,000 of the
soldiers are assigned to units that support those
divisions that are combat -- supporting combat service
support units and then another 5,000 or so soldiers
are administrative units. Things like hospitals,
contracting units. Those types of things.

In Germany, the Army has 255 separate
installations and the one with -- the 2003 Defense
Department Base Structure Report estimated the -- the
apportionment value for those installations about $30
billion and as I mentioned before, most of those
56,000 soldiers are on three-year tours accompanied by
their families.

So, just to show where the major
installations are in Germany, we had a little problem
with the projection -- squished. We couldn't show all
255 installations. So, we just wanted to show where
the major -- the big units are stationed. In Germany,
they kind of spread out across Germany from east to
west. Although what's highlighted in blue there is
Ramstein Air Force, major air hub. So, that none of
the units are terribly far from Ramstein. They can
get there and deploy other places relatively easily.

The port of Bremerhaven on the other hand
is up in the northern part of Germany. It would take
a while for the units to get up there and get loaded
on ships and to be deployed elsewhere.

CHAIRMAN CORNELLA: Ma'am, I've got a
question on the reality of the physical plant.

DR. LUSSIER: Yes.

CHAIRMAN CORNELLA: I noticed in some
other information that many facilities are leased
rather than owned. How did you take that into
consideration? I mean is that -- that's not part of
the -- none of that is part of the figure?

DR. LUSSIER: No, this is just --

CHAIRMAN CORNELLA: Okay.

DR. LUSSIER: -- facilities owned by the
United States in Germany and as a matter of fact, some
of those facilities may have been declared excess and
sort in the process of being returned to the host
nation, but this was the most consistent estimate of
the size of the physical plant that we could find
here. So, that's why we used it and not because of
anything in space.
COMMISSIONER TAYLOR: And this was as of when?

DR. LUSSIER: As of -- this was the fiscal 2004 report which was put out last June 2003.

COMMISSIONER TAYLOR: Yes, some of them have been turned over for example.

DR. LUSSIER: I haven't checked the latest one to see if the numbers have change appreciably.

COMMISSIONER TAYLOR: Not much has changed, but have been some turns.

DR. LUSSIER: Some turns. This was just to give an idea of the size of the --

COMMISSIONER TAYLOR: Where are you going? I think you answered this up front when you said you didn't look at the policy aspects at all.

You've had nothing in your findings about the impact of overseas presence in terms of the global aspects and international relations and these kinds of things and you did not look at that at all?

DR. LUSSIER: No, we decided to focus on our strengths. We decided that expertise on those affairs resides elsewhere. We just wanted to look at things we could quantify. Obviously that are serious implications.

COMMISSIONER TAYLOR: Right. Right.
Right.

DR. LUSSIER: So, we're talking about the types of costs to be considered in terms of moving forces from one place to another and talk about re-stationing forces from Germany to the United States or to other places in Eastern Europe, permanently basing them.

The one cost of that included construction costs for various types of facilities that we thought would be needed when you move a unit. Headquarters for operation facilities and infrastructure associated with a unit like maintenance facilities, maintenance units as well morale, welfare, and recreation facilities for the soldiers and their families if their families are going to be with them.

There are extra unaccompanied soldiers. Schools for dependent children again if they're going to be someplace where their tours are accompanied and we also considered moving costs which are considerably smaller, but it's still not zero.

On the other hand, we felt that there might be some savings, one-time savings, realized if you moved a significant number of persons from Germany either back to the United States or somewhere else in Europe. Because there would be facilities in Germany
that we would no longer have to maintain or replace on a relatively, you know, constant schedule. So, there would be construction costs that we would have had to absorb if we had been there that now we won't have to because we'll be gone.

So, we tried to calculate -- estimate what kind of savings we might realize over a ten-year period in terms of replacement construction that we would not have to pay out. Use a scheme based on the DOD's goal of replacement every six to seven years to calculate how much we might save. That would be a one-time cut.

