

**MILITARY CONSTRUCTION AND VETERANS
AFFAIRS, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 2008**

THURSDAY, APRIL 19, 2007

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:01 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Jack Reed presiding.

Present: Senators Reed, Nelson, Hutchison, and Allard.

DEPARTMENT OF DEFENSE

DEPARTMENT OF THE ARMY

STATEMENT OF HON. KEITH E. EASTIN, ASSISTANT SECRETARY OF
THE ARMY, INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

LIEUTENANT GENERAL ROBERT WILSON, ASSISTANT CHIEF OF
STAFF FOR INSTALLATION, UNITED STATES ARMY

MAJOR GENERAL DAVID P. BURFORD, ASSISTANT TO THE DIRECTOR,
ARMY NATIONAL GUARD

BRIGADIER GENERAL RICHARD J. SHERLOCK, DEPUTY CHIEF,
ARMY RESERVE

STATEMENT OF SENATOR JACK REED

Senator REED. Good morning. Let me call the hearing to order and recognize my colleagues who are here, particularly the ranking member, Senator Hutchison. Her leadership over the last several years in this committee has put us in excellent position to consider the proposals that we're considering today, with respect to the Army and to the Navy.

I'm very pleased to welcome Secretary Eastin, Generals Wilson, Burford, and Sherlock to testify today before the subcommittee. I thank you for appearing and also thank you for your service to the country. Thank you very much.

The purpose of today's hearing is to receive testimony regarding this year's President's budget request for military construction for the Army, the Army National Guard, and the U.S. Army Reserve. This year's request shows significant change from previous years. The Army request has nearly doubled from \$2 billion to \$4 billion. Much of this is to accommodate the Army's Grow the Force Initiative.

The Reserve component request, on the other hand, are both seeing a significant decrease in infrastructure funding, all this at a time when the Reserve Forces are fully engaged with its Active Duty counterparts in Iraq, Afghanistan, and throughout the world. And, I intend to address this further during the questioning period.

Again, let me thank you for appearing before our committee. I look forward to the testimony and let me recognize the ranking member, Senator Hutchison.

Senator.

STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Thank you, Mr. Chairman. I am pleased to be able to talk to two of the Services that are going to experience the most growth in the next few years. And, it's a growth that I certainly support. In addition to this growth, the marines are also preparing to undertake a massive move, relocating 8,000 marines from Japan to Guam. This will be enabled through military construction and with the help of our Japanese partners. I will say that the Japanese have been very good partners in this regard, and we appreciate that very much. The Navy is currently tasked with overseeing all of these efforts on Guam to ensure that the move is done in a joint way.

The Army's initiative to grow by 65,000 Active Duty soldiers, 8,200 National Guard soldiers and 1,000 Reservists over the next 5 years—has caused, of course, an increase in Army military construction. Many of the soldiers that are coming back from overseas or are part of the increase will be stationed at Fort Bliss and Fort Hood, in my home State of Texas. I believe the increase in end-strength is absolutely the right thing to do. And, I think it is important that our military installations be able to plan appropriately for the increase in end-strength and the move from overseas.

At the end of BRAC and the global re-stationing, 90 percent of the U.S. Army will be based in the United States. This will provide more operational freedom of action, better training, and better family support for the Army than would be possible otherwise. I am pleased the Department of Defense and the Army have stayed on course for the restructuring, re-stationing, as well as increasing the end-strength of the Army. Along with BRAC, it will produce a stronger, more deployable, and more efficient Army, in which the vast, but constantly stretched, resources of our Army can be used in the most efficient manner.

The new San Antonio Military Medical Center at Fort Sam Houston, developed through the BRAC process, will serve as an excellent example of how consolidation can benefit the Army and the larger Department of Defense and Veterans' community through the synergies and expertise developed.

The Navy and Marine Corps increase will be used, in part, to support the growth of the Marine Corps by 22,000 Active Duty Marines over the next 4 years. The Navy and Marine Corps request will also support several other initiatives, including the Home Port Ashore Program, which gets sailors off ships and into barracks. This program will provide great quality of life improvements for our sailors and will be fully funded in 2008. I'm very pleased with this initiative of the Navy.

I'm somewhat concerned about the downward trend in military construction for our Guard and Reserve components. These brave citizen-soldiers are making huge contributions in the global war on terror, and yet, their facilities are often in the worst shape. The overall funding level is down 19 percent from last year's request and 18 percent from the fiscal year 2007 enacted level.

I understand there is funding for Guard and Reserve in the BRAC account, but I'm also interested in seeing that we keep up with the normal military construction funding to improve these facilities.

I thank you for all the work that you are doing in the military construction area and certainly, in the main, you will have the support of this committee. Thank you.

Senator REED. Thank you very much, Senator Hutchison. And, all of those statements of my colleagues were made part of the record, but if Senator Nelson, Senator Allard, you'd make brief opening comments.

Senator Nelson.

Senator NELSON. I'll wait until—

Senator REED. Senator Allard.

Senator ALLARD. Mr. Chairman, I do have some comments and I'll, I'll put them in the record—

Senator REED. Thank you.

Senator ALLARD [continuing]. So we can proceed with the hearing. Thank you.

Senator REED. Thank you very much.

Mr. Secretary.

STATEMENT OF KEITH E. EASTIN

Mr. EASTIN. Good morning. Thank you, Mr. Chairman, Senator Hutchison, and other members. I have a written statement. I ask that you would include it in the record.

Senator REED. All written statements will be made part of the record. You can summarize. In fact, we prefer you summarize.

Mr. EASTIN. I will try to be short. We have a lot to do today and I know my colleagues in the Navy are following right behind.

I have with us today, Lieutenant General Robert Wilson, who is the Commander of the Installation Management Command, Major General Dave Burford, who is here representing the Army National Guard, and Brigadier General Rich Sherlock, who will be talking to you about the Reserves.

The Army has a very ambitious program, as you can see, not only monetarily, but ambitiously in terms of its operations. We are converting from a division-centric force to a brigade-centric force. We're calling that transformation. We're in the middle of a BRAC operation that will be moving some 50,000 people—civilians and military—around the country. We'll be moving some soldiers back from Germany and from Korea, another 45,000 or 50,000 there. And then, to top it all off, we decided to grow the active Army about 65,000, of which, give or take 37,000 will hit in the early years. So, we have a lot people moving around and where people move they have to have places to reside, raise their families, train, deploy from, and keep their equipment. So, with each of these moves comes a rather hefty military construction requirement.

PREPARED STATEMENT

So, but what we have in the BRAC, in the BRAC moves, we are doing 13 closures of installations, 53 realignments of various installations and operations, closing 387 Guard and Reserve centers, but at the same time, building 125 new centers for them to take place. All in all, in the BRAC world alone, we have 1,300 discrete moves that are required by the BRAC Commission. So, it's an ambitious program and one that, that we hope you will support financially because it's required to keep our all-volunteer Army alive, keep their families well situated, and keep the fight progressing.

With that, I'll pass this over to General Wilson, and he can make a statement.

[The statement follows:]

PREPARED STATEMENT OF KEITH E. EASTIN, ROBERT WILSON, DAVID P. BURFORD
AND RICHARD J. SHERLOCK

INTRODUCTION

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's Military Construction budget request for fiscal year 2008. We have a robust budget that is crucial to the success of the Army's new initiatives and sustains vital, ongoing programs of critical importance to the Army. We appreciate the opportunity to report on them to you. We would like to start by thanking you for your unwavering support to our soldiers and their families serving our Nation around the world. They are and will continue to be the centerpiece of our Army, and they could not perform their missions so successfully without your steadfast support.

OVERVIEW

TRANSFORMING INSTALLATIONS WHILE THE ARMY IS AT WAR

Installations are the home of combat power—a critical component of the Nation's force capabilities. Your Army is working hard to ensure that we deliver cost-effective, safe, and environmentally sound capabilities and capacities to support the national defense mission.

The tremendous changes in our national security environment since the terrorist attacks on our Nation clearly underscore the need for a joint, integrated military force ready to defeat all threats to U.S. interests. To meet these security challenges, we require interrelated strategies centered on people, forces, quality of life, and infrastructure. Regarding infrastructure, we need a global framework of Army installations, facilities, ranges, airfields, and other critical assets that are properly distributed, efficient, and capable of ensuring that we can successfully carry out our assigned roles, missions, and tasks that safeguard our security at home and abroad.

Army infrastructure must enable the force to fulfill its strategic roles and missions to generate and sustain combat power. As we transform our operational forces, so too must we transform the institutional Army and our installation infrastructure to ensure this combat power remains relevant and ready. We will accomplish these efforts by the combined stationing efforts of Base Realignment and Closure (BRAC) 2005, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, and the President's "Grow the Force" initiative.

STATIONING

The stationing initiative is a massive undertaking, requiring the synchronization of base realignments and closures, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. Our decisions to synchronize activities associated with stationing and realigning our global basing posture continue to be guided by the following key criteria:

- Meeting operational requirements
- Providing economic benefits
- Using existing infrastructure to reduce cost and excess capacity
- Funding critical requirements to achieve unit mission
- Compliance with applicable laws

- Minimizing the use of temporary facilities
- Giving facility priority to ranges, barracks, housing, vehicle maintenance shops, headquarters and operations, dining and instruction facilities

Completion of this combined set of initiatives will result in an Army that is better positioned to respond to the needs and requirements of the 21st Century security environment, with our soldiers and families living at installations that are truly “Flagships of Army Readiness”.

