



Commonwealth of Virginia
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**Governor McDonnell's Written Testimony to
Senate Armed Services Committee Regarding
Defense Department Budget Initiatives
Submitted by Senator Jim Webb**

WASHINGTON, DC – U.S. Senator Jim Webb (D-VA) today submitted written testimony by Virginia Governor Bob McDonnell to the U.S. Senate Committee on Armed Services regarding Department of Defense budget initiatives. The testimony was submitted into the hearing record with unanimous consent from the Committee.

**Written Testimony Before The
SENATE COMMITTEE ON ARMED SERVICES
Regarding
"Defense Department Budget Initiatives"
September 28, 2010
Submitted by: Honorable Robert F. McDonnell
Governor of the Commonwealth of Virginia**

Chairman Levin, Ranking Member McCain, Senator Webb, and other distinguished members of the Armed Services Committee, on behalf of the Commonwealth of Virginia, I thank you for inviting me to offer testimony today in this important hearing to consider the Efficiencies Initiative announced by the Secretary of Defense on August 9, 2010.

The Commonwealth of Virginia is proud to be the home of many elements of this Country's national defense establishment. The Pentagon - the headquarters and virtual epicenter of America's military is located in Arlington County, and the Central Intelligence Agency Headquarters - the headquarters and virtual epicenter of America's civilian foreign intelligence activities responsible for providing national security intelligence to senior U.S. policymakers - is located in Fairfax County. Virginia has a long and proud history of being a close and trusted partner with the United States military and national security agencies that goes back to 1608 when Captain John Smith recognized the importance of building a fort at Point Comfort in Hampton Roads, building Fort Algernourne with the mission of protecting the approaches to the colony at Jamestown. As a result of the War of 1812, Fort Monroe was built to protect the entrance to Hampton Roads and the several port cities that had access to its waters.

As the United States grew its presence of military and national security facilities in the Commonwealth, Virginia was embraced as a full participating partner in that growth. The Commonwealth and many of her local governments located in the Northern Virginia and Hampton Roads regions, partnered with the United States to develop and build the infrastructure required to support the growth of these facilities. This infrastructure included not only roads, curbing and guttering to provide access to the expanding facilities of the military and national defense establishments, it included building and manning fire facilities, rescue and first responder facilities, schools and neighborhoods necessary for its maintenance and growth. It was the Arlington County Virginia Fire Department that served as the lead agency in the response to the attack on the Pentagon on September 11, 2001. On that fateful day, the Arlington County Fire Department employed 279 men and women. As a result of the attack on the Pentagon, however, additional career firefighters were hired, bringing the total to 305 in 2005. Minimum staffing on the county's engine companies was also increased to four firefighters from three in the months after the attack. The county trained CERT Teams - Community Emergency Response Teams - in cooperation with the federal Department of Homeland Security stepped up disaster preparedness programs. These additional components of local infrastructure were added as a full partner with the military to insure adequate first responder requirements to any future acts of terror against the Pentagon.

Virginia, and her localities and local governments, have been, and continue to be, a willing, responsive partner with the United States in providing for the general welfare of all of the citizens of the Commonwealth, including those citizens who serve our Nation in both the military and the national security agencies, as well as their families to insure the best possible quality of life for each and every Virginia citizen. That high quality of life includes excellent school systems to educate the children, the police, fire and rescue resources required to protect our citizens and communities, and the facilities used to exercise the right to vote on each election day for the leaders of this Country and the Commonwealth.

The Commonwealth has endured economic adversities as a result of the several rounds of the Base Realignment and Closure (BRAC). Throughout the BRAC process, however, the Commonwealth was, as usual, treated as a full participating partner in giving input in the decision-making process of removing many federal government agencies from commercial leased space in both the Northern Virginia and Hampton Roads regions. While business owners of the commercial leased space have suffered adverse economic impact from the loss of federal government agency tenants in buildings that were largely built to accommodate past growth and additional requirements of the military and national security agencies, the BRAC process does provide the time and additional resources required to address those economic adversities.

