

# POST-CLOSURE OF MILITARY BASES

Mr. PRYOR. Mr. President, on March 16, 1995, the Defense Base Closure and Realignment Commission conducted a hearing to explore the Federal Government's response to the economic trauma of military base closings. This hearing on so-called post-closure matters was extremely useful in assessing the challenges facing communities that will lose a base this year, and I applaud the Commission's able Chairman, former U.S. Senator Alan Dixon, for his leadership in this regard.

At the request of Chairman Dixon, I am submitting into the CONGRESSIONAL RECORD various documents outlining the positions of several community organizations concerning recommended improvements to the process of closing and redeveloping military bases.

Mr. President, I ask unanimous consent that information supplied by the U.S. Conference of Mayors, the National Association of Installation Developers, the National Association of Counties, and others, along with a copy of my statement at the March 16 hearing, be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR DAVID PRYOR BEFORE THE DEFENSE BASE CLOSURE AND REALIGNMENT COMMISSION, MARCH 16, 1995

Mr. Chairman and distinguished members of this Commission, I appreciate the opportunity to testify before the 1995 Base Closure Commission on the important subject of redeveloping closed military installations.

First, I applaud this Commission and its Chairman for having the vision and courage to address an issue that previous Commissions declined to confront; the issue of helping local communities rebound from the economic trauma of losing a military base.

By also focusing on so-called post-closure matters, some may feel that this Commission is straying too far from its nest. I, however, disagree with this notion. This Commission can fulfill its base closure responsibilities while at the same time, fulfilling its moral responsibilities by recommending ways to assist those who will be devastated by your actions and findings.

Distinguished Commissioners, we are about to complete our fourth and final base closure round. We have learned many lessons from the first three. The most obvious lesson is that base closings hurt.

Mr. Chairman, like yourself, I am personally aware of the pain caused by base closure announcements. The 1991 Commission closed Eaker Air Force Base, a B-52 SAC base located in Mississippi County, Arkansas. They also took away a majority of the work at Ft. Chaffee near Ft. Smith, Arkansas. Now this Commission must determine whether to close Ft. Chaffee, as the Army has recommended, and whether to close Red River Army Depot, located in the town of Texarkana on the Arkansas-Texas border.

For many cities where military bases are located, the military is the largest employer and the loss of a base can cause an economic tailspin. Such would be the case at Red River Army Depot, which accounts for 10 percent of the local economy in Texarkana.

To be certain, base closings are painful.

The first three base closure rounds have also taught us that the task of replacing lost military jobs through the civilian redevelop-

ment of closing bases is difficult, costly, and often slow in producing good results.

However, finding a new use for an old base is a worthwhile endeavor, and like it or not, it is an effort that involves the federal government.

Since we began closing obsolete military installations in 1988, we have struggled over the appropriate role of the federal government in the closure, cleanup, and redevelopment of these bases.

I must admit that our original approach to post-closure matters failed miserably. In the 1988 and 1991 base closure rounds, the federal government, including this very commission, took a "hands-off" approach. The results were disastrous.

Job creation was virtually non-existent. Closure costs skyrocketed. Communities threw up their hands in frustration over the government's refusal to provide help when help was needed. When this process began in the late 1980's, the federal government was the primary obstacle to a quick recovery, due to our hands-off approach.

I believe that instead of standing in the way of progress, government should form partnerships with local communities and work together with shared resources and know-how to replace lost military jobs.

We should not turn a cold shoulder to the people who helped us win the Cold War. Base closure communities deserve much more than a simple "thank you".

Fortunately, on July 2, 1993, President Clinton announced that the federal government would reverse its policy and begin pursuing partnerships with communities.

The President's five-point plan for helping communities included giving them greater access to base property, fast-track environmental cleanup, transition coordinators at every base to help cut through the red tape, larger federal grants for economic development, and bolder job retraining and transition services for those who lose their jobs.

After the five-point plan was offered, it became clear that several changes in law would be necessary to fulfill the President's vision. As a result, the Senate Democratic Task Force on Defense Reinvestment, which I chaired, developed the necessary legislation during the summer of 1993.

The resulting legislation, commonly referred to as the Pryor Amendment, was accepted as an amendment to H.R. 2401, the Fiscal Year 1994 Department of Defense Authorization Act, and signed into law by the President later that year.

The Pryor Amendment ratified the President's five-point plan by making major changes to the base closure laws that would provide communities with desperately needed assistance. A summary of this legislation will be submitted for the record with my prepared remarks.

The primary contribution of the Pryor Amendment is its recognition that the land and property on closing bases can be a catalyst for future development and economic growth. Our legislation gives the Secretary of Defense authority to transfer or lease base properties to communities below fair market value or, in some cases, for free.

Communities nationwide are currently using this legislation to enhance their chances for economic revival. Just last week, the U.S. Air Force recently conveyed 600 acres of land at Norton Air Force Base in San Bernardino, California at a reduced price. This land transfer will create 1,000 jobs immediately due to expansions in local manufacturing. I am also aware that the government of Taiwan wants to open a foreign trade center at Norton, creating almost 4,000 new American jobs.

I am pleased that communities like Norton are taking advantage of the government's re-

newed willingness to help beat swords into plowshares.

In 1994, our Senate task force was successful in passing legislation in Congress to exempt closed military bases from the Stewart B. McKinney Homeless Assistance Act.

The task force had been notified that some homeless assistance groups were trying to acquire base property through the McKinney Act even though local communities had already agreed to using the property for other purposes.

This disruption was truly counterproductive and an unintended consequence of the McKinney Act.

Due primarily to the leadership of Senator Nunn and Senator Feinstein, we formed a consensus for passing legislation to exempt closed bases from the McKinney Act. Our bill, the Base Closure Community Redevelopment and Homelessness Assistance Act of 1994, established a new process for addressing local homeless needs in a way that is supportive of local redevelopment efforts.

I am proud to say that this legislation was supported by base closure community groups and homeless assistance groups, Democrats and Republicans. It was signed into law by the President late last year.

Each of these initiatives—the President's five-point plan for increased federal funds and assistance, the Pryor Amendment, and the McKinney Act exemption—represent a decisive shift in the government's response to base closings.

The good news for communities that will lose bases in this round is that the federal government is now ready and willing to help you beat swords into plowshares. We are much better prepared now to meet these challenges than we were in 1988 when the base closure process began. I applaud the Clinton Administration for its vision in this regard.

At the request of this commission, I have devised a few brief recommendations for communities that lose a base in this round.

First, begin planning early for the future. Communities that have found the most success are those that embarked on an early, aggressive effort to find civilian uses for their base.

For example, when England Air Force Base in Alexandria, Louisiana was recommended for closure in 1991, the community formed two committees. One led the fight to keep the base open, the other committee, which operated largely in secret, was laying the foundation for bringing in new business.