INFRASTRUCTURE QUALITY

In addition to mission support, our installations provide the base of support for soldiers and their families. The environment in which our soldiers train, our civilians work, and our families live plays a key role in recruiting and retaining the high quality people the Army needs. Through efforts such as Barracks Modernization and Residential Communities Initiative (RCI) housing privatization, the Army has made tremendous progress in improving the quality of life for soldiers and their families. These efforts will combine with the Army’s stabilization of the force to forge greater bonds between units, soldiers, families, and the communities in which they live.

The quality of our installations is critical to support the Army’s mission, its soldiers, and their families. Installations serve as the platforms we use to train, mobilize, and rapidly deploy military power. When forces return from deployments, installations enable us to efficiently reset and regenerate combat power for future missions. In the past year, the Army has made tremendous progress in enhancing training and improving its ability to generate and reset the force.

GLOBAL DEFENSE POSTURE REALIGNMENT (GDPR)

The United States’ global defense posture defines the size, location, types, and roles of military forces and capabilities. It represents our ability to project power and undertake military actions beyond our border. Together with our overall military force structure, our global defense posture enables the United States to assure allies, dissuade potential challengers, deter enemies, and, if necessary, defeat aggression. The new global defense posture will be adjusted to the new security environment in several key ways: (1) expand allied roles, build new partnerships, and encourage transformation, (2) create greater operational flexibility to contend with uncertainty (3) focus and act both within and across various regions of the world, (4) develop rapidly deployable capabilities, and lastly, the United States and its allies and partners will work from a different paradigm than in the past: GDPR will relocate approximately 45,500 soldiers and their families from Europe and Korea to the United States over the next 5 to 6 years. These moves are critical to ensure Army forces are properly positioned worldwide to support our National Military Strategy. The new posture will yield significant gains in military effectiveness and efficiency in future conflicts and crises and will enable the U.S. military to fulfill its many global roles. The new posture will also have a positive effect on our military forces and families. While we will be moving toward a more rotational and unaccompanied forward presence, these rotations will be balanced by more stability at home with fewer overseas moves and less disruption in the lives of spouses and dependents.

ARMY MODULAR FORCE

The Army Modular Force initiative transforms the Army from units based on the division organization into a more powerful, adaptable force built on self-sufficient, brigade-based units that are rapidly deployable. These units, known as Brigade Combat Teams (BCTs), consist of 3,500 to 4,000 soldiers. BCTs increase the Army’s combat power while meeting the demands of global requirements without the overhead and support previously provided by higher commands. The main effort of Army transformation is the Army Modular Force, which reorganizes the Total Army: the Active Component, Army National Guard, and Army Reserve into modular theater armies, theater support structure, corps and division headquarters, BCTs, and multi-functional and functional support brigades. The Army is reorganizing from a division-based to a modular brigade-based force to achieve three primary goals:

First, increase the number of available BCTs to meet operational requirements while maintaining combat effectiveness equal to or better than previous divisional brigades. Second, create brigade-size combat support and combat service support formations of common organizational designs that can be easily tailored to meet the varied demands of the geographic combatant commanders and reduce the complexities of joint planning and execution. Third, redesign organizations to perform as integral parts of the joint force, making them more effective across the range of military operations and enhancing their ability to contribute to joint, interagency, and

multinational efforts. By implementing the Army Modular Force, the Army is transforming to be better prepared to meet the challenges of the new security environment characterized by continuous full-spectrum operations against adaptive enemies in complex environments.

The fiscal year 2008 budget includes projects to ensure that our facilities continue to meet the demands of force structure, weapons systems, and doctrinal requirements. As of fiscal year 2006, we have funded 93 percent of the military construction requirements for the Stryker Brigade Combat Teams, including Army National Guard requirements in Pennsylvania. Remaining construction funding for both the Active Army and Army National Guard will be requested in future budget requests.

New facility requirements for transforming units are being provided, where feasible, through the use of existing assets. Where existing assets are not available, the Army is programming high-priority projects to support soldiers where they live and work. The Army is requesting \$414 million for fiscal year 2008 to provide permanent facilities in support of the BCTs. The remaining Army Modular Force requirements will be addressed in future budget requests.

GROW THE ARMY

The President's recent Grow the Force initiative announced on January 10, 2007, will increase the Army by 74,000 soldiers over the next 5 years. Part of this year's request, \$2.363 billion, supports this initiative. Grow the Army projects include essential facilities required to support the increase in end strength such as brigade complexes and associated combat support, combat service support, training, and quality of life facilities worldwide. Funding is requested for planning and design and military construction projects in the active Army, Army National Guard, and for Army Family Housing. Details for these projects will be provided separately.

THE WAY AHEAD

To improve the Army's facilities posture, we have undertaken specific initiatives or budget strategies to focus our resources on the most important areas—Range and Training Lands, Barracks, Family Housing, and Workplaces.

Range and Training Lands.—Ranges and training lands enable our Army to train and develop its full capabilities to ensure our soldiers are fully prepared for the challenges they will face. Our Army Range and Training Land Strategy supports Army transformation and the Army's Sustainable Range Program. The Strategy identifies priorities for installations requiring resources to modernize ranges, mitigate encroachment, and acquire training land.

Barracks.—Providing safe, quality housing is a crucial commitment the Army has made to its soldiers. We owe single soldiers the same quality housing that is provided to married soldiers. Modern barracks are shown to significantly increase morale, which positively impacts readiness and quality of life. The importance of providing quality housing for single soldiers is paramount to success on the battlefield. The Army is in the 15 year of its campaign to modernize barracks to provide 134,500 single enlisted permanent party soldiers with quality living environments. The new complexes meet DOD "1+1" or equivalent standard by providing two-Soldier suites, increased personal privacy, larger rooms with walk-in closets, new furnishings, adequate parking, landscaping, and unit administrative offices separated from the barracks.

Family Housing.—This year's budget continues our significant investment in our soldiers and their families by supporting our goal to have contracts and funding in place to eliminate remaining inadequate housing at enduring overseas installations by the end of fiscal year 2009. The United States inadequate inventory was funded for elimination by the end of fiscal year 2007 through privatization, conventional military construction, demolition, divestiture of uneconomical or excess units and reliance on off-post housing. For families living off post, the budget for military personnel maintains the basic allowance for housing that eliminates out of pocket expenses.

Workplaces.—Building on the successes of our family housing and barracks programs, we are moving to improve the overall condition of Army infrastructure by focusing on revitalization of our workplaces. Projects in this year's budget will address requirements for operational, administration, instructional, and maintenance facilities. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet its national security mission.

LEVERAGING RESOURCES

Complementary to these budget strategies, the Army also seeks to leverage scarce resources and reduce our requirements for facilities and real property assets. Privatization initiatives such as RCI, utilities privatization, and build-to-lease family housing in Europe and Korea represent high-payoff programs which have substantially reduced our dependence on investment funding. We also benefit from agreements with Japan, Korea, and Germany where the Army receives host Nation funded construction.

In addition, Congress has provided valuable authorities to utilize the value of our non-excess inventory under the Enhanced Use Leasing program and to exchange facilities in high-cost areas for new facilities in other locations under the Real Property Exchange program. In both cases, we can capitalize on the value of our existing assets to reduce un-financed facilities requirements.

The Army is transforming military construction by placing greater emphasis on installation master planning and standardization of facilities as well as planning, programming, designing, acquisition, and construction processes. Looking toward the immediate future, we are aggressively reviewing our construction standards and processes to align with industry innovations and best practices. In doing so, we expect to deliver quality facilities at lower costs while meeting our requirements more expeditiously. By encouraging the use of manufactured building solutions and other cost-effective, efficient processes, the Army will encourage non-traditional builders to compete. Small business opportunities and set-aside programs will be addressed, as well as incentives for good performance. Work of a repetitive nature coupled with a continuous building program will provide the building blocks for gaining efficiencies in time and cost.

MILITARY CONSTRUCTION

Military Construction Appropriation	Authorization Request	Authorization of Appropriations Request	Appropriation Request
Military Construction Army (MCA)	\$3,385,329,000	\$4,039,197,000	\$4,039,197,000
Military Construction Army National Guard (MCNG)	N/A	404,291,000	404,291,000
Military Construction Army Reserve (MCAR)	N/A	119,684,000	119,684,000
Army Family Housing Construction (AFHC)	419,400,000	419,400,000	419,400,000
Army Family Housing Operations (AFHO)	742,920,000	742,920,000	742,920,000
BRAC 95 (BCA)	73,716,000	73,716,000	73,716,000
BRAC 2005 (BCA)	4,015,746,000	4,015,746,000	4,015,746,000
GWOT MCA	738,850,000	738,850,000	738,850,000
TOTAL	9,375,961,000	10,553,804,000	10,553,804,000

The Army's fiscal year 2008 budget request includes \$10.6 billion for Military Construction appropriations and associated new authorizations, Army Family Housing, and BRAC.

MILITARY CONSTRUCTION, ARMY (MCA)

The Active Army fiscal year 2008 Military Construction budget request is \$3,385,329,000 for authorization and \$4,039,197,000 for authorization of appropriations and appropriation, including \$1,608,129,000 for Grow the Army. This year's projects support the infrastructure necessary to ensure continued Soldier readiness and family well-being.

Soldiers as our Centerpiece Projects.—The well-being of our soldiers, civilians, and families is inextricably linked to the Army's readiness. We are requesting \$590 million of our MCA budget for projects to improve Soldier well-being in significant ways.