COMMISSIONER TAYLOR: Did you assume that most of those facilities would be turned back over especially the ones in Germany back over to the German government with no reimbursement of the asset?

DR. LUSSIER: That's correct. Because based on our research, the last time we had a big draw down in Germany in the '90s, the mid- '90s, and we turned over a lot facilities, we did not get any substantial financial reimbursement.

So, based on using these criteria, these were the type of costs we estimated for three different schemes for re-stationing forces in Europe.

We looked at moving three brigade combat
teams, brigades with some supporting people, about 4,000 soldiers each to different -- three locations in Eastern Europe permanently basing them in Poland, Bulgaria, and Romania on unaccompanied tours and you can see that constructions are considerable. Two billion dollars to build three bases each housing about 4,000 soldiers.

But, we'd also have a small -- some savings in terms of construction we wouldn't have to carry out in Germany. So, it would that cost of 1.6 billion.

We also looked at, you know, different levels of moving forces from Germany back to the United States. If we about 50 percent, half of the soldiers in Germany back, we estimated a net one-time cost of about $2 billion and if you move almost all of them back to the United States, you're going to talk about an up-front investment of about $37 billion. This is just -- that's assuming that we get offset in savings of construction that we wouldn't have to do in Germany.

So, that's what we meant by saying that it's a considerable up-front investment with any kind of movement of soldiers.

This chart compares -- I have on the same
graph the one-time cost that we just discussed for carrying out the re-stationing of these forces and the types of annual savings, that should have a negative sign in front of it, or cost that you would experience on a yearly basis once the re-stationing was fully implemented which might take several years.

So, what we found was if you just moved soldiers from Germany to Eastern Europe and station them permanently there, you're not going to realize any kind of annual savings. That the cost of doing business are about the same in Germany and Eastern Europe.

Whereas, if you bring soldiers back to the United States, if you bring a considerable amount of them back, 29,000 back, then every year you might save about $600 million due to savings due to not a need for overseas schools, reducing the need for overseas schools, reduce PCS costs.

Joanne, refresh me if there's some other big component. Do you remember?

There are no overseas --

MS. VINES: Special -- special pays, special housing allowance.

DR. LUSSIER: Housing allowance for being overseas. Right. Those are the big components.
And so, if you make a big change and bring
almost everybody back from Germany, then you will
realize a significant savings of about a billion
dollars a year, but you have a big up-front cost, too.

What are -- some of the other things that
we're going to look at were time to deploy, the
conflicts in the area and this next chart which is
squished and rather complicated is an attempt to try
and show the affects of moving U.S. forces to
different places other than Germany.

First of all, let me point out that --
that this depicts areas of the world that would be
reached quickest from different points of debarkation.

In other words, if you are based in Germany, then
these parts of the world would be -- you'd be able to
get their faster than if you were based in Bulgaria
and Romania which are the areas that are shaded in
yellow. So, if you're based in Bulgaria or Romania,
you'd be able to get to areas around the Mediterranean
and Eastern Europe faster than if you were based in
Europe.

The areas in blue represent the areas
where we would be able to get our pre-positioned
equipment that's afloat off of Diego Garcia faster
than you'd be able to get it from anywhere else.
So, in other words, if you wanted to deploy forces to for instance, Nigeria, they would be able to get there in the shortest time from the Diego Garcia -- deploying the people -- equipment from Diego Garcia and then they could meet up with the soldiers. Then they would be able to get from any of these other locations that we looked at.

Poland -- putting forces in Poland is good for getting to places around the Baltic Sea in terms of rapidity of deployment, but not very many other places.

So, you can see that if we move forces to Bulgaria and Romania, we gain an advantage in Eastern Europe and the northern coast of Africa, but that's about it.

COMMISSIONER TAYLOR: You only considered current pre-positioned equipment. You didn't make any assumptions about the future reposition.

DR. LUSSIER: That's correct.