To date, England has created almost 1,000 new jobs on base, due mostly to the J.B. Hunt trucking company's decision to train truck drivers on the old runways.

I encourage local communities to follow England's example. If any of the towns with bases on the 1995 list chose to begin planning early, Congress has given the Department of Defense the authority to provide grants for such purposes. Also, last year Congress passed legislation prohibiting this commission from penalizing towns that chose to begin planning for redevelopment even as they are fighting to keep their bases open.

I also encourage communities to speak with one voice. Each of the federal programs I have outlined are designed to help communities help themselves, but it is difficult to help communities that are not unified.

For example, George Air Force Base in Southern California was closed in 1988 and immediately thereafter two nearby cities engaged in a power struggle over who was entitled to federal aid and future revenue from the base. A legal battle ensued and the matter was fought in the courts for almost five years. Businesses interested in locating on base went elsewhere. Today there is little to show for their efforts at George except missed opportunities and lost hope.

The government can do little to help communities unless they speak with one voice.

I have also been asked to make recommendations to this Commission on ways to improve the government's response to base closings.

First, the federal government should continue vigorously pursuing partnerships with local communities.

Every government employee, top to bottom, must be fully committed to forming successful partnerships.

While I am convinced that the top levels of government are committed, I question whether this cooperative spirit is alive at the working level.

Although we have made substantial improvements, local communities are still frustrated by the service they often receive.

Every day, government officials and community leaders must choose between working together hand-in-hand or engaging in hand-to-hand combat. I believe this Commission could explore ways to improve the cooperative spirit. Let me suggest a few.

First, find ways to remove the "government knows best" mentality. In most cases, government attorneys and government bureaucrats are making key decisions on private sector development issues with little or no consultation with local experts who know their region best. We must remember that communities are in the best position to inform us of responsible ways for government to contribute.

Second, the Commission could explore ways to make government more nimble, capable of making decisions quicker and delivering services more rapidly.

The interim leasing process exemplifies the dangers of moving too slowly. Currently, the military services are taking about 6 months to complete a lease agreement. This is entirely too long. Without a lease, businesses interested in locating on base go elsewhere. We should explore ways to speed up the leasing process and the delivery of other important services.

One suggestion for making government more nimble is to empower the workers in the field. Give them more flexibility and greater authority to make decisions on the spot.

The commission could explore this and other ways for speeding up decisions and results.

Finally, we must not undo the tremendous progress we have worked so hard to achieve. Specifically, I urge this Commission to caution Congress against cutting funds for base closure assistance programs, especially environmental cleanup, planning grants, and EDA grants for infrastructure improvements.

Although Congress has provided the necessary funds in recent years, this year these monies are at risk.

If Congress cuts base closure assistance funds, communities would experience paralysis. Economic development would suffer and the cost of closing bases would skyrocket. Such funding cuts would be counterproductive, and I hope this commission will see the merits of fully funding these base closure assistance programs.

Again, I applaud Chairman Dixon and this commission for accepting its moral responsibility and exploring ways to help communities rebound from the economic pain of base closures. I thank the commission for the opportunity to give testimony at today's hearing.

THE U.S. CONFERENCE OF MAYORS,

Washington, DC, February 27, 1995.

Hon. WILLIAM J. CLINTON,

President of the United States, The White House, Washington, DC.

DEAR MR. PRESIDENT: With the pending BRAC 1995 process, meeting the challenge of

defense conversion is a high priority for the nation. While we recognize the administration's need to downsize the Department of Defense's base structure, arming cities with the tools they need to combat the negative impact of this downsizing is equally important.

In 1993, you announced a five-point plan to ease the impact of military base closings on local communities. Following your announcement, the United States Conference of Mayors began a series of steps to assist communities responding to the challenges of a military base closures. These steps included appointing a Mayors' Task Force on Military Base Closings and Economic Adjustments, and holding two national meetings to help solicit ideas to improve the process and ease the difficult transition following a military base closing.

Copies of our recommendations are being delivered today to the BRAC Commission, to all members of your Cabinet, and to the leadership in both the House and Senate. These recommendations are being released today to coincide with the list of base closings which is expected to be released tomorrow.

As co-chairs of the Mayors' Military Base Closing and Economic Adjustments Task Force, which represents mayors of cities that are currently trying to convert former defense facilities to private uses, we would like to demonstrate that defense conversion can happen. However, in the absence of the reforms we have proposed, we are concerned that successful conversion will never truly be achieved. It is our hope that you will actively support these recommendations, which are necessary to ensure that "defense conversion" is no longer a buzz word, but a reality.

Respectfully,

SUSAN GOLDING,  
Mayor, San Diego,  
Task Force Co-chair.

EDWARD RENDELL,  
Mayor, Philadelphia,  
Task Force Co-chair.

#### A NATIONAL ACTION PLAN ON MILITARY BASE CLOSINGS

#### RECOMMENDATIONS FROM THE MAYORS' TASK FORCE ON MILITARY BASE CLOSINGS AND ECONOMIC ADJUSTMENTS TO THE PRESIDENT OF THE UNITED STATES AND THE 104TH CONGRESS

##### Foreword

At the U.S. Conference of Mayors Annual Meetings in Portland, Oregon, June 11, 1995, the Conference adopted two resolutions regarding military base closings. Following our Annual Meeting, Conference of Mayors President, Knoxville Mayor Victor Ashe, appointed a Task Force for Military Base Closings and Economic Adjustments. Mayors Susan Golding of San Diego and Edward Rendell of Philadelphia were appointed co-chairs of this Task Force.

With the help of a grant from the Economic Development Administration of the U.S. Department of Commerce, the Conference of Mayors held two meetings to assist mayors in preparing for the next round of base closings scheduled to be announced in February 1995. Approximately 150 communities were represented at the two meetings. The first was held in San Diego on December 8-9, 1994 and the second was held in Washington on January 24, 1995 in conjunction with the conference of Mayors Winter Meeting.

The attached recommendations are an outgrowth of those meetings, as are the quotes that appear in the margins.

On behalf of our officers, members, and staff; we think those mayors and city representatives who attended the two meetings, and especially appreciate the tremendous as-

sistance given to us by the Economic Development Administration and the Office of Economic Adjustment at the U.S. Department of Defense. Without their help, this historic Conference initiative would not have gone forward.

In addition, I would like to thank our co-chairs, Mayors Golding and Rendell, for their outstanding leadership on the Task Force.

We also recognize Mayor Jerry Abramson of Louisville, past president of the Conference of Mayors, for making this issue of base closing a priority for the mayors last year, as well as current President Victor Ashe who recognized the importance of this issue and kept military base closings a top priority for the mayors, even though he had no military bases in his community.