The Army continues to modernize and construct barracks to provide enlisted single soldiers with quality living environments. This year's budget request includes 14 barracks projects to provide improved housing for 3,703 soldiers and new barracks in support of major stationing moves as we recast the footprint of the Army. With the approval of \$1,392 million for new barracks in this budget, 82 percent of our requirement will be funded at the "1 + 1" or equivalent standard.

We are requesting the third increment of funding, \$47.4 million, for the previously approved, incrementally funded, multiple-phased barracks complex at Fort Bragg, North Carolina. In addition, we are requesting the second increment of funding, \$102 million, for the brigade complex at Fort Lewis, Washington. We will award the complex as a single contract to gain cost efficiencies, expedite construction, and pro-

vide uniformity in like facility types. The budget also includes a \$175 million for two training barracks complexes at Fort Benning, Georgia, and another at Fort Bragg, North Carolina, which will house 2,580 training soldiers.

Overseas Construction.—Included in this budget request is \$382 million in support of high-priority overseas projects. In Germany, we continue our consolidation of units to Grafenwoehr as part of our Efficient Basing—Grafenwoehr initiative. This allows us to close numerous installations as forces relocate to the United States and within Europe reducing base support requirements and enhancing Soldier training. In Korea, we are again requesting funds to further our relocation of forces on the peninsula. This action is consistent with the Land Partnership Plan agreements entered into by the United States and Republic of Korea Ministry of Defense. Our request for funds in Italy is GDPR related and relocates forces from Germany to Vicenza to create a full Airborne BCT as part of the Army's transformation to a modular force. The Airborne BCT complex also includes new barracks to house 513 soldiers. Additional locations in Germany will close as construction is completed.

Mission and Training Projects.—Projects in our fiscal year 2008 budget will provide maintenance facilities, brigade complexes and headquarters, operational and administration facilities, and training ranges. These projects support and improve our installations and facilities to ensure the Army is deployable, trained, and ready to respond to meet our National Security mission. The budget request also includes two overseas Forward Operating Site base camps for \$74 million that will provide a brigade (minus)-sized operational facility to support rotational training, allow for increased U.S. partnership training, and promote new military to military relationships.

We will also construct a battle command training center and simulations training facility, urban operations terrain, urban assault course, modified record firing ranges, and digital multipurpose training ranges. These facilities will provide our soldiers realistic, state-of-the-art live-fire training. We are requesting a total of \$177 million for these high-priority projects. We are also requesting funding of \$22.3 million for two defense access roads.

Army Modular Force Projects.—Our budget continues support of the transformation of the Army to a modern, strategically responsive force and contains \$315 million for three brigade complexes and other facilities. The new barracks will house 1,156 soldiers in support of the Army Modular Force.

SOUTHCOM Headquarters Project.—Our budget supports a new consolidated headquarters building with other support facilities. Our budget request contains \$237 million for the new facilities that will replace multiple leased facilities scattered throughout the Miami, Florida, metropolitan area. The new consolidated building will support over 2,800 Active, Reserve and civilian personnel whose mission is to achieve U.S. strategic objectives within their area of responsibility which spans 32 countries.

Global War on Terrorism Projects.—The budget request also includes \$738.8 million for 33 critical construction projects in Iraq and Afghanistan to support Operations Iraqi Freedom and Enduring Freedom including \$19.4 million for planning and design. These funds will provide force protection, airfield facilities, operational facilities, support facilities, fuel handling and storage, and roads.

Other Support Programs.—The fiscal year 2008 budget includes \$481 million for planning and design of future projects, including \$383 million to Grow the Army. As executive agent, we also provide oversight of design and construction for projects funded by host nations. The fiscal year 2008 budget requests \$23 million for oversight of approximately \$800 million of host nation funded construction for all Services in Japan, Korea, and Europe.

The budget request also contains \$23 million for unspecified minor construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD

The Army National Guard's fiscal year 2008 Military Construction request for \$404,291,000 for appropriation and authorization of appropriations, including \$77 million for Grow the Army, is focused on Current Readiness, Transformation, other support, and unspecified programs.

Current Readiness.—In fiscal year 2008, the Army National Guard is requesting \$36.9 million for four projects to support current readiness. These funds will provide the facilities our soldiers require as they train, mobilize, and deploy. Included are one logistics building and three Readiness Centers.

Army Modular Force.—The Army National Guard is also requesting \$237.8 million for 28 projects in support of new missions. There are 13 projects for the Stryker

Brigade Combat Team initiative, four for the Army Division Redesign Study, eight range projects to support the Army Range and Training Land Strategy, and three Aviation Transformation projects to provide facilities for modernized aircraft and change unit structure.

Other Support Programs.—The fiscal year 2008 Army National Guard budget also contains \$43.8 million for planning and design (including \$17 million for Grow the Army) of future projects and \$8.7 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

MILITARY CONSTRUCTION, ARMY RESERVE

The Army Reserve fiscal year 2008 Military Construction request for \$119,684,000 (for appropriation and authorization of appropriations) is for Current Readiness, other support, and unspecified programs.

Current Readiness.—In fiscal year 2008, the Army Reserve will invest \$73.2 million to build five new Army Reserve Centers, \$17 million for a combined maintenance facility, and \$8.5 million to construct a regional medical training facility—for a total facility investment of \$98.7 million. Construction of the five Reserve Centers will support over 1,700 Army Reserve soldiers and civilian personnel. In addition, the Army Reserve will invest \$7.0 million to construct a training range and a training range support facility, which will be available for joint use by all Army components and military services.

Other Unspecified Programs.—The fiscal year 2008 Army Reserve budget request includes \$10.9 million for planning and design for future year projects and \$3.0 million for unspecified minor military construction to address unforeseen critical needs or emergent mission requirements that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING CONSTRUCTION (AFHC)

The Army's fiscal year 2008 family housing request is \$419,400,000 for authorization, authorization of appropriation, and appropriation, including \$266 million for Grow the Army. It continues the successful Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992 and our RCI program.

The fiscal year 2008 new construction program provides a Whole Neighborhood replacement project at Ansbach, Germany, in support of 138 families for \$52.0 million using traditional military construction.

The Construction Improvements Program is an integral part of our housing revitalization and privatization programs. In fiscal year 2008, we are requesting \$266.0 million in support of Grow the Army, as well as \$99.4 million for direct equity investment in support of the privatization of 3,998 homes at Fort Wainwright, Alaska, Fort Sill, Oklahoma, and Fort Jackson, South Carolina.

In fiscal year 2008, we are also requesting \$2.0 million for planning and design for future family housing construction projects critically needed for our soldiers.

Privatization.—RCI, the Army's housing privatization program, is providing quality housing that soldiers and their families can proudly call home. The Army is leveraging appropriated funds and existing housing by engaging in 50-year partnerships with nationally recognized private real estate development, property management, and home builder firms to construct, renovate, repair, maintain, and operate housing communities.

The RCI program will include 45 locations, with a projected end state of over 86,000 homes—99 percent of the on-post family housing inventory in the United States. To date, the Army has privatized 35 locations, with almost 75,000 homes. Initial construction and renovation at these 35 installations is estimated at \$9.8 billion over a 3 to 10 year development period, of which the Army has contributed about \$0.8 billion. Although most projects are in the early phases of their initial development, since 2001 our partners have constructed 8,613 new homes, and renovated 8,415 homes. The fiscal year 2008 budget request of \$99.4 million will allow the Army to expand the portfolio of privatized family housing to three additional installations.

ARMY FAMILY HOUSING OPERATIONS (AFHO)

The Army's fiscal year 2008 Family Housing Operations request is \$742,920,000 (for appropriation and authorization of appropriations), which is approximately 64 percent of the total family housing budget. This account provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus or uneconomical housing, and funds supporting management of the Military Housing Privatization Initiative.

Operations (\$139 million).—The operations account includes four sub-accounts: management, services, furnishings, and a small miscellaneous account. All operations sub-accounts are considered “must pay accounts” based on actual bills that must be paid to manage and operate family housing.

Utilities (\$145 million).—The utilities account includes the costs of delivering heat, air conditioning, electricity, water, and wastewater support for family housing units. While the overall size of the utilities account is decreasing with the reduction in supported inventory, per-unit costs have increased due to general inflation and the increased costs of fuel.

Maintenance and Repair (\$216 million).—The maintenance and repair account supports annual recurring projects to maintain and revitalize family housing real property assets. Since most family housing operational expenses are fixed, maintenance and repair is the account most affected by budget changes. Funding reductions result in slippage of maintenance projects that adversely impact Soldier and family quality of life.

Leasing (\$206 million).—The leasing program provides another way of adequately housing our military families. The fiscal year 2008 budget includes funding for 11,836 housing units, including 3,680 existing Section 2835 (“build-to-lease”—formerly known as 801 leases) project requirements, 1,907 temporary domestic leases in the United States, and 6,249 foreign units.

Privatization (\$37 million).—The privatization account provides operating funds for implementation and oversight of privatized military family housing in the RCI program. RCI costs include selection of private sector partners, environmental studies, real estate surveys, and consultants. These funds support the preparation and execution of partnership agreements and development plans, and oversight to monitor compliance and performance of the privatized housing portfolio.