COMMISSIONER TAYLOR: Okay.

DR. LUSSIER: That's correct. That would also be true if you pre-positioned equipment in Bulgaria or Romania.

So, to try to qualify the benefits of moving to Bulgaria or Romania or stationing forces in
Bulgaria or Romania, we looked at the time it would take to deploy a heavy unit by sea to four different locations.

Two of the mentioned locations that we might want to intervene sometime in the next few years or could possibly intervene in the next few years, two of them are mentioned in the press as places were we might want to protect oil sources. Those are Nigeria and Baku Azerbaijan. Nigeria being down here. Baku Azerbaijan being over here.

The other two places that people talked about potentially needing access to are places in Central Africa where we might need to go in and quell conflicts and so, we looked at deploying forces to Uganda and Djibouti as sort of stepping off points.

So, the next chart is a tabulated representation of the days that would be needed to deploy one heavy brigade combat team to these four locations, Nigeria and Baku on the left two columns, Uganda and Djibouti the right two columns. So, this includes time to get the units and their equipment to the port, load them on ships, sail to wherever you're going, and to unload them and in some cases road march them to -- to the location.

Today, to get to any of those four
locations, the quickest way to get there is using the
pre-po material from Diego Garcia.

If we had people or equipment based in
Bulgaria, Poland or Romania, we'd be able to shorten
our time to get to Baku Azerbaijan and the shortest
times are highlighted in red and we would save about
six days to any of those destinations to get to Baku
Azerbaijan if we had forces based in Eastern Europe.

Those are the type analysis we could put
the -- the type of benefit we see in moving heavy
brigades -- getting heavy brigades deployed to the
fringe parts of the world by having them based in
Eastern Europe.

COMMISSIONER TAYLOR: An assumption was
only the current organization not the heavy brigades.
You didn't -- did you have Stryker in this at all?

DR. LUSSIER: We didn't look at Stryker.

RAND has done a good analysis of mobility, at least
the time needs to deploy Stryker Brigades by air and
if you like to move things by air, like a Stryker
Brigade, it would seem the big constraints are
availability of air space to unload and load
airplanes.

And then -- or C-17 is how far it can go
without refueling. C-17 I believe can make it from
Germany to Uganda without refueling. So, therefore, it could probably make it from Germany to Baku Azerbaijan without refueling and, therefore, having a Stryker Brigade in Romania and Bulgaria wouldn't get you much in terms of deployment time.

On top of it, you then have to deal with the issue of -- in Germany, you have Ramstein Air Base which is a wonderful facility for moving equipment, loading equipment, and having planes coming out. In Bulgaria and Romania, I'm sure there isn't a comparable -- today there isn't a comparable facility in. So, you would have to deal with the issues of the infrastructure in Eastern Europe.

But, that's -- that is as far as we went in terms of analyzing the different types of deployment issues.

So, the last aspect of re-stationing and the affect on the Army that we looked at, it talked about moving 12,000 people from Germany on accompanied tours today, basing them in Eastern Europe on unaccompanied tours. What you would be doing is essentially increasing the number of unaccompanied tours in the Army by about 50 percent.

Today, there are only about 28,000/30,000 of those soldiers based in Korea and you add another
12,000, you're significantly increasing the number of unaccompanied tours.

As a result, you'll increase the time spent in unaccompanied tours by your soldiers from today about .6 years over ten years slightly to about .8 years and on top of which you'll increase the personnel turnover in CONUS units for the same reason.

So, the last thing we'd like to -- no, we did that already.

I'm going to talk about rotating units in Germany. This is obviously a mistake.

There are rotating units either from CONUS to Europe to maintain a presence or rotating units from Germany to Eastern Europe.

There are obviously advantages and disadvantages with rotating units rather than permanently stationing units in place. One advantage in theory is that if you're just going to have soldiers in a place for six months and they're not going to be there with their families, you can have them based in a much more austere condition. So, you don't need to build such a big infrastructure. You don't need to provide schools, family housing and people have talked about using Camp Bondsteel as a model for the type of forward operating base where you
might have set up these deployments.