Michael Kaiser, our Conference Staff Director, deserves special thanks for his determination and hard work in following through to make our first past-Cold War initiative on base closings and economic adjustments a success for our members as we confront the challenges of economic conversion in the year ahead.

J. THOMAS COCHRAN,  
Executive Director.

#### RESOLUTION ON BASE CLOSINGS

Whereas, the United States Conference of Mayors has formed a military base closing and economic adjustment task force, and

Whereas, this task force has held two meetings in San Diego, California and Washington, DC to help mayors effectively deal with the consequences of military base closings, and

Whereas, mayors attended these two task force meetings in San Diego December 8-9, 1994 and in Washington January 24, 1995 in conjunction with the Conference of Mayors Winter Meeting, Now, therefore, be it

*Resolved*, mayors call for several actions necessary to ease the impact of base closings on various communities to return the land to economically productive civilian use, including:

Providing and continuing federal funding for communities affected by defense downsizing, including, but not limited to, the support of the Economic Development Administration (EDA) and the Office of Economic Adjustment (OEA);

Streamlining the process for transfer and clean-up of military facilities scheduled for closure; and

Securing local control of decision-making relating to infrastructure and resources; be it further

*Resolved*, The United States Conference of Mayors will issue a formal report to the White House and Congress prior to the next round of base closings scheduled to begin March 1st to address these actions.

#### RECOMMENDATIONS FROM THE MAYORS' TASK FORCE ON MILITARY BASE CLOSINGS AND ECONOMIC ADJUSTMENTS

##### RECOMMENDATION 1: SPEED AND IMPROVE FUNDING FOR AFFECTED COMMUNITIES

Mayors ask that the federal government respond to a base closing as the would to any natural disaster. Mayors call for federal agencies to respond as quickly as FEMA (Federal Emergency Management Agency) to assist communities affected by base closings. Financial and technical support should be given immediately upon designation of a base closing. This impact aid should be awarded without excessive paperwork or time delays.

RECOMMENDATION 2: ELIMINATE HUD APPROVAL OF LOCAL COMPLIANCE WITH THE MCKINNEY ACT (I.E., THE BASE CLOSURE COMMUNITY REDEVELOPMENT AND HOMELESS ASSISTANCE ACT OF 1994)

Under the Base Closure Community Redevelopment and Homeless Assistance Act, cities must work with homeless assistance providers and local redevelopment authorities to develop a local reuse plan for surplus federal properties. The Department of Housing and Urban Development (HUD) must then approve the plan, and the Department of Defense (DOD) then acts in accordance with HUD approval. Mayors believe that the requirements of this statute, particularly the requirement of HUD approval, essentially represents another unfunded federal mandate. How facilities are reused should be entirely a local decision.

RECOMMENDATION 3: STREAMLINE THE PROCESS FOR TRANSFERRING TITLE AND CONTROL OF MILITARY BASE PROPERTY TO LOCAL GOVERNMENTS

As a result of the President's five-point plan and emphasis on community input, there have been tremendous improvements in the property transfer process. However, much more needs to be done.

Because existing efforts have not been effective, mayors call for the President to appoint an official Ombudsman at the National Economic Council in the White House, who can respond in a timely fashion, impose coordination and communications between federal agencies, and cut the red tape to facilitate property transfer and economic development of military bases.

Additionally, mayors call for a revision clause for properties considered for public benefit. In many cases, the property was given freely by the local community to the federal government when the bases were first built. This property therefore should be given back to the local community, not sold back.

RECOMMENDATION 4: DEFINE WHAT CONSTITUTES A "REUSE PLAN"

There are different points of view among federal agencies about what constitutes a reuse plan. For example, current law requires that a reuse plan be completed within nine months. But this time is not sufficient if the definition of a reuse plan includes environmental impact studies and related documentation.

The law should recognize the variety and differences among military bases. A standard nine month period may be appropriate for smaller bases, but it is not enough time for larger bases where multiple jurisdictions are involved or where environmental contaminants are more difficult to identify. A range therefore (e.g., 6-12 months) should be considered rather than a standard nine months for all bases.

RECOMMENDATION 5: QUALIFY MILITARY BASES FOR AUTOMATIC CONSIDERATION AS ENTERPRISE ZONES

If bases were automatically designated as "Enterprise Zones," it would give cities many advantages to undertake economic development projects. For example, special enterprise zone designation for military bases would allow communities to use tax credits for hiring out-of-work federal employees.

RECOMMENDATION 6: ELIMINATE THE REQUIREMENT THAT MILITARY BASE CONVERSIONS COMPLY WITH DUPLICATIVE STATE AND FEDERAL ENVIRONMENTAL REGULATIONS

Mayors call for better coordination between state and federal governments to eliminate the needless duplication of efforts required for environmental compliance. The cost and time involved in trying to comply

with both federal and state regulations are enormous. Many of these regulations are duplicative. The federal government should agree to find compliance with state regulations that are substantially equivalent, provided that the state agrees to meet federal timetables and provide a single point of contact.

RECOMMENDATION 7: CLARIFY NATIVE AMERICAN PARTICIPATION IN THE REUSE PLAN

The law remains unclear regarding which entities of the federal government have the authority to make claims on behalf of Native American Tribes. Some communities have spent months on reuse plans, only to have them stopped at the last minute by claims from the Department of Interior. Mayors call for better coordination among the armed services and the Bureau of Indian Affairs (BIA) within the Department of Interior to clarify the rights of Native Americans with regard to military bases.

RECOMMENDATION 8: EXEMPTION/EXTENSION OF MILITARY BASE CONVERSION FROM UNIFORM BUILDING CODES, UNIFORM FIRE CODES AND THE AMERICANS WITH DISABILITIES ACT COMPLIANCE

Although all mayors feel compliance with federal and local laws is important, immediate compliance with many federal building codes is simply impossible. Most military properties are not up to code. Unless the federal government is willing to bring these properties up to code, mayors ask that the time for compliance be lengthened, or that compliance be left to the discretion of the local governments which are responsible for enforcing these codes.

RECOMMENDATION 9: CLARIFY OWNERSHIP RIGHTS TO AIR EMISSION CREDITS UPON CLOSURE OF A MILITARY BASE

All air emission credits should be classified as a local asset under the law, especially in those cities where strict air emission limits exist. The federal government should provide for prompt transfer of any credits formerly used by the military in connection with base property.

RECOMMENDATION 10: REQUIRE THE FEDERAL GOVERNMENT TO PAY FOR THE REMOVAL OF FUNCTIONALLY AND ECONOMICALLY OBSOLETE STRUCTURES AND FIXTURES ON CLOSED MILITARY BASES

As noted in Recommendation #8, many buildings on military bases do not meet building codes. In many cases it would cost more to fix us these buildings than it would to tear them down. Mayors ask that the federal government provide the funding to remove all obsolete structures and fixtures from closed military bases. Further, that these anticipated costs be considered among the criteria used by the Base Realignment and Closure Commission (BRAC) to determine whether or not a particular base should be closed.