BASE REALIGNMENT AND CLOSURE (BRAC)

The Army is requesting \$4,015,746,000 for BRAC 2005 which is critical to the success of the Army’s new initiatives, and \$73,716,000 for legacy BRAC to sustain vital, ongoing programs. All BRAC activity takes place within the context of achieving the Army’s goals of winning the Global War on Terrorism, transforming from a division-structured, forward-deployed force to one comprised of agile BCTs stationed on U.S. soil and Growing the Army in a manner that maintains the Army’s ability to win decisively any time, any where.

BRAC 2005 is carefully integrated with the Defense and Army programs of GDPR, Army Modular Force, and Grow the Army. Collectively, these initiatives allow the Army to focus its resources on installations that provide the best military value, supporting improved responsiveness and readiness of units. The elimination of Cold War era infrastructure and the implementation of modern technology to consolidate activities frees up financial and human resources to allow the Army to better focus on its core war fighting mission. These initiatives are a massive undertaking, requiring the synchronization of base closures, realignments, military construction and renovation, unit activations and deactivations, and the flow of forces to and from current global commitments. If done efficiently, the end results will yield tremendous savings over time, while positioning forces, logistics activities, and power projection platforms to efficiently and effectively respond to the needs of the Nation.

As an essential component of Army transformation, BRAC 2005 decisions optimize infrastructure to support the Army’s current and future force requirements. Under BRAC 2005, the Army will close 13 Active Component installations, 387 Reserve Component installations and 8 leased facilities. BRAC 2005 realigns 53 installations and/or functions and establishes Training Centers of Excellence, Joint Bases, a Human Resources Center of Excellence, and Joint Technical and Research facilities. To accommodate the units relocating from the closing Reserve Component installations, BRAC 2005 creates 125 multi-component Armed Forces Reserve Centers and realigns the Army Reserve command and control structure. By implementing BRAC 2005 decisions, the Active Army will maintain sufficient surge capabilities to expand to 48 maneuver brigades and handle increased production, training, and operational demands now and in the future. BRAC 2005 better postures the Army for an increase in end strength by facilitating the Army’s transformation to a modular force and revitalizing and modernizing the institutional Army through consolidation of schools and centers.

In total, over 150,000 soldiers and civilian employees will relocate as BRAC is implemented over the next 5 years. The over 1,300 discrete actions required for the Army to successfully implement BRAC 2005 are far more extensive than all four previous BRAC rounds combined and are expected to create significant recurring

annual savings. BRAC 2005 will enable the Army to become a more capable expeditionary force as a member of the Joint team while enhancing the well-being of our soldiers, civilians, and family members living, working, and training on our installations.

BRAC 2005 IMPLEMENTATION STRATEGY

The Army has an aggressive, carefully synchronized, fully resourced, BRAC fiscal year 2006–2011 implementation plan, designed to meet the September 2011 deadline, while supporting our national security priorities. National Environmental Policy Act (NEPA) requirements necessary to support our implementation plan were initiated in fiscal year 2006 to enable the early award of essential construction projects. Our BRAC construction plan is fully coordinated and carefully synchronized to support our overall strategy for re-stationing, realigning, and closing installations while continuing to fully support ongoing missions and transformation initiatives. This construction plan identifies requirements, defines scope, and considers existing installation capacity and infrastructure needs. It is an extremely complex plan that manages numerous construction projects, re-stationing actions, BRAC moves, and deployment timelines to allow the Army to implement the BRAC statute while supporting critical missions worldwide.

Seventy-five percent of all required construction projects are planned for award by the end of fiscal year 2009, and 100 percent by the end of fiscal year 2010. This will enable the major movement of units and personnel in fiscal years 2010 and 2011, with expected completion by the mandated BRAC 2005 deadline.

In fiscal year 2006 the Army awarded 11 BRAC military construction projects to support re-stationing and realignments, including: three projects to support GDPR; two incremental projects for BCTs, and five Armed Forces Reserve Centers, totaling over \$788 million. In fiscal year 2007, the Army plans to award and start construction on 75 projects: 23 projects to support GDPR; 27 Reserve Component projects in 14 States, and 25 other Active Component projects estimated to cost over \$3.3 billion, including planning and design for fiscal year 2008 and 2009 projects. This will lay the foundation for follow-on projects, and in earnest, start the implementation of our synchronized construction program.

As signed into law, the Revised Continuing Appropriations Resolution, 2007 (Public Law 110–5) does not allow us to accomplish our fiscal year 2007 BRAC construction and threatens to derail our carefully integrated implementation plan. The Appropriation provides less than half of the total BRAC funds requested, creating a shortfall of approximately \$2 billion for the Army. If the Army program is not fully funded, we will be significantly challenged to execute BRAC as intended. Construction of required facilities will be delayed, and the resulting impact will cascade through our re-stationing, transformation, and growth plans for years to come.

BRAC 2005 FISCAL YEAR 2008 BUDGET

The Army's fiscal year 2008 budget request of \$4,015,746,000 will continue to fund both BRAC and GDPR actions necessary to comply with BRAC 2005 Law. The Army plans to award and begin construction of 89 military construction projects, plus planning and design for fiscal year 2009 and 2010 projects. This is estimated to cost \$3,241,521,000 and includes: 16 additional GDPR projects, 31 Army National Guard and Army Reserve projects, and an additional 42 Active Component projects.

A significant portion of the Army's BRAC request supports the transformation and re-stationing of the operational force. BRAC military construction projects support major realignments of forces returning to the United States from Europe, as well as several stateside relocations. The fiscal year 2008 budget request also funds projects supporting Reserve Component transformation in 19 States. This is a healthy start to addressing BRAC 2005 recommendations impacting the Army Reserve and Army National Guard.

The BRAC budget request will also fund furnishings for 86 BRAC projects awarded in fiscal years 2006 and 2007 as the buildings reach completion and occupancy. The request also funds movement of personnel, ammunition, and equipment associated with 25 BRAC Commission Recommendations.

The Army will continue to procure investment type equipment in fiscal year 2008 in support of our BRAC military construction program as part of the "other procurement" budget line. This equipment exceeds the investment and expense unit cost threshold of \$250,000 each and includes information technology infrastructure and equipment for the 86 previously awarded BRAC projects, which will be impacted if fiscal year 2007 funding is not fully restored.

In fiscal year 2008, the Army will initiate environmental closure and cleanup actions at 14 BRAC properties. These activities will continue efforts previously ongo-

ing under the Army Installation restoration program and will ultimately support future property transfer actions. The budget request for environmental programs is \$86,756,000, which includes Munitions and Explosives of Concern and Hazardous and Toxic Waste restoration activities.

PRIOR BRAC

Since Congress established the Defense Base Closure and Realignment Commission in 1990, the Department of Defense has successfully executed four rounds of base closures to reduce and align the military's infrastructure to the current security environment and force structure. As a result, the Army estimates approximately \$11.7 billion in savings through 2007—nearly \$1 billion in recurring, annual savings from prior BRAC rounds.

The Army is requesting \$73.7 million in fiscal year 2008 for prior BRAC rounds (\$3.4 million to fund caretaking operations of remaining properties and \$70.3 million for environmental restoration) to address environmental restoration efforts at 147 sites at 14 prior BRAC installations. To date, the Army has spent \$2.7 billion on BRAC environmental restoration for installations impacted by the previous four BRAC rounds. We disposed of 235,361 acres (89 percent of the total acreage disposal requirement of 258,607 acres), with 23,246 acres remaining.

OPERATION AND MAINTENANCE

The Army's fiscal year 2008 Operation and Maintenance budget includes \$2.740 billion in funding for Sustainment, Restoration, and Modernization (S/RM) and \$8.133 billion in funding for Base Operations Support (BOS). The S/RM and BOS accounts are inextricably linked with our military construction programs to successfully support our installations. The Army has centralized the management of its installations assets under the Installation Management Command to best utilize this funding.

Sustainment, Restoration, and Modernization (S/RM).—S/RM provides funding for the Active and Reserve Components to prevent deterioration and obsolescence and restore the readiness of facilities on our installations.

Sustainment is the primary account in installation base support funding responsible for maintaining the infrastructure to achieve a successful readiness posture for the Army's fighting force. It is the first step in our long-term facilities strategy. Installation facilities are the mobilization and deployment platforms of America's Army and must be properly maintained to be ready to support current missions and future deployments.

The second step in our long-term facilities strategy is recapitalization by restoring and modernizing our existing facility assets. Restoration includes repair and restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident, or other causes. Modernization includes alteration or modernization of facilities solely to implement new or higher standards, including regulatory changes to accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Base Operations Support.—This account funds programs to operate the bases, installations, camps, posts, and stations for the Army worldwide. The program includes municipal services, government civilian employee salaries, family programs, environmental programs, force protection, audio/visual, base communication services, and installation support contracts. Army Community Service and Reserve Component family programs include a network of integrated support services that directly impact Soldier readiness, retention, and spouse adaptability to military life during peacetime and through all phases of mobilization, deployment, and demobilization.