The BRAC process in 2005 that removed federal agencies from commercial leased properties resulted in those agencies being moved to military and national security properties at Fort Belvoir, Quantico Marine Operating Base, Fort Eustis, Fort Lee and many other facilities within the Commonwealth. Tremendous growth has occurred at these federal properties necessitating additional infrastructure – streets and roads, curbing, guttering and the like – to accommodate the growth generated by the movement of these agencies to the federal properties in the Commonwealth. Again, however, the Commonwealth was treated as a full partner in the decision making processes such that Virginia could address the needs of its citizens.

On August 9, 2010, that cooperation, openness and partnership between the federal government and the Commonwealth was conspicuously absent with the announcement by the Secretary of Defense that it was his intent to close the U.S. Joint Forces Command (USJFCOM) and reduce the use of defense contracts by a total of 30% over the next three (3) years. The Secretary of Defense did not provide, and has not provided since that time, any material information in support of his decision. In fact, the Department of Defense has told staff that the decision was “philosophical” and now they are putting together a plan of action to justify and effectuate these decisions. He has directed several flag officers at USJFCOM to put together a plan to eliminate USJFCOM and provide to him an interim report by the middle of October, and a final report in December. Furthermore, he has directed that all personnel who participate in the formulation of a plan to support his decision must sign a nondisclosure statement – in essence, the Secretary of Defense has imposed an embargo on all information that is needed by the Commonwealth to evaluate and respond to the August 9th announcement.

The Commonwealth, after over two hundred (200) plus years of partnership with the federal government in the development and growth of the military and national defense infrastructure, is not being treated as a partner with the federal government. The Commonwealth is no longer provided a seat at the table to be a part of the planning process for an announced closure of a major employer in the Hampton Roads and Northern Virginia regions. The Commonwealth has worked with a number of private sector employers that have announced plant closures affecting many Virginia citizens to minimize the adverse economic consequences of such closures – the most recent example being the 2008 Ford Motor Company closure of the F-150 truck assembly plant in Norfolk that employed 2,433 workers. That plant had a direct payroll of \$160 million, and drew parts from 17 local suppliers that employ about 2,700 people.

After several letters requesting a meeting with the Secretary of Defense, followed up with repeated personal requests from the Virginia Congressional Delegation to members of the White

House staff, as well as the President of the United States, the Department of Defense has responded with an offer to meet with the Governor and the Congressional Delegation. The meeting is with the Deputy Secretary of Defense and the Vice Chairman of the Joint Chiefs of Staff. The state is still waiting for an opportunity to meet with Secretary Gates.

The focus of the Secretary of Defense with reducing the overhead of his department, shrinking the number of military headquarters in the department and reducing the size of military headquarters staff is both a responsible and commendable goal given the current difficult economic and fiscal situation currently being experienced by our nation. It is important to achieve savings through reductions in overhead expenses, but not the best course for to the security of the nation when achieved through the reduction of force structure or elimination of successful modernization programs – especially when this county is engaged in fighting determined and elusive adversaries that have chosen approaches to warfare that avoid our military’s conventional strengths. As Virginia’s Governor, I have undertaken a similar goal by appointing a Commission on Government Reform and Restructuring which I have challenged with putting forth bold and innovative ideas to ensure that duplicative, outdated, unnecessary and ineffective services and service delivery methods are eliminated, and that state revenues are dedicated to the core functions of government. These are good strategies.

There is, however, a significant difference in the methods chosen by me and the Secretary to pursue the goal of achieving efficiencies in government operations. The term “transparency” generally refers to public access to information held by the government, including information upon which government relies in making its decisions. I have chosen to pursue the goal of eliminating government waste and achieving operational efficiencies by means of a transparent process involving public hearings of the Reform Commission and receiving input and ideas from the public. DoD has chosen to accomplish the goal of eliminating government waste and achieving efficiencies without being transparent to the public. No Virginia leaders, Congressmen, Senators, private contractors or JFCOM leaders appear to have been part of the planning or decision making process.

During the last weeks of July, rumors began to circulate that the Defense Business Board, an advisory board of retired economic and business leaders, would recommend ways to reduce department costs. One such rumored recommendation was to eliminate the Joint Forces Command in Norfolk. At his news briefing on August 9th, Secretary Gates announced, without any prior notice or warning, that he was recommending to the President the closure of the Joint Forces Command.