RECOMMENDATION 11: ENACT LEGISLATION TO PERMIT DUAL USE OF BASES

Although the law makes reference to dual use capability (i.e., military and civilian use of base properties simultaneously), the reality is that dual use is largely left to the discretion of the local base commander. Mayors call for clarification and consistency from the Department of Defense to permit dual use activities on all military bases and that a prescribed method be established for communities to actively present a dual use plan for those facilities considered to be surplus by the military.

RECOMMENDATION 12: EDUCATE BOND RATERS AND INSURERS REGARDING THE ACTUAL IMPACT OF CLOSED MILITARY BASES ON BOND RATINGS

There is a deep lack of understanding among bond raters and insurers with regard

to the impact of base closings on local communities. Although this is not a federal concern, the mayors would like the federal government to be aware that they plan to send a delegation to Wall Street to meet with bond raters and insurers to help reduce the misunderstandings that result in lower bond ratings and difficulties for cities to obtain the necessary insurance coverage following a base closing.

RECOMMENDATION 13: OPEN THE FEDERAL APPRAISAL PROCESS

Many communities have had the experience of not knowing how the federal appraisal of base properties was made, and have had no chance to react to it, challenge it, or offer an appraisal of their own. Since the property appraisal process has a tremendous impact on the local community, this process needs to include more local involvement. More importantly, this process needs to emphasize the exchange of properties for local conversion to promote private sector participation (i.e., in cases where the local government retains ownership and then leases these properties to the private sector).

RECOMMENDATION 14: PRESERVE FINANCIAL AND TECHNICAL SUPPORT FOR COMMUNITIES AFFECTED BY PREVIOUS BASE CLOSURE PROCESSES (1988, 1991, 1993)

Mayors unanimously support the involvement of the Economic Development Administration (EDA) at the U.S. Department of Commerce and the Office of Economic Adjustment (OEA) at the U.S. Department of Defense in assisting those communities affected by military base closings and defense industry downsizing. The mayors call for the continued support of these agencies and for increased funding, commensurate with the impact of the 1995 BRAC round, and any subsequent rounds.

Additionally, mayors call for special consideration to be given to those communities hard hit by previous BRAC rounds and ask that the 1995 BRAC decisions take into account the cumulative economic impact on these communities. Whenever possible, the federal government should consider relocating other federal agencies/programs to these affected communities.

RECOMMENDATION 15: CLARIFICATION OF THE DEFINITION OF MILITARY BASES

Military bases should be clearly defined under the law (i.e., what constitutes a military reservation for the purposes of BRAC). In addition, mayors ask that GOCO (Government Owned Contract Operated), munitions and other defense related facilities be considered for inclusion under the BRAC law, should the BRAC law be extended beyond 1995. (Note: Currently these properties are evaluated under GSA and other federal rules and regulations.)

RECOMMENDATION 16: MAKE FURTHER REVISIONS/REVIEW OF THE PRYOR AMENDMENTS

The local reuse authority should have the right to reserve—prior to any non-Department of Defense screening—all or part of a base for an economic development conveyance application. This application could occur prior to or during the planning process, but should not have to wait until the plan is completed.

RECOMMENDATION 17: ADDRESS HAZARDOUS WASTE CLEANUP OF BASES

There is no question that the federal government is responsible and liable for cleanup of military bases. However, it is clear that the federal government greatly underestimated the cost of cleanup. Since communities cannot develop sites until they are cleaned up, it is recommended that the Federal government either allocate more money for cleanup or change the regulations for

military bases. The federal government must adhere to a timetable for clean up, just as it imposes timetables on local governments and private contractors. Furthermore, communities in all states should be allowed to separate clean parcels of land from dirty parcels to allow economic development plans to move forward.

RECOMMENDATION 18: GIVE CONSIDERATION TO  
LOCAL JOB CREATION

Many of the jobs created by a base closure are in the area of environmental cleanup, base security, utility improvements, and the demolition of buildings. Priority should be given to local residents for these jobs/contracts. Also, special job training should be made available locally to ensure that federal employees who served the nation so well for so many years receive every possible opportunity we can give them, especially since many of these people are just a few years away from receiving retirement benefits.

RECOMMENDATION 19: PRIORITY FOR PUBLIC  
BENEFIT TRANSFER

Every piece of property should be considered for Public Benefit Transfer/Economic Development Conveyance (EDC) before the federal government begins selling to the highest bidder. As soon as a piece of property is identified for an EDC, a community should be allowed to approach local financial lending institutions to give interested parties quick access to these properties.

RECOMMENDATION 20: PROVIDE TITLE  
INSURANCE FOR FEDERAL PROPERTY

Mayors recommend that the federal government provide title insurance for all federal properties. Given the hazards and unknowns about federal properties, particularly from an environmental point of view, it is not going to do a city any good to have title to these properties, and then attempt to turn around and convey them—whether that be to a non-profit or private outfit—only to find out that they cannot get the title insured.

THE AMERICAN COUNTY PLATFORM AND RESOLUTIONS 1994-1995—COMMUNITY AND ECONOMIC DEVELOPMENT

(From the NACO National Association of Counties)

2.5 CHALLENGES AND LOCAL IMPACTS OF BASE  
CLOSURE

The adverse economic impacts of military base closures are devastating for small or rural communities and metropolitan areas. Base activities of ten play a dominant role in local and regional economies. Many communities have witnessed the departure of ten to 30 percent of their population as a result of a base closure. Economic downturns and slow economic growth over the past several years have hurt the ability of large and small communities to adjust to base closures, particularly when they must grapple with the cumulative effects of cuts in other federal programs. For an impacted community of any size, the transition of a closing military base to civilian use is a long, difficult and costly process.

**Job Loss.** The most immediate impact felt by a base closure community is the loss of both military and civilian jobs at the base, followed by secondary jobs, particularly retail and service positions in the surrounding community. These job losses then lead to population loss as people leave the area in search of new jobs. The Department of Defense (DoD) often does not allow local businesses to provide environmental testing and cleanup services that would create jobs in communities in which bases are closed.

**Eroding Tax Base.** Local sales and income tax revenues decline as population and in-

comes drop, and the decline in real estate values reduces property tax revenues. This erosion of the tax base reduces the ability of local governments to provide needed services—job training, job search assistance, health services, substance abuse counseling, domestic violence prevention, and possibly welfare assistance—just as the need for them increases.