SUMMARY

Mr. Chairman, our fiscal year 2008 Military Construction and BRAC budget requests are balanced programs that support our soldiers and their families, the Global War on Terrorism, Army transformation, readiness, and DOD installation strategy goals. We are proud to present this budget for your consideration because of what this budget will provide for our Army:

- 138 homes replaced or renovated
- 3,998 additional homes privatized
- Approximately 42,600 government-owned and leased homes operated and sustained at the end of fiscal year 2008
- Portfolio management of 78,426 privatized homes
- 33 projects in support of Operations Iraqi Freedom and Enduring Freedom
- 9,461 soldiers get new barracks

- \$254 million in Training Ranges
 - \$6.1 billion invested in Soldier/Family Readiness
 - \$2,363 million to Grow the Army
 - Base Realignment and Closure:
 - Statutory compliance by 2011 for BRAC
 - 89 Military Construction projects
 - Planning & Design for fiscal year 2009–2010 Projects
 - Remaining NEPA for BRAC 2005 actions
 - Continued Environmental Restoration of 23,246 acres
 - Army National Guard:
 - Improved Readiness Centers and an Armed Forces Reserve Center
 - Completion of eight range projects
 - Continued support of our Stryker Brigade Combat Team
 - Three Aviation Transformation projects
 - Three maintenance facilities
 - Army Reserve:
 - Medical personnel get new training facility
 - New combined maintenance facility
 - New live fire training range facility
 - 1,743 soldiers get new Reserve Centers
 - Center of gravity for Army Reserve families
 - Base Operations Support:
 - Goal is to meet essential needs for all BOS programs: Base Operations, Family, Environmental Quality, Force Protection, Base Communications, and Audio/Visual.
 - Sustainment/Restoration and Modernization:
 - Funds Sustainment at 86 percent of the OSD requirement, with plans to achieve 90 percent of the requirement through efficiencies.
- Our long-term strategies for installations will be accomplished through sustained and balanced funding, and with your support, we will continue to improve Soldier and family quality of life, while remaining focused on Army and Defense transformation goals.
- In closing, we would like to thank you again for the opportunity to appear before you today and for your continued support for America's Army.

STATEMENT OF ROBERT WILSON

General WILSON. Mr. Chairman, Senator Hutchison, distinguished members of the subcommittee, on behalf of the senior leaders in the Army and over 1 million soldiers that comprise our Army, thank you for the opportunity to discuss the Army's fiscal year 2008 military construction budget request, specifically, our \$2.3 billion request for resources to grow the Army. I would also like to extend our heartfelt gratitude for the subcommittee's support for our soldiers, civilians, and families over the years. Our brave men and women could not perform their mission so superbly without your steadfast support. Thank you.

As we increase our commitments in Iraq and Afghanistan, we face challenges that exceed the level of demand and vision in the recent Quadrennial Review Defense Strategy. Today, over 248,000 soldiers are deployed, fighting the long war on terrorism or forward-stationed, deterring the Nation's adversaries. Over the last 4 years, we have maintained up to 21 brigade combat teams deployed in Afghanistan or Iraq. And, the recent decision to grow the Army, as has been referred to, of 74,000—65,000 in the Active Army, 8,200 in the National Guard, and 1,000 in the Army Reserve—addresses our need to increase capacity and build strategic and operational depth to sustain our increased and enduring levels of force deployment.

Army growth will focus our brigade combat teams with the essential combat support and combat service support units and include Active and Reserve component rebalancing efforts to mitigate

the high-demand, low-density capability shortfalls. We plan to grow six new brigade combat teams in the Active component, expanding our rotational pool to 76 brigade combat teams and approximately 225 support organizations in the operational force of the Army. Through this growth, we plan to provide a continuous supply of 20 to 21 brigade combat teams to meet our global commitments.

For the Active Army, the fiscal year 2008 budget request contains \$2 billion for 53 Grow-the-Force projects at 20 United States installations, as well as \$278 million to support Army family housing at four installations. These projects will build the infrastructure needed to grow the combat support and combat service support units to address our current critical shortfalls. These shortfalls include examples, military police units, explosive ordnance disposal companies, and engineer battalion headquarters and companies.

By the end of the year, we will make decisions on where to station the additional brigade combat teams using a BRAC best military value process, while using existing available facilities and capacity for near term stationing unit until the permanent facilities are built.

The Army is conducting a detailed installation-level assessment to inform permanent stationing decisions for the new BCTs. A programmatic environmental impact statement is scheduled for completion in November 2007.

We ask for the timely passage of the fiscal year 2007 supplemental request and for your full support for our fiscal year 2008 budget request. Delays or reductions or diversions of this request will jeopardize the execution of our carefully synchronized stationing plan and limits our ability to provide the necessary strategic depth, improve readiness, and meet global commitments, while providing our soldiers and families the quality of life they deserve.

We look forward to working with the subcommittee to ensure the Army has the infrastructure necessary to meet our global demands, grow the Army, and sustain the all-volunteer force. Our soldiers and their families deserve nothing less.

Thank you again for your continued support. I look forward to your questions.

FISCAL YEAR 2008 BUDGET EXECUTION

Senator REED. Thank you, General Wilson.

Let me begin the questioning. Secretary Eastin, you've already noted that this a significant increase in the request—doubling, basically—for the Army, and then there's additional \$8 billion in BRAC funding, which is projected to come online, which raises the obvious question—are you capable of executing and spending all this money in an efficient fashion, going forward?

MILCON PROCESS

Mr. EASTIN. We believe we are. The Army Military Construction Project process has been going through a transformation where we believe that our construction will be much more efficient in terms of uniform designs, one design for barracks around the country, modified instead of redesigning it for each and every installation,

some modular construction, and manufactured buildings that are hauled to the site. So, basically we get down to our problems being site prep in themselves, which is kind of standard.

But, the Corps of Engineers has been tasked to speed up the process. We have not been sitting around on our hands, this has all been very carefully planned out. You know, we get some hiccups when supplementals don't come and some projects start late, but currently—and I've checked this as of last night—all of our BRAC moves and construction is on schedule. Don't ask me next month, but right now it is and I believe we will not have any difficulty, on the assumption that we get a supplemental or, as I think has been widely indicated to the hill, we are down about, a little more than \$2 billion in the BRAC account that did not survive and I believe is included in the supplemental. So, as soon as we can get that, it's going to assure our ability to do this.

Senator REED. What's the impact on construction cost? You've got a big ramp-up focused in some key installations. Do you anticipate construction costs to be beyond the estimate?

Mr. EASTIN. We've taken most of that into account. Of course, that's mostly what's happened in the gulf States due to demand created by Katrina, has impacted some of this. But I believe that currently those impacts are known and have been programmed for within our MILCON request.

GROW THE FORCE STATIONING

Senator REED. You've, we've talked about the Global Defense Posture Review and, in that regard, planning to return 50,000 from overseas to the United States, then simultaneously you have a Grow-the-Force initiative of increasing the absolute size of the Army. Will the Grow-the-Force initiative alter your plans to redeploy troops back into the United States?

General WILSON. Mr. Chairman, as of right now we're staying on plan for the GDPR and BRAC, as is, by BRAC law. We, our initial Grow-the-Force decisions and recommendations we have made in 2007 with the \$400 million in supplemental and the \$2.3 billion in 2008, we have looked at combat support, combat service support shortfalls, generally, as those forces, within CONUS. So, we haven't impacted on that now, we are continuing to assess the impact of where to place the brigade combat teams and we're looking at all available space for that. But, right now, we have not made any decisions and the senior leadership of the Army has not made any decisions to do otherwise.

Senator REED. So, you're still looking at the issue. There's a possibility, remote, that you might have to delay some of the redeployments because of facilities, is that fair?

General WILSON. I would put it like this, Mr. Chairman. With the extension of time in overseas, the 15 months and things, it's going to have some adjustments on the redeployment of some of the 1st Armored Division units back to the United States. And, we're still assessing that. As you know, we have a new Chief of Staff of the Army and he has not been fully read in and made the decisions on where to go in the future.

Senator REED. Thank you, General Wilson.

RESERVE COMPONENT FISCAL YEAR 2008 PROGRAM

As I alluded to, and as Senator Hutchison alluded to, the regular Army MILCON budget has seen a robust growth, but Reserve and National Guard requests have actually shrunk a bit.

And so, I'm going to ask General Burford and General Sherlock, I understand the Guard requested 25 projects and the Army Reserve requested only eight projects nationwide. Do you think that these are adequate to accomplish your mission? And to not only maintain your infrastructure, but to significantly upgrade it, given the role of both the Guard and the Reserve in combat operations? General Burford?

General BURFORD. Sir, we do. If you look at the bare numbers on the requests in the Army National Guard from fiscal year 2005 to 2008, you could draw the conclusion that there is a downward spiral. But, if you look at the other funding that comes through to the Guard, you'd also notice in fiscal year 2006 the hurricane supplemental was more than the request itself. Likewise, there are monies in the BRAC that flow through in 2008 that will create a project envelope, we think, which meets the Army's needs and the directions they've given us to modularize and transform our force.

Senator REED. General Sherlock, your comments?

General SHERLOCK. Sir, we think our 2008 military construction request is adequate. With the reduction of the program as a result of the reprioritization of Army construction programs based on BRAC and GDPR, our request for 2008 will support our readiness force.

Senator REED. Let me go back to, General Wilson, to the Grow-the-Force initiative. You know, even with these huge appropriations, there's always a need to find money. And, the question is, and I'll raise it as, are some of these National Guard and Reserve projects being used as bill-payers for the Grow-the-Force initiative?

General WILSON. The answer is no, Mr. Chairman, it's not. We, when we did our assessment for the POM and up through the BRAC year of 2011, that was all before the Grow-the-Force decision. And, we still have those. And some of those are unfunded until the remainder of the BRAC bill is funded. We are looking at rebalancing and total operational and support requirements in the Grow-the-Force decisions.

MILITARY CONSTRUCTION IN ITALY

Senator REED. In my final remaining time, General Wilson, just a status report on Vicenza. Last year the Army request included \$223 million, the total of \$275 million request for Dal Molin, and this year's budget request is for \$173 million. That's nearly \$400 million in 2 years and, does the funding for this year's project complete the Vicenza request?