Which costs, we estimate on the order of $250 million to build per brigade for a brigade-size base of about 4,000 soldiers versus a permanent base which costs -- would cost about three times as much to build for the same size force.

In addition, if you're going to rotate forces from the United States to Europe rather than move them there, then end up having reduced annual costs for a permanent change of station.

The disadvantages as I mentioned of the rotating units rather than permanently basing them overseas is that you'll need -- you'll require more than one unit to sustain a rotation. So, you'll have a reduced number of units available to do other things and in addition, if you don't want to be moving, particularly for heavy units, the equipment for the unit back and forth across the ocean every time, then you need to have extra sets of equipment pre-positioned wherever it is you're -- you're rotating your units.

Now, this is probably not a problem if we're talking about rotating heavy units because the Army probably has enough surplus equipment to establish three or four brigade sets of equipment
either in Eastern Europe or other places, but if you want to include the Stryker Brigades in your overall rotation pool, right now, we don't have any extra sets of equipment for Stryker Brigades and if you're talking about including the Stryker Brigades in the rotation, they you need to buy a whole new set of equipment to preposition somewhere else.

CHAIRMAN CORNELLA: The costs of that equipment are not -- this is all infrastructure. None of that is figured in -- into these figures?

DR. LUSSIER: Well, we did figure them in. We do have a couple of minutes here and a couple of slides. Just go down.

CHAIRMAN CORNELLA: I wasn't making a statement. I guess I was asking a question.

DR. LUSSIER: A question. Right. Here we have -- this is the cost of all the -- the alternatives we looked at in Europe. This is the cost of moving half the forces in Germany back to the United States and rotating four brigade combat teams each with about 4,000 people to Germany to maintain a constant present of four BCTs in Germany and in this case, we did include the cost of one -- the equipment for one Stryker Brigade combat team which we based in Germany and you can see the difference.
This is about the same number of soldiers. We removed about 25,000/26,000 soldiers to CONUS.

COMMISSIONER TAYLOR: And one of those is a Stryker Brigade in your --

DR. LUSSIER: This one --

COMMISSIONER TAYLOR: -- assumption?

DR. LUSSIER: -- in this one we assumed that we would buy a -- one Stryker Brigade's worth of equipment and put it in Germany. A cost of about $1.6 billion.

And if you go back -- back a slide, I don't know if that's -- this is useful. We looked at these two schemes. We looked at keeping the same force structure in Germany and rotating two brigades at a time to bases -- austere bases in Poland, Bulgaria or Romania. So, there would always be a brigade in Poland and then Bulgaria and Romania would take turns. So, you'd be rotating two at a time just from the four that were based in Germany.

And we also looked at a scheme where we'd take half of the forces in Germany, bring them back to the United States, and rotate four brigades at a time. If you're going to be supporting that, we figured you would want to call on the whole pool of Army brigades which today is only 33 brigades. In the future, it
may be more, but if you exclude the six Stryker Brigades, we've considerably shrunk your pool that you can call from and so, we preposition one Stryker Brigade combat team equipment in Germany and would be able to have the Stryker Brigades take part in repetition. So, that's why we included the cost of one set of equipment for a Stryker Brigade in this.

You can see starting from the top, if you just rotate forces from Germany to East Europe, you have to pay the one time cost of building those three austere bases and then you have to pay the annual cost of rotating units back and forth and maintaining those three smallish bases.

So, you end up with an annual cost not a savings and if you bring forces back to the United States and rotate them back and forth across the Atlantic Ocean, you still save money on an annual basis, but not anywhere nearly as much and you have a bigger up-front investment because you have to pay for equipment.