**Increased Local Government Costs.** Local governments can incur substantial long-term costs as a result of a base closure within their jurisdiction. These costs include maintenance of roads, buildings and other infrastructure and provisions for police and fire protection on the base. These services may be provided by a caretaker force until the base property is transferred, but the local government will have to provide services to the area after transfer. It is important for local governments/reuse entities to have the opportunity to provide caretaker services which would provide continuity and enhance transition to reuse. Large portions of base property are often available for public benefit transfer for aviation, education, health care, public recreation and historic preservation. Organizations that receive base property for these purposes are typically tax-exempt and pay no property taxes to offset the costs of local government services.

**Substandard Buildings and Infrastructure.** Many buildings and much of the physical infrastructure, such as streets and utility lines, on military bases do not meet the requirements of the uniform building, electrical and other codes that set the national standard for what is required for civilian use. Unless the federal government assures that transferred facilities are in good working order and comply with applicable federal, state and local codes, including the Americans with Disabilities Act, local governments will face burdensome maintenance and renovation costs as they assume jurisdiction over closed bases.

**Declining Real Estate Values.** In response to the loss of job opportunities and the drop in population, real estate values decline, particularly in residential real estate. There often is a sudden surplus of housing and a deficit of people who want to live in the area. This decline in real estate values can be exacerbated by the presence of vacant military housing on the base which is perceived as adding to the supply of housing. The value of commercial and industrial real estate also declines. Building space on the base may represent more than a ten year supply for the local community. Owners have less incentive to invest in their property as real estate values decrease. As a result, local governments will likely encounter new hazards throughout their community from under maintained and abandoned property.

**Adverse Impact on Local Banks.** Often large numbers of small multi-family units exist around military bases. When the military withdraws, the units are empty, and owners cannot pay their mortgages. Local banks have indicated a willingness to restructure loans. However, examiners from the Comptroller of the Currency will reclassify these loans as non-performing. Regulatory relief is needed during the transitional period to allow an orderly restructuring of these loans.

Strong, proactive support from the President is vitally needed to assist in conversion and reuse efforts. Active leadership on the part of the Secretary of Defense and the service secretaries is critical. The administration needs to look for ways to expedite reuse, reduce delays, and cut costs to closure communities.

**2.5.1 Federal Oversight of Base Closures—**Efficient conversion of closed bases to productive civilian uses will require the coordi-

nated efforts of several departments of the federal government. Conflicting missions within DoD and among other federal departments and agencies have slowed the base reuse process and added to the difficulties reuse communities face. Congress and DoD have made unrealistic estimates of the profits that the federal government will receive from reuse of closed installations. As a result, the conversion process is delayed, because base commanders are often forced to make economically unrealistic demands in the sale or lease of base facilities.

An Assistant Secretary of Defense should be appointed in DoD whose primary responsibilities are to ensure rapid conversion of facilities and economic development which enhance local economies and the nation's development as a whole. This senior official must have the authority and responsibility to administer base closure activities for the three branches of the military and coordinate actions taken by federal departments and agencies which impact conversions. It is critical that this person have the confidence and support of the president. This official should foster an intergovernmental partnership through continuing dialogue with the affected communities.

A new working group should be formed or modification made in the membership of the Economic Adjustment Commission to meet with the Office of Economic Adjustment. Counties, redevelopment districts, states and cities should have representatives on this working group, and pertinent federal departments and agencies should participate. These include Labor, Commerce, Treasury, Health and Human Service, the Office of Management and Budget, Housing and Urban Development, the Environmental Protection Agency and Small Business Administration.

The base closure commission should have greater geographic representation and representatives from local government.

The Secretary of Defense should provide clear orders to all commanders on installations designated for closure that their primary mission shall be facilitating swift civilian reuse of the installation while minimizing adverse impacts on the community in which the facility is located.

**2.5.2 Economic Adjustment Assistance—**To maximize the fiscal benefit of base closure, the federal government must assist in the rehabilitation of substandard base facilities and provide creative financing terms to purchasers or developers of closed bases. In addition, DoD must recognize that many facilities, such as airfields, will lose substantial value if they are used and unmaintained or if key equipment is taken from the facility for use elsewhere.

Economic adjustment assistance, from the Officer of Economic Adjustment or the President's Economic Adjustment Committee, is absolutely necessary. Such funding should not be limited to reuse planning, but should also be available for special projects on a discretionary basis and for preparing strategic marketing plans, including development, printing and distribution of marketing materials. Funds currently available for planning are inadequate. The cost of preparing general and specific land use plans, while different throughout the United States, exceeds, in every instance, the amount of funds available for reuse planning from the Office of Economic Adjustment.

"Bridge funding" to enable communities to assume responsibility for large airfields and other military facilities with civilian uses should continue for several years after closure, until the facilities can begin to generate revenue. To preserve taxpayers' investment in these assets, facilities should be maintained, and equipment that is essential for their functioning should remain intact

for long-term economic development following conversion.

To assist with economic stimulus, the federal government (and state governments) should enter into joint marketing agreements with local governments to promote development of these properties.

Continued support for projects related to base closure through the Economic Development Administration remains important. Affected local governments should be eligible for federal dollars which can be used for local priorities, including making loans or grants to businesses that utilize former bases. Any loan repayments should go into a revolving loan fund for use by local governments in financing additional conversion activities.

DoD must explore alternative methods to finance the transfer of bases out of federal ownership and the development of new, productive uses on the property. Financing often can be provided without expense to the federal government merely by extending the time period during which an installment purchase of a facility must be paid. Coordinating the disposition and reuse plans with funding available through other federal departments, such as Labor and Transportation, will allow the federal government to obtain a greater overall, long term value for closed bases while mitigating adverse local impacts.

Legislation is needed to allow economic development activities to qualify as a public benefit transfer. The cost of appraisals should qualify for these funds.

The federal statute which prohibits those who acquire federal property from disposing of it at a profit should be modified, possibly with the federal government sharing a portion of the profit.

Allow local reuse authorities to issue tax-exempt industrial development bonds, to serve as business incentives and provide financial support to local closure authorities during the conversion phase.

Closing military bases should be made foreign trade zones and federal enterprise zones with the associated tax advantages and investment credits to enable them to attract private investment. Distressed base closure communities should not have to compete for zone designation with other distressed communities. If authorizing legislation limits the number of zones, then base closure sites should be designated in addition to designations for other areas.

Any national infrastructure financing programs should set aside funds for infrastructure improvements on former military installations. Bases slated for closure often have substandard and poorly maintained streets, sewers and other utility systems. Infrastructure improvement costs can create insurmountable obstacles to reuse of bases. Conversely, without infrastructure improvements, the federal government will face increasingly costly maintenance costs after base closure.

Local contractors should have preference in providing environmental remediation. Local government/reuse entities should have preference in providing interim management and caretaker services.

**2.5.3 Property Transfer**—It is imperative to design and implement a review and transfer process that is consistent among the operating branches within DoD. This needs to be responsive to community reuse objectives and provide prompt transfer of property to accomplish early economic recovery.