General WILSON. Yes it does, Mr. Chairman.

Senator REED. And are your plans to relocate the 173rd Airborne on track with respect to Italy?

General WILSON. We're still waiting for the signed document from the minister of defense, although we have verbal information that he's going to sign that. And, as soon as that's done, and of

course, resources are there, we're going to then relocate the four units from Germany to Dal Molin.

Senator REED. Right. There still seems to be some question through the ministry of defense and the Government of Italy, at least, questions and concerns is that fair to say, in terms of the re-deployment? Secretary Eastin, you might want to comment.

Mr. EASTIN. We are in daily contact with them, and have been assured by some of the highest levels in the Italian Government that this will not be a problem. And, in fact, we are planning to get into the ground with construction, probably late August, early September. We've been told there are ongoing meetings there, and I think we're probably within 10 days of having a signed document.

Senator REED. Thank you very much, Mr. Secretary.

Senator Hutchison.

GDPR/BRAC EXECUTION AND TIMELINE

Senator HUTCHISON. Thank you, Mr. Chairman. I just want to put a fine point on the first question that was asked by the Chairman, and that is—in the supplemental, we do have the rest of the BRAC funding, which was a commitment made to me, on the floor of the Senate, by the chairman of the Appropriations Committee, and that commitment is being met.

And, if you get that funding, is the answer that you gave to the chairman that you will be able to stay on time to finish the BRAC requirements for the Army by 2011?

Mr. EASTIN. As I tried to indicate somewhat cutely—don't talk to me next month, but right now, we are, and we believe we can if we get funding here in the next couple of months, or so.

But, we have a lot—as I indicated before—we have 1,300 separate moves, and they're all integrated, it's like a pile of pick-up sticks, if you pull one of them out, a lot of them move around. And, when you pull out the factor of trying to get some design work done this year for a project next year, or try to get a project going that was designed last year. And we had planned funding in the January-February timeframe, and it's not there, it complicates things. But, right now, we're on track.

Senator HUTCHISON. Well, thank you, we certainly intend to try to keep on track from now forward. I think that the chairman and I agree on that.

And, I would like to have you report to us if you are getting off-track, in any significant way. I realize that month to month you may have fluctuations, but we would need to know that.

Mr. EASTIN. Yeah, my office tracks these things every couple of weeks, we get updates on them, and I will be happy to do that. I know you have a proper oversight responsibility in this, and we're looking for a lot of money, so we'll be happy to share that with you.

Senator HUTCHISON. General Wilson, another fine point I want to put on the chairman's question. When Under Secretary Grone was at our previous hearing, he committed that the re-stationing would stay on track. Now, that initiative was started by this sub-committee, Senator Feinstein and after visits to foreign bases, particularly in Germany, and after reviewing the military construction requests, which indicated that having so many small bases was not efficient. We worked with the Department of Defense and the ini-

tiative was made there to do the re-stationing back to America for training purposes and efficiency.

Are you saying to this committee, also, that that re-stationing is going to stay on track?

General WILSON. Senator, they're continuing overseas with their relocation plans, and turning over bases, and consolidating bases, based on the BRAC GDPR decision and law. I'm also saying, we are assessing—the senior leadership of the Army—is assessing where to place units for Grow the Army, and they haven't restricted anything, but they have not reopened any changes to the re-stationing plan.

Senator HUTCHISON. Well, if there is any beginning initiative to change what you have announced, I would want to be notified, and I'm sure the whole committee would, because the whole strategy of bringing people home for training, and for efficiency, I think, is the right one, and adding the Grow-the-Force, plus the re-stationing, does mean that 90 percent of our Army will be housed in America. And I think that's a good thing.

So, I hope there is no backtracking of that, and I know there has been pressure from some of the mayors of German towns and that sort of thing, but we think it is in the best interest of America to have the big bases that you are keeping there, because they are efficient and important, but that we continue working on closing the others, and re-stationing back here.

General WILSON. I clearly understand.

GROW THE ARMY INITIATIVE

Senator HUTCHISON. General Wilson, there is \$18 million in the emergency supplemental for facilities at Fort Hood, as part of the Army's Grow-the-Force initiative. I don't know if you're familiar with this, but Fort Hood, actually, in BRAC, lost troop strength, because of movements out of Fort Hood, and it is one of our largest Army bases in America. And, I certainly know that they operate more efficiently at the higher level, the 50,000 to 55,000 level. Is there a plan to put some of the additional 65,000 in the Grow-the-Force initiative at Fort Hood?

General WILSON. Senator, we've decided—we're putting 176 soldiers, four explosive ordnance detachment (EOD) companies there, that decision was made at \$18 million for projects and construction for 2007. That was combat support and service support units that we talked about earlier that we needed high-demand low-density units.

We're putting four EOD companies there, in 2008 we're building, putting another \$46 million into unit operation facilities, and in barracks, another \$45 million to facilitate that growth. The other decisions have yet to be made on the brigade combat team.

Senator HUTCHISON. Approximately how many soldiers would be involved at this point in your projections in growth at Fort Hood?

General WILSON. The only decisions that have been made thus far in 2007 and 2008 with the Grow-the-Force dollars, have been those 176 soldiers from the four EOD companies.

Senator HUTCHISON. But in the future, as you're looking for spaces, I would assume Fort Hood would be on the list?

General WILSON. Absolutely. And as you recall, we're moving one of our brigades there temporarily now, to build it, in order to meet operational requirements overseas.

Senator HUTCHISON. Fort Bliss is already slated to receive a large number of the troops coming back from Germany. Is it slated for any of the Grow-the-Force troop structure increase?

General WILSON. Yes, Senator, it is. In 2007, three EOD companies, 132 personnel, one MP company, 171 personnel, and engineer company, 191 personnel, and an EOD battalion headquarters of 36 people. That's about \$12 million, \$13 million, \$2.5 million and \$5 million in construction.

In 2008, we're placing another \$84 million of construction there for the Army Evaluation Task Force.

Senator HUTCHISON. Thank you.

General WILSON. So, those decisions have been made in the combat support, combat service support arena.

Senator HUTCHISON. I'm sorry, my time is up, but I have one more question which I'll submit. Is that okay?

SOUTHCOM HEADQUARTERS

Quickly, one of the things that we've tried to do in this committee is, where possible, not invest in expensive real estate for bases. I'm talking about, now, the U.S. Southern Command, SOUTHCOM, in Miami, and I think that the Army did a great thing at Ellington Field, moving out of expensive real estate in Houston, to a bigger area that would be more efficient.

I was going to ask you, did you consider for the SOUTHCOM headquarters MacDill AFB in Tampa, or Homestead Air Reserve Base in South Miami, Dade County, as alternatives to the more expensive location in Miami?

General WILSON. Senator, I know that the two, that the SOUTHCOM Commander, Admiral Stavridis was most interested in was either Homestead, or in Miami. And, his recommendation was Miami, for several operational reasons. And that is the location, of course, they submitted that we supported for, to take those 8 of the 9 leased facilities, and can consolidate them into that one new structure.

Mr. EASTIN. Senator, if I may, the land was contributed to the Army on a 50-year lease by the State, so there is no land cost there, this is pure MILCON. I think the land cost was about \$200 for some sort of deed transfer or something like that. But, I mean, they wanted to keep us in Miami, we wanted to be in Miami, there's a lot of other related operations there. And to consolidate them under this plan worked well for SOUTHCOM, and I think was quite cost-effective.

Senator HUTCHISON. I may have another question on that, but my time is up. Thank you very much.

Senator REED. Thank you very much, Senator Hutchison, Senator Nelson?

NATIONAL GUARD FACILITIES

Senator NELSON. Thank you, Mr. Chairman. And, good morning and thank you for your service to our country.

I recognize that the budget is stretched thin, and we are going to have to make the best judgments we can about where we build, how we build and how we structure our force.

I've not been a fan of the BRAC, because I've always felt that what we've made decisions on is the economics, rather than need first. And I would prefer to see needs established first as the driver for where the facilities are, or where the facilities aren't, rather than as just a matter of reducing costs.

In that connection, I'd like to ask some questions, though, about BRAC and the Grow-the-Force initiative as it relates to National Guard facilities. It's my understanding that the Army is inserting both BRAC projects into the Army National Guard's MILCON projects, as well as Grow-the-Force projects, and that this has resulted in delayed funding for projects identified as critical by the adjutant generals and the Governors to the out-years of fiscal year 2012 and fiscal year 2013.

ROLE OF GOVERNORS/TAGS

I've been told that this all happened without the consultation of the Governors, and/or the adjutant generals. And, as a former Governor who spent a great deal of time working with my adjutant general, and had need of the use—unfortunately the need and use of our National Guard in Nebraska, I just wonder if this is accurate.

And I guess I would ask you first, Secretary Eastin.

Mr. EASTIN. I don't believe that is accurate, and Major General Burford can discuss this a little bit more, but it is our goal to work with each of the States. The Guard itself is a very important part of our force, both here and out at the point of the spear. So, we are not trying to short-change any of these, or to sidestep any of the State authorities. I think they play an important part in this, and will continue to do so.

Senator NELSON. General Burford, when I talk about consultation, I'm not talking about you tell them what's happened, I'm talking about true consultation, before a decision is made.