And rotating units as I said has other effects which are on this side. One effect you'll get is if -- it'll increase the amount the time soldier's spend away from their families on deployment. If you just rotate two brigade combat teams, it will increase
by -- by .3 years out of a total of 1.7 years someone would spend deployed over -- over ten years.

Not a big increase, but if you try to maintain four brigade combat teams say by rotations from CONUS, that's a big increase as compared to the soldiers spending time with their families while they're based there.

COMMISSIONER TAYLOR: And that station and rotation plan did not consider current events?

DR. LUSSIER: No.

COMMISSIONER TAYLOR: That was --

DR. LUSSIER: That was -- right. We --

no, because --

COMMISSIONER TAYLOR: I'm asking the same thing.

DR. LUSSIER: That's true. Would you like to do this before --

DR. GILMORE: We're looking for long term --

COMMISSIONER TAYLOR: Yes. Sure. I got you.

DR. GILMORE: So.

DR. LUSSIER: Before --

DR. GILMORE: But, we do highlight how it would reduce --
DR. LUSSIER: Right. We did do that.

DR. GILMORE: -- forces --

DR. LUSSIER: Right. We did do that.

DR. GILMORE: -- that would otherwise be available for Iraq for however long it goes on.

DR. LUSSIER: Be available. That's the first column. Thanks, Mike.

Where we -- today, based on current basing and excluding operations in Iraq, we estimated that the force -- Army -- active duty Army forces that would be available for other contingencies would be approximately 64,000. This is assuming that two brigades are out of commission because they're in transition, but is assuming no other operations that the active duty is supporting in terms of maintaining rotation with regard -- as Kosovo and Bosnia and Sinai and we're not needing more in Afghanistan and Iraq for that estimate.

If you were to rotate units which would make them unavailable, the ones deployed available for other contingencies and some would be recuperating and it would reduce the number of forces -- active duty forces available for other contingencies by 8,000 troops in the case of just rotating two BCTs or 25,000 troops in the case of rotating four from CONUS.
DR. GILMORE: And 64,000 assuming the three-in-one.

DR. LUSSIER: The three-in-one ratio.

DR. GILMORE: For every unit out, there are two. One that's recovering and one that's training up.

Now, I think that the Army would probably claim that that's not sufficient. In fact, they might do four or five for one.

DR. LUSSIER: Right.

DR. GILMORE: But, we generally go down to three-to-one assuming that you could operate like that if you absolutely had to for an extended period. That was sort of the -- you know, the maximum that we thought you could get, but if you really believe, four to -- four or five-to-one is more sustainable, I refer you to a report we did last year and, you know, the 64,000 had come down quite considerably.

DR. LUSSIER: Yes, the four-to-one ratio numbers are in the -- are in the report, too.

In this case, we assumed the two-to-one ratio. We assumed that those four brigades in Germany could sustain that rotation, two BCT rotation, all by themselves. But, that was the only time we assumed that.
So, I think -- we go on to issues related to Korea which are slightly different in some aspects. Again, we looked at permanent re-stationing of persons in Korea and rotating units to maintain presence.

In Korea, the same type of diagram. The region is about the same. There are about 28,000 troops in Korea. So, less than half are assigned to the division and it's two brigades. About 13,000 are assigned to 8th Army and there are about 2,000 troops in admin positions in South Korea.

Even though there are about half as many troops in South Korea as there are in Germany, the value of the physical plant is much less than half. In Germany, there was about $30 billion worth of physical plant. In Korea, it's about $8 billion worth. The bases there are older, smaller. The people are there on unaccompanied tours. So, there's not the need for so much family support. So, it's less extensive infrastructure and it's older.

What else was I going to say about that? Maybe that's it.

These bases, I know it's hard for people in the back to see this, but if you can see this, little box sometimes represent multiple Army bases,
but those are -- there are about 43 major Army installations where there are troops based. Most of them are -- many of them are north of Seoul which is that yellow star, less than 30 miles from the DMZ, well within North Korean artillery range causing concern and they're old and they're not in very good shape.