As Governor of Virginia, I was asked by the President to serve on the Council of Governors, a group of ten governors appointed for the purpose of providing State Governors a forum to exchange views, information, or advice with the Department of Defense. I was told that the appointment was to establish an open and continuous dialogue with the Secretary of Defense, and achieve transparency in the exchange of ideas. Close cooperation and communication between the federal government and the individual states is absolutely vital if the most effective use of state and federal resources is to be achieved on matters of national defense and homeland security. In support of establishing an open and continuous dialogue, I appointed an active duty Air Force general officer as a member of the Virginia National Guard so that he

could command the Joint Task Force responsible for the National Boy Scout Jamboree. The appointment of a Title 10 general officer as a member of the title 32 Virginia National Guard was the first time such an appointment had been made in the history of this nation. The recommendation relating to the closure of the Joint Forces Command was not taken with a similar spirit of cooperation nor was it as a result of open dialogue and transparency in the decision making process by the Secretary.

I have twice asked DoD to provide answers to detailed questions pertaining to the reasons for the closure, its impact on national security and joint operations, and the implementation plan. Responses to date from Pentagon leadership have been wholly inadequate. In my letter of September 24, 2010, I inquired into six major areas of concern. (copy attached) and I still await complete answers to this inquiry.

The U.S. Joint Forces Command (JFCOM), established in 1999 as the successor to the U.S. Atlantic Command, is uniquely organized and tasked for providing joint forces and developing joint training, joint concept development and experimentation, and the joint capabilities development needed to adjust to the demands of 21st-century military operations. It traces its origins to the shortcomings in joint operations revealed during the 1980s and Operation Desert Storm. Following the Gulf War, Gen. Colin L. Powell, the chairman of the Joint Chiefs of Staff, and others recognized that refining how each branch of the armed forces works together to train and deploy for joint operations was key to meeting future challenges. He felt that a single, U.S.-based unified command should be responsible for training forces from all services for joint operations. Today, JFCOM is a forceful advocate for “jointness.” Retired Navy Admiral Hal Gehman, former Commander of the Joint Forces Command, had it right in his widely published article this past Sunday (September 26, 2010) when he disagreed with Secretary Gate’s decision to close JFCOM. He said *“The core of work JFCOM does is essential to the future success of the United States military and, despite claims to the contrary, is not duplicated anywhere else in the department. History has proven this work certainly can not be accomplished inside the beltway”*.

The 2005 Base Closure and Realignment process validated JFCOM’s mission and contributions to joint warfighting. The DoD panel reviewing the command recommended that JFCOM purchase its leased spaces to support its permanent presence. Congress has responded through the authorization and appropriation of funding for military construction projects at the command. In 2009, JFCOM opened a 49,000-square-foot Joint Deployment Center and Maritime Operations Center shared with the Navy’s Fleet Forces Command.

Admiral Michael G. Mullen, the chairman of the Joint Chiefs of Staff, spoke to the importance of JFCOM’s missions at a 2007 change command ceremony. Referring to the command’s work to develop “lessons learned” from ongoing military operations to preserve the experience of U.S. service men and women, he said, “It is vital that we capture that for the future health of our armed forces.” The *2010 Quadrennial Defense Review* echoed this view, stating, “Perhaps more than ever before, the United States requires joint military forces able to function and succeed across a wide geographic and operational spectrum. Moreover, military forces must be capable of working effectively with a range of civilian and international partners.”

Recent projections indicate that complete closure of the JFCOM function would eliminate more than 10,000 direct and indirect jobs and a loss of annual salaries of more than \$200 million in Virginia. The decision to close Joint Forces Command will also result in the loss of numerous contractor jobs in both the Hampton Roads area and the Northern Virginia area. The recommendation to the President is a significant base realignment and closure action that should be treated as such. The transparent process that must be used by the Secretary is established by the Base Realignment and Closure (BRAC) legislation that was enacted by the Congress to ensure sufficient time and opportunity is available for review of such proposals in an open and transparent manner. The BRAC process ensures that such critical base infrastructure closure and realignment decisions are made only after a complete review, without political interference, and within the national strategic framework. The Department of Defense has previously used BRAC in the Commonwealth to reorganize its base and force structure to more efficiently and effectively support United States forces, increase operational readiness, and facilitate new ways of doing this nation's business.