General BURFORD. Sir, we have a specific process our Guard has to go through in order to site and execute projects. Of course, you're aware that the Governor has the statutory authority to position his or her Guard Units.

As you might imagine, with 54 States and territories the list of wants and needs is greater than the ability to satisfy that.

We also have to look forward to what the Army sees the Guard providing as a force in the future, and even in this year's list, you might look at the 30-odd projects and see 13 occurring in one State simply to support the Stryker brigade combat team development. We have to be responsive to the direction and the path that we're aimed toward. Occasionally that will cause us to change and alter what we thought were our long-range plans because, as you know, we're under a 6-year FYDP planning requirement, which is different from the other components. It makes it very challenging.

Senator NELSON. Well, I understand that, but can you tell me that this was discussed with the Governors, and/or the adjutant generals before any of the decisions were made?

General BURFORD. Sir, I think the process was probably evolving too rapidly for the Governors and their staffs to discuss adequately. It happened very quickly. The Army National Guard and the National Guard Bureau discussed it to the best of their ability in the time allowed.

ARMY NATIONAL GUARD MILCON BUDGET PROCESS

Senator NELSON. Well, about 15 years, for 15 years, the Installation Restoration Program has been in place to ensure fairness in military construction during funding distributed through the States for the Army National Guard, Congress had oversight in establishing the IRP, and the Governors and adjutant generals approved it. It appears that, if this hasn't been disregarded, it certainly wasn't given the full spirit or application that was intended for the last 15 years.

General BURFORD. I think you're referring to the IRP, the Infrastructure Requirements Plan. Yes, sir, it was. Those projects were given a score based on need, on the age of the facility they might replace, any safety or health consequences, and the priority the adjutant general may have placed on that project. That gives us a list of at least 108, to which the Army National Guard adds up to 5 annually. Those have to be folded into the transformation necessity of the future, and how quickly we're asked to get to that position, as well as the limitations of the BRAC calendar, as laid out for us to meet.

It's a dynamic process that changes every year. Some of the projects that we have come in on forms called 1390, sometimes those are incomplete. Sometimes the completion is not accomplished until after the need to evaluate those, and rank order those projects. It's very challenging.

Senator NELSON. Well, I understand that, but I guess, my whole question is, there doesn't really seem to be a significant level of consultation with the Governors, because I don't have any Governor telling me that they were consulted to any significant degree about any of these decisions. And, that's my concern. That's been my concern with the BRAC, among other things, it's my concern with force structure changes and the decisions that are going to be made in bringing back troops from across the board, all over the world. That there isn't the full discussion going on with the governors. It's a decision made in the Pentagon that's passed down, and it's already a fait accompli by the time they're even made aware of it.

General BURFORD. Point taken, sir. I can't personally speak for who got told what and when and when the decision points were, but I would tell you that the process happened very, very quickly, and answers were required before consultations could be fully executed with all of the States involved.

Senator NELSON. Well, would it be possible for somebody to find out for me when that contact was made and who it was made with, and by whom?

Mr. EASTIN. I will, we'll chase that down and get it up to you or your staff.

Senator NELSON. Sure.

Mr. EASTIN. Thank you.

[The information follows:]

ROLE OF THE GOVERNORS AND ADJUTANTS GENERAL

As the statutory channel of communications with the States, the National Guard Bureau is in regular and ongoing communication with the Adjutants Generals (TAGs) and Governors regarding the requirements and concerns of the States and territories. The National Guard Bureau channels those requirements into the Department of Defense processes for prioritizing military construction projects and other spending needs. Requirements emerging from BRAC are considered in this process as well and may be prioritized more highly than other requirements. However, because Department of Defense (DOD) policy prohibits the release of budget materials during the internal DOD budget deliberations, the TAGs and Governors are not formally involved in the actual budget formulation process. Nonetheless, I can assure you that their ongoing input on their needs and requirements was weighed very carefully in the formulation of the budget request. Unfortunately, this limitation and the extremely short timeframe did not afford the opportunity to advise States of the impact on their projects before the official notification that came with the publishing of the fiscal year 2007 President's Budget in February 2007.

Senator NELSON. I would appreciate it. Don't mean to be argumentative, I just want to make sure that this is being handled in the way that we expect it to be handled, and the way the Governors expect it to be handled, handled with the reliance on the Guard as an operational force, as opposed to a supplemental force today, I think it's probably more critical than it, perhaps, it's ever been.

General BURFORD. And we would agree, sir. We fight tooth and nail for what we think is our ability to station and fund a force that's adequate for the future, as well as today. In the budget proposal for fiscal year 2008 you'll find that the National Guard has put in a wedge for growing the Army. So, we're trying to look ahead to what the needs are before it becomes an emergency.

FISCAL YEAR 2008 MILITARY CONSTRUCTION, NATIONAL GUARD
BUDGET

Senator NELSON. Now, it's my understanding the MILCON budget for the Guard has been reduced by about \$400 million, and I know my time's up—is that accurate?

General BURFORD. You said reduced by \$400 million?

Senator NELSON. I think by \$400 million. This has, this for the repositioning of the troops coming in from Europe.

General BURFORD. Not to my knowledge, sir. The Guard part has not been reduced.

Senator NELSON. All right, what we'll do is we'll flesh this out a bit more, submit a question for the record and get a response back.

General BURFORD. Absolutely.

[The information follows:]

NATIONAL GUARD MILCON BUDGET

The Army National Guard Military Construction budget was not reduced by \$400 million.

STATEMENT ON BEHALF OF THE ADJUTANTS GENERAL ASSOCIATION

Problems

MILCON for the National Guard has been historically under funded. We need \$1.5 billion per year in the Army National Guard (ARNG) and \$250 million per year

in the Air National Guard (ANG) for a period of not less than 20 consecutive years to buy down the backlog to recapitalize (revitalization and requirements dollars) to sustain an operational reserve force across the Nation.

DOD Base Realignment and Closure (BRAC) has been severely under funded. The Department of Defense (DOD) is moving State priority projects from the Future Years Defense Program (FYDP) to pay for the BRAC program.

Transformation of the National Guard for missions required for the Global War on Terrorism, Global Defense Posture Realignment (GDPR), Army Modular Force Transformation, Grow the Army, Total Force Initiative (TFI), and other initiatives, require additional facilities. Any construction required by DOD initiatives must not deter from established programs identified in Problem 1, above.

Discussion

Historically, MILCON for the National Guard has been severely under-funded. The result is that our facilities are not meeting the recommended quality (C-2) requirements as outlined in the DOD regulations. Further, we have not met the requirements to build the mission-critical facilities we need to provide an operational reserve force to meet the Guard mission.

The DOD is attempting to significantly alter and reduce the MILCON program for the Guard in order to cover implementation of BRAC and other initiatives. The ANG was decremented by \$300 million in the fiscal year 10-13 FYDP. The ARNG was decremented by \$1.5 billion in the fiscal year 2008-13 FYDP.

In comparing the programs, the ARNG was decremented 9.8 percent at the same time that others in the Army were increased 26.2 percent and the Army Reserves were increased by 10.1 percent.

By law, the Governors and Adjutants General identify and prioritize projects for the Future Years Defense Program (FYDP) to meet State and DOD mission requirements. This process is necessary to ensure that National Guard and State considerations are included in military facility preservation and modernization efforts.

We are opposed to significant changes in the MILCON process to recover money for other programs and initiatives.

DOD is unilaterally determining which projects will be deleted from the FYDP or moved to out years and inserting projects, which are not the most mission-essential as determined by the States.

States not previously impacted by BRAC stand to lose vital projects that will set back modernization efforts for years. States impacted by BRAC may lose projects of higher priority in their States than BRAC-directed projects.

The BRAC process must proceed as directed by law, however its implementation should not come at the expense of mission-essential facilities in the National Guard. Further, we are concerned that DOD, by their actions, may be usurping the intent of the law (32 USC 104) that "each State . . . fix the location of the units and headquarters of its National Guard."

Recommendations

Fund the Military Construction Program for the National Guard at \$1.5 billion per year for the ARNG and \$250 million per year for the ANG for 20 consecutive years to recapitalize, revitalize and sustain facilities.

The Adjutants General are very supportive of the DOD initiatives and programs, but those programs should come with their own funding.

We request that Congress direct DOD to find alternate ways to execute their BRAC program and other initiatives without diverting MILCON funds from Guard mission-essential facilities.

Submitted on behalf of the Adjutants General Association of the United States. Information was supplied specifically by the Infrastructure/Facilities/Information Technologies Committee.

Senator NELSON. Thank you very much, I appreciate it.

Senator REED. Thank you very much, Senator Nelson, I think there will be several questions for the record, which we'll get to you as promptly as possible, and ask you to reply as promptly as possible.

Senator Allard.

Senator ALLARD. Thank you, Mr. Chairman. I'd ask unanimous consent that along with my opening remarks here in the committee, that we submit for the record, a memorandum dated April

13, 2007, to the Colorado Gubernatorial and Congressional Delegations, and its accompanying information page.

PIÑON CANYON MANEUVER SITE (PCMS)

Secretary Eastin, in February, Under Secretary Krieg granted a waiver on the land acquisition moratorium regarding the expansion of Piñon Canyon. This waiver now allows the Army to interact with the community on these issues. But, in the past, you were prevented from doing so.

Now, this is an important step, and involving those that would be affected firsthand by this potential expansion. Despite the progress, a great deal of concern still exists within the community about this potential expansion, particularly on the need for this site, and the importance of Piñon Canyon.