There has been only one transfer of a major base property pursuant to the 1988 or 1991 base closure laws, out of 200 eligible properties. Only interim leases have been approved, most of which have been limited to one year, and all of which can be canceled with a 30 day notice. This has been one of the

greatest obstacles to local planning and development. It is difficult to recruit private businesses to locate on a base when the local governing entity can only offer a one year lease.

The pace at which leases are approved is too slow. There have been instances where lease applications have been delayed for more than nine months. DoD should process interim lease applications within 60 days as required by law.

DoD should act swiftly to implement PL. 102-426. This bill requires prompt identification and transfer of uncontaminated parcels of base property. "Parcelization" of bases with contamination on them has been held up by the Superfund law which forbids the transfer of federal property on the Superfund list until the contamination has been remediated. The law clarifies that uncontaminated parcels of bases on the Superfund list may be transferred before cleanup of contaminated parcels has been completed.

Negotiated sales of base property should require congressional review only if valued at \$1 million or more. Current law requires congressional review for sales worth \$100,000 or more.

The McKinney Homeless Assistance Act requires that all federal property, including closing bases, be made available to providers for the homeless. The enormous number and size of public properties on bases were not envisioned when this act was drafted. In order to eliminate any possibility of delay to reuse efforts which result from the ongoing nature of making federal property available to the homeless, legislation should be introduced which limits the screening period for McKinney Act uses on closed bases to the same screening period as federal agencies.

Key "person property" items such as machinery, equipment, and rolling stock should also be made available to assist in local economic recovery.

DoD should reexamine the policy which precludes the demolition of buildings prior to transferring bases. Many buildings are unusable because, for example, they contain asbestos, or do not comply with the Americans with Disabilities Act and state and local building codes.

Interim agreements should give local governments preference in exercising police powers and rendering caretaker services. The federal government should reimburse local governments for maintenance costs.

**2.5.4. Indemnification**—The threat of catastrophic liability for environmental contamination has seriously dampened efforts to attract private businesses to locate on closed military bases, and directly threatens local governments with potential liability. Reuse of facilities will often require public and private financing for infrastructure, buildings and business operations. Local governments and businesses will not find lenders willing to invest in construction of new facilities on closed bases unless lenders are assured that the federal government will be responsible for damages arising from toxic contamination caused by DoD. Indemnification is a waiver of sovereign immunity that places the federal government in the same position as any other owner of contaminated property. By waiving its sovereign immunity rights, the federal government will enhance the value of its property by making new investment possible.

DoD should expeditiously develop policy or regulations to permit interim leasing without demanding waiver of rights to indemnification against environmental liability.

**2.5.5. Environmental Cleanup**—Environmental contamination on bases must be cleaned to a standard that not only protects human health, but also permit reuse of the

facility in accordance with locally generated, legally defensible land use plans without the local agencies or private sector having to incur additional cleanup costs in order to reuse the facility. Local jurisdictions must have the opportunity to be active participants in all phases of environmental cleanup, including evaluation of site conditions and selection and implementation of remediation programs. The timetable for environmental impact statements, parcelization, and prioritization should be coordinated with civilian reuse plans.

Federal cleanup programs should provide training and employment of local residents to help mitigate the loss of jobs caused by base closure. Use of local contractors should improve compliance with local and state as well as federal standards. Funding for environmental cleanup at closing bases should continue at levels that support timely transfer and conversion.

**2.5.6 Fair Market Value**—Legislation is needed to enable DoD to transfer closing base property to local interests at no cost, reduced cost, or through flexible payment methods according to local conditions. Congress and DoD have made unrealistic estimates for profits the federal government will receive from reuse of closed installations. As a result, the conversion process is delayed, because base commanders are often forced to make economically unrealistic demands in the sale or lease of base facilities.

Currently, leases and sales of base property are required to be at "fair market value" even in cases where the purchasing community provided the original land to the military at no cost. This requirement hurts the ability of communities to attract new private sector jobs and investments and increases the financial burden on the base closure community.

The time period over which local governments must amortize loans to purchase these facilities is too short. Flexible payment methods could include installation sales with payment commencing after reuse operations have begun to show a positive cash flow. Alternatively, a Federal Finance Bank could be authorized to purchase federally guaranteed bonds to be issued by communities for local acquisition of closing base facilities with minimal down payments and at low interest rates.

The basis of market value is reuse. Highest and best reuse must be physically possible, appropriately supported, financially feasible, produce the highest monetary return or serve a public or institutional purpose. The appraisal of military bases is complex and challenging. The above definition of highest and best use allows considerable flexibility. A preappraisal agreement between the parties of negotiation would bridge a communication gap in the appraisal process. Areas of agreement may be (1) reuse assumptions, (2) existing physical conditions (including infrastructure), (3) community building code standards required for reuse, and (4) conversion funding resources. Properly communicated, realistic professional differences of opinion can bring about positive insight and assist in identifying the best alternatives and resolving issues. On the other hand, values based on limited knowledge, unrealistic assumptions, or simply widely different reuse considerations can cause communication gaps and negotiation roadblocks. A professional appraisal report that appropriately and realistically addresses existing physical, functional and market conditions and recognizes the gap (costs) between these existing

conditions and the ultimate reuse is a valuable resource to assist in disposition/acquisition negotiations. To understand an appraiser's opinion of value, all premises, assumptions, and projections that directed the appraiser should be stated.

The appraisal process tends to inflate the value of sites by failing to consider certain factors. For example, the fair market value of an interim lease will go down after the base closes and the available supply of building space skyrockets. The federal government, however, uses the pre closure figure for the value. The government also should consider the cost of holding and maintaining real estate when evaluating the present value of base property. For example, if a base could be sold today for \$1.5 million, or four years from now for \$10 million, which is the better deal for the federal government if the annual caretaker cost of the property is \$2.5 million? A discounted cash flow analysis should be used.

Local entities and the military should do joint appraisals. At a minimum the federal government should share appraisal instructions with localities so there is a common basis in assigning value to the cost of such things as asbestos removal and correcting building code violations. Appraisers should be instructed to value land based on uses that are consistent with locally developed land use plans even if the appraiser concludes that such use is not technically "higher and best use". As background, the "higher and best use" standard is appropriate in circumstances in which land use plans have not been modified for a long time and the appraiser concludes that there is a realistic chance of obtaining local government approval of more intensive uses of the site. Local government will be involved in the reuse plans of any closed base and they will rezone the base in the context of an overall strategy to mitigate the adverse impact of the closure. It is inappropriate, in that context, for an appraiser to step in and suggest that the community or a business cooperating with the community pay a higher price because the appraiser believes that there are other uses to which the land could be put.