So, for those reasons, the Administration and the government of South Korea have talked about re-stationing those people at those bases to just two bases south of Seoul on Osan Air Base and Camp Humphreys and concentrating almost all U.S. Forces at those two locations, getting them out of the range of North Korean artillery. Potentially, enabling the number of accompanied tours to increase from about 10 percent now to 25 percent and so, we looked at this alternative and estimated how much it would cost.

We also looked at alternatives of returning 50 percent of the forces to the United States and re-stationing the remaining forces south of Seoul and returning almost everybody to the United States.

And again, we got the same kind of need for up-front investment, construction costs primarily. There's a bit of a wrinkle here when we're looking at
costs of construction in Korea because Korea in some cases has agreed to shoulder a significant share of the cost burden for re-stationing forces in country. For one thing, we have a lot of troops, about 8,000 personnel stationed in downtown Seoul and I think that South Korea would just -- be just as happy if they got out of downtown Seoul.

And so, we assume that a range of costs where the top number for the construction costs assumes that we pay the full burden and the lower number assumes that South Korea picks up 65 percent of the costs.

So, if we were to re-station all of South Korean troops south of Seoul, we estimate it could cost between $1 to $4 billion just for new construction and again, we have an estimate of savings, one-time savings, you might realize because we won't have to maintain and rebuild the old bases. So, we got a net cost of about 1 to 3 billion -- 3.3 billion to re-station everybody in South Korea just to -- moving people from South Korea to CONUS again requires considerable investment on our part. So, that in general, any kind of movements of the remaining of the forces back to CONUS, all -- most of them to CONUS, you end up spending on -- on the order
of $2 to $3 billion.

COMMISSIONER TAYLOR: And that first column or second column is including the construction costs back here in the States.

DR. LUSSIER: This one, yes.

COMMISSIONER TAYLOR: Okay.

DR. LUSSIER: Yes.

CHAIRMAN CORNELLA: Fran, in regard to those, you indicated earlier that they were primarily for housing that was inadequate. Did you take into consideration the local economy's ability to provide off-base housing or is that not a factor?

DR. LUSSIER: In South Korea, most of the soldiers are unaccompanied tours and typically unaccompanied soldiers are housed in barracks.

CHAIRMAN CORNELLA: Well, then, relate that question back Europe then.

DR. LUSSIER: In Europe, when we move forces from -- you mean what is the situation in Europe?

CHAIRMAN CORNELLA: Well, I'm asking did you take that into consideration having considered Europe?

DR. LUSSIER: Yes.

CHAIRMAN CORNELLA: That its local
economies would be able --

DR. LUSSIER: To absorb. Well, when we moved soldiers from Germany to Eastern Europe, again they -- we assumed they would be unaccompanied soldiers.

CHAIRMAN CORNELLA: Right. I'm talking about Continental U.S.

DR. LUSSIER: Oh, the Continental United States. We assumed that we would not need to build significant new family housing in the Continental United States, but unaccompanied soldiers that we would need to either renovate existing -- significant renovation of existing barracks or build new barracks.

COMMISSIONER TAYLOR: But, you earlier indicated that was the most significant factor in military construction. Didn't you or did I misunderstand?

DR. LUSSIER: Housing for -- housing for -- well, it's one of the major. Housing for unaccompanied soldiers' barracks, yes, that's one of them, but I think a bigger -- at least as big a component is new facilities for the units, headquarters -- for the headquarters of the units, for the maintenance facilities, for the vehicles.

COMMISSIONER TAYLOR: But, then the
housing, you assume that the local economy --

DR. LUSSIER: The economy.

COMMISSIONER TAYLOR: -- would absorb it.

DR. LUSSIER: Yes, in the -- in CONUS.

COMMISSIONER TAYLOR: Okay.

DR. LUSSIER: In the United States and I

think that's correct.