The BRAC Commission is an independent body charged with the responsibility for reviewing the Secretary's recommendations for closures such as this recommendation involving the Joint Forces Command. BRAC specifies the selection process for the Commissioners, and the President is required to consult with congressional leadership on nominations to serve on the Commission. The Commission has the authority to change the Department's recommendations if it determines that the Secretary deviated substantially from the force structure plan and/or selection criteria. The Commission holds meetings to solicit public input prior to making its recommendations.

I recognize the integral part the military and national security operations and facilities play in the economic vitality of our citizens. I intend on being proactive in identifying the appropriate strategies to both retain existing military operations and facilities that are so very vital to the security of this nation, and to identify and attract operations and facilities that should be located within Virginia. Therefore, last month I ordered the creation of a Commission on Military and National Security Facilities in the Commonwealth. The Commission consists of my Secretary of Commerce and Trade and my Assistant to the Governor for Commonwealth Preparedness and distinguished members of the business community, including the defense contracting community, and retired senior military officers.

I have charged the Commission with the following responsibilities:

- Identify appropriate opportunities for relocating additional military commands and missions to the Commonwealth.
- Identify appropriate opportunities for relocating additional federal facilities to the Commonwealth.
- Recommend, as appropriate, the best business practices for the Commonwealth to retain its existing military installations and commands.
- Recommend, as appropriate, the best business practices for the Commonwealth to retain its existing non-military federal facilities.

- Support and foster collaboration among local and regional entities in identifying appropriate opportunities for placement of additional federal facilities in the Commonwealth.
- Determine the best and most efficient manner to foster and promote business, technology, transportation, education, economic development and other efforts to support, attract and retain existing military installations and commands in the Commonwealth.
- Determine the best and most efficient manner to foster and promote business, technology, transportation, education, economic development and other efforts to support and retain existing non-military federal facilities in the Commonwealth.
- Identify and track all federal government facilities located in the Commonwealth and their building plans.
- Determine the best industrial and economic development for the localities included in or adjacent to military installations and commands in the Commonwealth.
- Determine the best industrial and economic development for the localities included in or adjacent to federal facilities in the Commonwealth.
- Inform the Governor on a regular basis on all pertinent findings and recommendations.

I have asked Commission members to consider that this great Nation is in parlous times and under severe economic and fiscal stress. History records that hard times often force the policy makers in this Country into making ill considered decisions. It is my intent that the efforts of Commission members will result in better planning, more transparency in deliberations and recommendations that do not place our national security in jeopardy.

Growing groups of business, senior retired military and political leaders are opposed to this decision, and are frustrated with the lack of available information to support it. The use of an independent commission and public meetings make the process as transparent, open and fair as possible. The last BRAC process in 2005 did not recommend closure of the Joint Forces Command. Decisions regarding the future of the Joint Forces Command and the use of defense contractors located in the Commonwealth should be made in the context of the existing transparent, open and public process that is represented by BRAC.

Thank you for your consideration of these important issues, and for doing what is best for the military and our nation.

Attachment, Areas of Concern:

1. BUSINESS CASE ANALYSIS OF ACTIVITIES TO BE ELIMINATED

- Numerous documents and statements from DoD have indicated that a plan for disestablishment of JFCOM, including a determination of the functions that should continue to exist, should be eliminated, or should be moved, is being developed over the next several weeks. How does DoD justify making a decision to close JFCOM before first carrying out such an assessment?
- What studies on cost savings has DoD conducted concerning the JFCOM closure and contractor reduction? Please provide details.
- What studies on workload impacts has DoD conducted (e.g., what are impacts on JCS of force provider function shift)? Provide details.