**2.5.7 Job Retraining—The Economic Dislocation and Worker Adjustment Act (EDWAA)** administered under Title III of the Job Training Partnership Act currently serves displaced workers including those displaced due to defense downsizing. JTPA programs should continue to be utilized as the framework of any new comprehensive retraining program for dislocated workers.

The current EDWAA program would be greatly enhanced by making several changes at the state and federal level:

The administration should continue to target discretionary job training funds to those areas in which military bases have been closed or are in the process of closure.

The current application process for receiving these funds should be streamlined. Eliminating the lengthy delays in this process would increase the ability of local service providers to administer this program to dislocated military and civilian personnel on a timely basis.

Local entities should be given increased flexibility in the types of retraining programs they deem appropriate to operate and be able to bypass the current maze of approvals necessary at the state and federal level.

[From the National Commission for Economic Conversion & Disarmament]

#### COMMISSION CALLS FOR MORE BASE CLOSURES AND ADVANCE PLANNING IN CURRENT ROUND A SMALLER FOURTH ROUND?

On January 24, Defense Secretary William Perry announced that the next and fourth

round of base closings "will not be as large as the last one." This represents a sharp change from previous plans to make the next round larger than the previous three combined.

Secretary Perry claims the closure process is being slowed by the rising costs of base closure and the current shortage of funds. Yet "postponing closures only means the likelihood of greater closure costs in the future," said ECD Executive Director Greg Bischak, Ph.D., "and the delay of savings that could be realized from these closures."

Driving the base closure process is the goal of saving money while bringing the base structure in line with the Administration's force structure plans. These intentions have come up against the political pressures provided by the '96 elections as well as short-term budgetary pressures—because it takes money to make money through the base closure process. Yet "closing fewer bases now will only exacerbate the current mismatch between an extravagant base structure and a smaller force structure," said Dr. Bischak. "The far-flung base structure of the Armed Services is still not scaled to the reduced threats of the post-Cold War world. The taxpayer still pays too much and more downsizing needs to be done."

#### FORCE STRUCTURE REDUCTIONS SHOULD SHAPE CURRENT ROUND

In the last three rounds of base closures, over 70 major bases were selected for closure. The majority of the 20 bases targeted for closure in 1988 in the first round were Army bases. During the 1990 round the Air Force closed 13 and the Navy nine major installations. In the 1993 round the Navy was targeted for the bulk of the closures.

Planned reductions in the 1995 round will likely focus on downsizing bases home to heavy armor, bomber wings, Air National Guard tactical air wings and Navy air maintenance depots and ship repair facilities. A number of DoD laboratories sited on bases may be affected by the base closure round.

"Additional force structure reductions are also possible without compromising this nation's security," said Dr. Bischak. This would permit additional base closures, for additional savings. According to Commission estimates, over \$3.5 billion could be saved from the defense budget on an annual basis by closing unneeded additional bases.

#### ADVANCE PLANNING IS NEEDED

Efforts to keep bases off the final list constitute the predominant strategy of communities facing possible closure. According to Bischak, "In past base closure rounds, a 'Save the Base' impulse led communities across the nation to spend millions of dollars to save bases while not spending a dime on promoting conversion." In the last round of closures, Charleston, South Carolina spent over a million dollars to protect five installations, but managed to save only the local Navy hospital. California mounted a full-court press costing the state millions of dollars. Already this year San Antonio has commitments worth \$250,000 to save Brooks Air Force Lab, Kelly Air Force Base and other local facilities. Oklahoma has raised \$200,000 to save Tinker Air Force Base and Utah has already spent \$300,000 to protect Hill Air Force Base and plans to spend another \$300,000 before the final decision is made.

A Commission report by Catherine Hill with James Raffel, "Military Base Closures in the 1990s: Lessons for Redevelopment," concludes from a review of past base closure experiences that communities doing the most advance planning reap the greatest returns in jobs and economic opportunity. Those communities on the hit list in this round of closures should take advantage of protection offered by the FY95 Defense Au-

thorization Act which allows communities to do advance planning without prejudicing them for closure in the decision-making process.

#### BASE CLOSURE CONVERSION-RELATED PROGRAMS

(Dollars in millions)

Department	Fiscal year—		Change	Percent
	1995 appro.	1996 request		
Defense Department:				
Military Personnel Assistance .....	\$985	\$1,146	\$161	16
Community Assistance (OEA) <sup>1</sup> .....	39	59	20	51
Base Closure Implementation .....	2,809	3,897	1,088	39
Environmental Restoration .....	2,298	2,087	-211	-9
Commerce Department:				
EDA Defense Conversion .....	120	120	.....	.....
Labor Department:				
Dislocated Defense Worker Assistance <sup>2</sup> .....	178	178	.....	.....
Grand total .....	6,429	7,487	1,058	16

<sup>1</sup> Does not include JROTC or National Guard youth programs.

<sup>2</sup> Numbers based on White House, National Economic Council estimates of dollars going to defense workers from general dislocated workers assistance funds (Title III, JTPA; FY95 appropriation for this program was \$1.3 billion; FY96 request is \$1.4 billion).

#### BASE CLOSURE CONVERSION-RELATED FUNDING

In addition to legal protection for advance planning, funds are available for communities affected by proposed base closures that wish to pursue planning for economic development, worker retraining, and facility conversion. DoD was appropriated \$2.8 billion for base closure implementation for FY95. The \$2.3 billion appropriated for environmental restoration of Defense Department facilities may be the most important investment, because toxic contamination remains the greatest obstacle to base redevelopment. According to Bischak, "Up-front investments are required to enable rapid and environmentally responsible economic development."

In addition, the assistance provided by the Defense Department's Office of Economic Adjustment (OEA) is invaluable in providing technical assistance and grants to communities seeking to do advance planning. The implementation of communities' conversion planning is made possible by grants from the Economic Development Administration within the Commerce Department. These grants provide substantial funds for a range of services including: infrastructure development, technology initiatives, revolving loan funds and other economic development strategies. These funds are of vital importance because they leverage private sector and local public sector dollars for targeted investments to alleviate the sudden economic dislocation caused by base closures.

Funds from the Labor Department's Dislocated Worker Program and the Defense Department's Military Personnel Transition Assistance Program round out the palette of available assistance for communities and workers facing base closures. Both defense industry workers and employees of closed bases are eligible for assistance under the \$178 million going to dislocated defense worker retraining, and active duty personnel and civilian base employees are eligible for military transition assistance.

#### SUCCESSFUL CONVERSION MODELS

Communities at risk should look to successful models of conversion for instruction and encouragement. Both past and current bases possess assets of considerable potential use to the surrounding communities. Reuse is largely conditioned by the nature of the facilities on the base. Such facilities may include airfields, hospitals, or clinics, child care facilities, stores, theaters, recreational facilities and housing. Successful base reuse usually results from a community's ability to identify the comparative advantages of its regional economy and connect its base redevelopment effort to them.