MS. VINES: Right. Either -- either the

economy has the housing available or through the

Military Housing Privatization Initiative contractors

would invest to provide -- provide that housing and

that those -- those families would then draw the --

the housing allowance and we -- and we included the

cost for the drawing the housing allowance.

COMMISSIONER TAYLOR: But, not in major

construction?

MS. VINES: No.

COMMISSIONER TAYLOR: Not MCA. It would

be --

MS. VINES: No.

COMMISSIONER TAYLOR: I got ya. Either --
either on the economy or under RCI and I know how that

works. Yes, I got ya. The only cost is the -- is the

housing allowance.

DR. LUSSIER: Right. The difference
between the housing allowance in Germany and the
housing allowance --

COMMISSIONER TAYLOR: Right.

DR. LUSSIER: -- here in the states.

Again, in South Korea, the annual savings,
we had the one-time cost on the left-hand column. The
right-hand column the annual savings. Because the
cost of supporting soldiers in South Korea is small
compared to Europe because there are no families, we
would realize very small annual savings if you brought
soldiers back from Korea to the United States, 13,000
soldiers. Bring half of them back. You maybe get an
annual savings of $100 million.

And if you -- if you station -- simply, if
you station our soldiers in South Korea moving them
away from the DMZ and allow the number of accompanied
tours to go up, then you're going to have an annual
cost because you're going to have more families to
support. So, the cost is going to go up.

These are the same types of concerns we
talked about before in terms of affect on the
soldiers, in terms of the obvious number, time spent
on unaccompanied tours, and the turnover in
Continental United States units.

Obviously, if you bring soldiers back from
unaccompanied tours in Korea and based in CONUS, you then decrease the amount of time that took those soldiers then separated from his family and again, this is where you get a bit of significant decrease in the personnel turnover in the Continental United States units.

But, you can see you don't reduce it to zero and that's because there are other things that contribute to the personnel turnover in Army units, attrition from the Army being the big contributor, and the other one being transfer between what are called TOE units and the administrative TDA units, the administrative part of the Army.

So, those kinds of changes and turnover will be going on whether we have forces in Korea or not and so, you're never going to totally eliminate the turnover from the Army units just by bringing all the forces back from overseas.

Again, we considered two ways of rotating units to maintain a presence in Korea.

Actually, I think just one.

We looked at taking half of the forces in Korea, bringing them back to the United States and rotating two brigade combat teams back and forth from the U.S. to South Korea. It's highlighted by this
yellow band. Again, the costs are higher because we included the costs of pre-positioning one set of Stryker Brigade combat team equipment in Korea and the annual costs go up because you need to support the rotation of two years per year.

And in terms of affects on family life and availability of forces for contingencies, what happens is soldiers will spend less time on unaccompanied tours, but they'll spend just as much time, more time on deployed -- being deployed on these rotations and so, the effects will wash each other out.

Since today soldiers in Korea are unaccompanied, this will, you know, have a -- a net zero affect on unaccompanied, but again, will have no affect on turnover in CONUS units. But, it will have a negative affect on the forces available for contingencies.

But, we assume that the forces in Korea -- up until recently, forces in Korea were never -- were not sent out of country for other conflicts. It's only just recently that a combat unit from Korea has been deployed from Korea to somewhere else, to Iraq, will be deployed to Iraq in the near future.

CHAIRMAN CORNELLA: Will be.

DR. LUSSIER: Right. Will be. And we
assume that if you took units out of Korea and you
brought them back to the United States, this would
then make those brigades available for other
contingencies. That's why those two numbers for
moving 50 percent of the forces to CONUS and moving 95
percent of the forces to CONUS have an increase in the
forces available for contingencies because now you've
got these brigades in the United States that you can
use. Well, you couldn't use them when they were in
Korea.

But, if you bring them back to the United
States, then you have to support two BCT rotations for
two brigades to Korea constantly. You're going to
lose forces. You're going to use up those units and
they'll become unavailable.