- Has DoD contacted contractors and civilians to determine their intent to move locations if their functions are moved? What impact on moving functions, and the service members who receive JFCOM training and operations support, could result from the loss of these personnel from the workforce?
 - What process was used to identify JFCOM for closure and what factors were considered in proposing the JFCOM closure? Why was it not done within the QDR completed this spring, or as part of a BRAC realignment?
 - What specific legal authority exists for such strategic closures outside of BRAC?
 - Jointness and joint interoperability give the U.S. military a great strategic advantage. How will such important characteristics of the modern military be met if JFCOM closes?
 - The modeling and simulation work done at JFCOM is a critical low cost test and evaluation function. How can it be done if JFCOM closes?
2. WILL THE PROCESS TO REDUCE/ELIMNATE JFCOM AND DEFENSE CONTRACTOR SUPPORT EVER BECOME TRANSPARENT TO THE PUBLIC
- Did OSD review the process and decision made by the OSD Headquarters and Support Activities Joint Cross Service Group during the 2005 BRAC process that resulted in the recommendation that JFCOM continue to exist and should in fact purchase its leased facilities? How does DoD reconcile the recommendation to close JFCOM with the 2005 BRAC recommendation?
 - Various personnel at JFCOM have been directed to sign non-disclosure agreements relating to the review and closure process. Why does the Department not take a transparent review and decision-making process in this action?
 - The Secretary indicated that he authorized the services to consider additional closures, and Mr. Hale recently indicated that no “more” closures would be announced until at least February. Is DoD currently considering additional base or function closures or realignments that would affect Virginia? If so, what are the metrics and process being used in that review?
 - If the Secretary and the military departments are considering additional closures and realignments, does DoD believe that another round of the BRAC process is necessary?
3. IMPACT OF INFRASTRUCTURE IN PLACE WITHIN LOCAL COMMUNITIES
- Have specific locations outside of Hampton Roads been identified to host any JFCOM mission that will remain intact after the proposed disestablishment of JFCOM?
 - Has DoD considered moving a new mission to backfill the sudden loss of this Command in the Hampton Roads region? For example, has DoD considered moving AFRICOM or other functions to the region? Which locations are being considered to host AFRICOM?
 - What specific JFCOM functions will remain in Suffolk and Norfolk? What are the estimated civilian, uniformed, and contract job positions at each location? Are these personnel assigned to specific billets at each location?
 - What is the DoD plan for use of leased space in Suffolk? Will the leases be terminated and what are the termination fees?
4. WHAT JFCOM FUNCTIONS ARE BEING RELOCATED OR LEFT IN PLACE?

- If similar functions to JFCOM exist within the Joint Chiefs of Staff and other organizations, did DoD consider consolidation of those functions to JFCOM, rather than disestablishment? Should alternatives, such as expanding or strengthening the JFCOM function, have been considered instead of selecting the JFCOM closure option?
- For those activities that DoD determines should continue to exist, what process will DoD use to determine whether they should remain in place or move elsewhere?
- Was there consideration given to simply reducing the number of contractors and eliminating the duplication of missions versus eliminating the entire command?

5. ECONOMIC IMPACT

- Has DoD calculated the extreme economic costs to Virginia of the contractor reduction; and what is the estimate? Where are the displaced contractor functions going to be performed?
- Will the JFCOM closure make the region eligible for base closure assistance, including OEA grants, from the federal government?
- Will the JFCOM closure result in an increase of personnel in the National Capital Region?

6. REDUCTION IN THE USE OF DEFENSE CONTRACTORS

- What costs, and savings, are associated with the use of defense contractor personnel at JFCOM? What costs, and savings, are associated with the use of defense contractor personnel in the National Capital Region? How will DoD decide which defense contractors and contracts to cut or eliminate in order to achieve the announced reduction?
- What studies has DoD conducted on both the short and long term real cost savings by reducing the use of defense contractors? Please include any existing examples where reducing the use of defense contractors – either by using uniformed personnel or by in-sourcing – has actually reduced costs to DoD.
- If the Department is looking for efficiencies, why was the decision made to cut the government contracting services sector rather than finding efficiencies through the streamlining of administrative operations?
- Upon what basis or analysis was the decision made to reduce the use of defense contractors by a total of 30% over the next three (3) years? Please provide a copy of any analysis conducted by DoD that forms the basis of this action.
- What universe of service will the reduction affect? Will it be an across the board? If not, which categories of service will be targeted?
- Will the reduction in the use of defense contractors be spread equally throughout the country or will any such reduction be confined to a specific region, such as the National Capital Region of Northern Virginia, which appears to be hit extremely hard by this decision.

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