Urban base reuse is generally easier than rural base reuse given a city's economic diversification and demand for the real estate and services that a redeveloped base might provide. As an example, the transformation of McCoy Air Force Base in Orlando into an air cargo transport hub brought about the employment of 6,000 people, easily compensating for the loss of 395 jobs.

Rural base reuse can also be successful given the proper planning. Presque Isle, closed in 1961, was located in an isolated rural location. However, the local leadership was able to transform the base into an economically diverse center by planning strategically, inviting outside companies to the site and prorating rent to the number of new jobs created. 1,302 jobs were created with new industrial tenants including Indian Head Plywood, Arrostook Shoe Company, International Paper, Converse Rubber Company, Northeast Publishing and a vocational training school.

Industrial parks are a popular option for base reuse. However, communities should be conscious of the wide variety of other possible projects. Air Force bases and naval air stations remain clear candidates for new municipal or regional airports and air cargo hubs. Redevelopment of former bases as schools has been a successful model with 47 bases closed in the 1960s and 1970s now having schools on them. And while using bases for low-income and homeless housing does not raise money through sale, it does achieve other important national objectives while allowing local governments to acquire the property at little or no cost. Other government uses are also possible, including administrative facilities, hospitals, postal distribution centers and offices, rehabilitation centers and prisons. Often, bases are large enough to accommodate public services and private developments under a "mixed-use" strategy.

#### INGREDIENTS OF SUCCESSFUL BASE CONVERSION

(1) Advance Planning; Communities should take full advantage of the protection provided by the law as well as the assistance provided by the Office of Economic Adjustment in the Defense Department to plan for base reuse before a closure occurs. They must evaluate the comparative advantages of alternative civilian purposes and the means of linking these economic development strategies with retraining options.

(2) The programs responsible for funding advance planning, economic development and retraining must all be funded sufficiently to provide adequate resources to support the base closure process.

(3) These programs, spread out over the Departments of Defense, Commerce and Labor, must be coordinated so that they can deliver comprehensive services efficiently.

(4) Cleanup funding should come from the DoD budget to discourage further pollution. The *Federal Facilities Compliance Act* and the federal agreements signed by the DoD, the EPA and State governments give State officials authority to enforce hazardous waste laws by levying fines and exacting other penalties on the Federal Government for lack of compliance with environmental regulations. Governor Pete Wilson of California recognized this right in a recent letter to Defense Secretary Perry stating, "California expects DOD to comply with the federal/state cleanup agreements it has signed at California military bases. DOD is contractually obligated to seek sufficient funding to permit environmental work to proceed according to the schedule contained in those agreements. California will not hesitate to assert its right under those agreements to seek fines, penalties and judicial orders compelling DOD to conduct required environmental work."

(5) There are many stakeholders in base reuse development. Local, state and federal government officials, private developers, universities, and local citizens and citizens groups all have a valuable role to play. No single party should be excluded or allowed to dominate the process. An active government role is essential to ensure that in instances where reuse is feasible, conversion plans carefully weigh the interests of private developers and the community's social and economic needs.

Since the bases are government property, the opportunity to use these former bases for public purposes should not be overlooked. A concerted planning effort, informed by an understanding of the differences among bases, is essential. With federal leadership and local activism, the downsizing of the military base structure could produce a host of assets to spur new economic development in communities across the nation.

#### IS AMERICA GOING TO LEAD?

Mr. LEAHY. Mr. President, there is an important question hanging over us like Damocles' sword today. It will loom over us as we consider the budget. It will confront us directly as we debate the reorganization of our foreign affairs agencies. The question is, Is America going to lead?

This is not a question that keeps people awake at night anymore. After all, people ask, we won the cold war, did we not? There is no longer any real threat to America's security, is there?

Mr. President, there have been few times in history when the United States can less afford to be complacent. The world today is anything but a predictable, peaceful place. While we are fortunate that the military threat to our security has receded, it is more true today than ever that American prosperity is linked to conditions in the rest of the world.

Millions of American jobs depend upon persuading other countries to open their borders of U.S. exports, and helping them raise their incomes so they can afford to buy our exports. Ensuring that we have clean air and clean water depends upon international action to protect the environment. Keeping Americans healthy depends on joint action to fight the spread of infectious diseases in other countries. Imagine if we are unable to contain the recent outbreak of a deadly virus in Zaire—very quickly you would see Senators clamoring for more aid to stop it from reaching our shores.

Stemming the flow of illegal immigrants and refugees to the United States depends on promoting democracy and economic development in the countries from which the refugees are fleeing. These are just a few examples of why we continue to have an enormous stake in what happens in the rest of the world.

Fortunately, the United States, the only remaining superpower with the largest economy and the most powerful military, can influence what happens in the rest of the world.

But influence is not automatic. It requires effort. And it costs money.

Perhaps most important, the United States needs to maintain its leadership in and its financial contributions to the international organizations that make critical contributions to promoting peace, trade, and economic development. Organizations like the United Nations, the World Trade Organization, the International Monetary Fund, and the World Bank, to name a few. These organizations are the glue that holds our international system together. They may not always act in precisely the way we would like, but they are dedicated to spreading the values that Americans hold dear—freedom, democracy, free enterprise, and competition.

The American people also want to help alleviate the suffering of people facing starvation or other calamities, like refugees fleeing genocide in Rwanda, or the hundreds of thousands of victims of landmines.

Finally Mr. President, the polls show that most Americans believe we should help developing countries and countries making the transition from communism to democracy and market economies. It is through this aid that we fight poverty, that we stabilize population growth, that we educate people who have never known anything except tyranny in the basics of representative government, and that we encourage countries to open their economies to trade and competition.

We do these things because it is in our national interest. Yet, in the rush to reduce Federal spending some are dismissing spending on international affairs as a luxury we cannot afford, or even a waste.

The United States cannot pay these costs alone, but no one is asking us to. The United States now ranks 21st among donors in the percentage of national income that it devotes to development assistance. Twenty-first. Right behind Ireland. We aren't even the largest donor in terms of dollar amount anymore. Japan, which has a keen sense of what is in its national interest, has passed us.

Six years ago, when I became chairman of the Foreign Operations Subcommittee, the foreign operations budget was \$14.6 billion. We cut that budget by 6.5 percent, not even taking into account inflation—while the remainder of the discretionary spending in the Federal budget increased by 4.8 percent. Those cuts were a calculated response to the end of the cold war. Foreign aid today is substantially less than it was during the Reagan and Bush administrations. Our entire foreign aid program, including funding for the Exim Bank and foreign military financing and other activities that have as much to do with promoting U.S. exports as with helping other countries, today accounts for less than 1 percent of the total Federal budget.

We must recognize that there is a limit to how far we can cut our budget for international affairs, and still maintain our leadership position in the world. Just when many people thought