So, that as I said it's a mixed blessing
and actually, that is the last affect that I wanted to
talk about.

There are, of course, as you mentioned all
kinds of other affects that we didn't investigate that
we let other people worry about, but those are the
alternatives we looked at and the facts we considered.

I'd be happy to answer any other questions
you might have and obviously, there are copies of the
report.
CHAIRMAN CORNELLA: Who has asked for your briefing on this -- who have you given the report to?

DR. LUSSIER: Well, we -- actually the Commission staff and that's about it.

CHAIRMAN CORNELLA: Has anyone --

DR. GILMORE: But, we also -- before we publish, we also went over and briefed various members of the Office of the Secretary of Defense and General Staff.

DR. LUSSIER: But, since it's been released, nobody's -- nobody's asked for it. You're the first. You're the first.

CHAIRMAN CORNELLA: Outstanding report. I asked my questions as we went through.

MS. WALKER: Excuse me, Fran. Are there any other similar types of studies that you would recommend to our attention that you know of in your -- in your business area?

DR. LUSSIER: RAND. When we first started working on this, I think about a year ago, RAND released a study that they did looking at basing options for forces, Army forces in Europe and Germany.

I looked at similar types of things. It was written by Mike Hix. So, it has more detailed analysis of the same types of issues.
COMMISSIONER TAYLOR: When was that?

DR. LUSSIER: That was released last May I believe. Maybe last November -- November of '03. I can get you the cite. It's in here somewhere.

Otherwise, I don't know of too many studies of this -- this topic. No comprehensive studies.

Within the Army, I think that the Office of Economic and Management Analysis from West Point did an internal study of variability of basing. There is a sundry basis to accept people from overseas, but I don't think there are very many published.

COMMISSIONER TAYLOR: But, have you been asked to do this for any of the other services or any -- or doing it in totally a joint context?

DR. LUSSIER: No, we haven't. Not yet. We work at the request of committees.

COMMISSIONER TAYLOR: Right.

DR. LUSSIER: So, so far we haven't had any committee requests to look at, you know, other services or to look more extensively at this topic.

COMMISSIONER TAYLOR: And the -- the committee request that generated this was specifically for -- told you to focus on the Army?

DR. LUSSIER: Yes, I think there -- did
the -- ever say the Army?

DR. GILMORE: Well, there's -- there's always a give and take that occurs when -- when there's an interest on the Hill and one of their other interests was getting a report out in a -- in a certain period of time and so, part of the reason we didn't write the other services I think Fran stated in the beginning which was we wanted to get the report out this year and if we were going to take a comprehensive look at all the services, it would have taken longer to do that.

COMMISSIONER TAYLOR: Do you know if anybody else is looking at all the services? That's -- our task is to look at all of them.

DR. GILMORE: The only people I know of who are doing it and this is just what I hear are people obviously inside the Office of the Secretary Defense with a policy apparatus.

COMMISSIONER TAYLOR: I'm talking right -- I'm sorry. Go ahead.

DR. GILMORE: But, outside OSD, I'm not aware of people who are going to publish anything, you know.

COMMISSIONER CURTIS: Thank you, Fran.

CHAIRMAN CORNELLA: And thank you again.
Joanne, thank you as well.

I know that a few people joined us after we were in progress. So, I do want to just reiterate what the purpose of today's meeting was -- now that it's almost complete and the purpose was to receive this briefing and again, this is not a -- not a hearing.

We're not going to receive public testimony today, but if you have anything in written form, you can submit it to Mr. Wade Nelson, our Director of Public Communications.

So, with that, I'd like to -- to close my part of the meeting by saying that this completes the first in a series of public meetings and hearings. Advance notice of future events will be published in the Federal Register and thank all of you for your interest in this very important issue.

Ms. Walker.

MS. WALKER: That concludes our first meeting and thank you for attending.

(Whereupon, the meeting was closed and adjourned by Patricia Walker, Designated Federal Officer.)