Now, the report issues by the Army in compliance with fiscal year 2007 Defense Authorization Act, stated the Army reached the decision to expand Piñon Canyon primarily as a result of your strategic shift, and plan for transformation, which includes a change to more modular brigade combat teams. Additionally, the increase in new soldiers, as a result of BRAC, contributes to the need for the expansion.

Due to the shift to modularity, each brigade combat team requires about 95,000 acres more of training land, more land than it did before. Now, here's the question—is it fair to conclude that primary reason for expansion of the Piñon Canyon maneuver site is to better suit the Army's transformation plan for the 21st Century, as well as the addition of another brigade combat team at Fort Carson?

PIÑON CANYON

Mr. EASTIN. Yes, Senator, as I think we've discussed before—especially with Stryker brigades and other heavy equipment—they travel a lot faster, a lot wider, they maneuver in groups that basically eat up a lot more land, and some of the old training facilities are insufficient for that. I think, overall in the Army, we have identified needs of about 5 million new acres. We're not, of course, looking for all of that at Piñon Canyon.

But, this is operationally driven, and it is close, Piñon Canyon is not adjacent to, but within driving distance of Fort Carson, which is a major installation, and we wanted to continue it to be a major installation. So, we've identified land around the country, that is necessary to improve our training ranges, and our training capabilities in Piñon Canyon was one of those, that's why we're increasing the size, or are proposing to.

Senator ALLARD. Now, would you speak to the uniqueness to the Piñon Canyon, and its importance to the Army? I've been told that Piñon Canyon resembles the mountainous terrain of Afghanistan, could you elaborate, perhaps, a little more on its uniqueness?

Mr. EASTIN. This is probably not in my lane, I have had the pleasure of being out in Piñon Canyon, I have not had the pleasure of being in Afghanistan, and I would hesitate to condemn the good citizens of southeast Colorado, as being part of Afghanistan, but—

Senator ALLARD. General Wilson, do you want to comment?

General WILSON. Yes, Senator, thank you. I had the pleasure of commanding Fort Carson for almost 2½ years, I had a great opportunity to spend time in Piñon Canyon, and it's got a full range of environmental conditions there, terrain—high terrain, like you would see in Afghanistan. It's got open terrain, so you can train full-spectrum operations there, and you can train people from the Special Forces like 10th Special Forces Group, as well as armored and light infantry units, and aviation units. So, it's an exceptionally good training area, that tracks well with our modular force conversion, which is a required, it's a bigger footprint and larger terrain areas, and a larger footprint that's going to Fort Carson.

Senator ALLARD. And that's—that sets it apart from your other training areas.

General WILSON. We have other training areas like that that have the space, but not necessarily the range of geographic locations like we just discussed, yes, sir.

Senator ALLARD. Thank you. I appreciate you responding to that.

ADDITIONAL ACREAGE

Now, back to you, Secretary Eastin, there's about—when we get done with the total plan, I'm understanding about 724,000 acres—you're immediately trying to acquire 418,000 acres more for the expansion. Do you visualize any plans to go beyond the 418,000 targeted acres now for expansion?

Mr. EASTIN. We have no current plans at all to go beyond that. We've got 235,000 acres now, we would be adding 418,000 acres. I need to stress that this is going to be a very long-term proposition. The first 250,000 that we're proposing to acquire, we've only put in our POM (program objective memorandum) enough money to go through 2013, so—

Senator ALLARD. Two hundred and fifty thousand acres—

Mr. EASTIN. By 2013, so—

Senator ALLARD. And then there's 168,000, you just don't have any idea?

Mr. EASTIN. Not yet.

Senator ALLARD. That probably is based, a little bit, on willing sellers, right?

Mr. EASTIN. Yes, exactly.

Senator ALLARD. Your recent information memo stated that an environmental impact analysis would be conducted during the NEPA environmental process, I appreciate your effort in doing that. I don't think we picked up when that analysis—when you would anticipate it to be complete?

Mr. EASTIN. Well, to answer your question straight up, probably about 18 months from now.

Senator ALLARD. I see.

Mr. EASTIN. But we have to do some planning to figure out what exact acres we want. We will be discussing this with the community down there, which acres we want and where we would prefer them. And then you have to do an environmental impact statement to determine what alternatives there might be locally for moving in one particular place or another place, and how that impacts both the environment, air quality, historic sites, that sort of thing.

Senator ALLARD. Now, in the terms of economic impacts, would the Army—are they willing, or are they looking at a permanent party station in the area, as a commitment to bringing infrastructure dollars to the region?

Mr. EASTIN. At the moment, we are not looking for anything significant in the way of permanent party there. Very few people are needed on the land to maintain it. But in terms of bringing a brigade down there or something, that is not currently planned.

Senator ALLARD. Okay, now there's forest land there that's been incorporated into the total area that you're looking at for purchasing. Has the Forest Service been approached at all, and how serious is your consideration in the use of some of the forest land?

Mr. EASTIN. I don't know—excuse me—I don't know if they've been approached, we've looked at their land, and it is not exactly where we would like it. We will include that in the environmental impact studies that we were performing to see if some of that can be used. I would prefer to, personally, use other Government land, and not take things out of private property if we can help it, but we still have to study on whether that land is appropriate for what we need to do down there.

Senator ALLARD. And, my understanding is you're—as you're trying to expand, your basis will be willing seller/willing buyer, is that correct?

Mr. EASTIN. That's our strong basis, I know that's been a concern of the community, and it's a concern here. We like to be good neighbors, and being good neighbors doesn't mean taking their land, so.

Senator ALLARD. Thank you for your comments.

Thank you, Mr. Chairman.

ADDITIONAL COMMITTEE QUESTIONS

Senator REED. Thank you, Senator Allard.

Gentlemen, thank you for your testimony and for your service to the Nation and the Army, and they'll be a few questions, I think, the panel will submit, and we'll ask for your prompt response. Thank you very much.

Mr. EASTIN. Thank you.

[The following questions were not asked at the hearing, but were submitted to the Department for response subsequent to the hearing:]

QUESTIONS SUBMITTED BY SENATOR ROBERT C. BYRD

SPRING VALLEY FORMERLY UTILIZED DEFENSE SITE

Question. Mr. Eastin, it is my understanding that your office is the Executive Agent for Formerly Utilized Defense Sites (FUDS), with the U.S. Army Corps of Engineers' having Program Execution responsibility.

Please describe the work activities scheduled for the Spring Valley FUDS for fiscal year 2007.

Answer. This fiscal year's primary work activities include: removing munitions from a known disposal pit at an American University (AU)-owned property; removing arsenic-impacted soil from approximately 25 residential properties; digging test pits on another AU-owned property to determine whether it contains munitions or munitions debris; continuing the groundwater investigation which includes installing 10 new wells, and sampling wells and creeks; and conducting geophysical investigations on approximately 17 residential properties and clearing metallic anomalies on 7 previously investigated residential properties.

Question. I understand that the Army Corps of Engineers is projecting a project closeout for the Spring Valley site in 2011. Please describe in detail what work remains, including associated costs to complete and timeframe.

Answer. The following table describes remaining work and associated costs to closeout the Spring Valley Site in 2011:

[In millions of dollars]

Project Activities Remaining	Timeframe (fiscal year)	Amount
Glenbrook Road Munitions Recovery	2007	8.7
Glenbrook Road Test Pits	2007	2.4
AU Property Leases	2007	0.3
Arsenic Grids near AU Hughes Hall	2007	0.6
Residential Arsenic Soil Removals	2007-2009	9.7
Residential Geophysical Investigation	2007-2909	8.1
Groundwater Investigation ¹	2007-2009	1.6
Public and Stakeholder Outreach	2007-2011	1.5
Soil and other Media Sampling/Remediation	2007-2010	2.5
Property Impact Reimbursements	2007-2009	0.5
Remedial Investigation/Feasibility Study Report	2007-2011	1.5
AU Landscape Damage Reimbursements	2008	1.3
Ordnance Disposal	2008	2.4
AU Public Safety Building Remediation	2008	1.8
Dalecarlia Woods Geophysical Investigation	2009	0.9
Dalecarlia Woods Intrusive Investigation	2010	2.7
AU Trees Reimbursement	2010	0.8
Project Closeout	2011	2.0
Long Term Monitoring	2011-2050	0.8
Total Cost		50.1

¹ Assumes no groundwater remediation is required.

Question. Is the Corps continuing to search for remaining munitions and contaminants? Is it likely that this clean-up effort could go on well beyond the projected closeout date of 2011 and the costs to complete the effort could increase dramatically?

Answer. The U.S. Army Corps of Engineers (USACE) is continuing to search for remaining munitions and Department of Defense (DOD)-related contaminants. If a significant amount of ordnance or DOD-related contamination is discovered beyond what is presently known, the projected 2011 close-out date could be extended.

Question. I understand that the Department established a \$11 million annual baseline for the Spring Valley FUDS in 2002, based on known requirements and estimates that were valid at that time. Given new information from the Corps that indicates a high probability of buried hazardous material affecting the American University (AU) Public Safety Building, the AU Admissions Building, the AU President's residence, and an adjacent residence owned by AU, is there cause for the Department to develop a new large-scale review of the Spring Valley FUDS to determine the full extent of the contaminants and to re-baseline the annual funding level for the Spring Valley FUDS, accordingly?

Answer. The USACE believes that the current baseline funding with periodic plus-ups such as the \$3.0 million provided for fiscal year 2007 and other funding in previous years will be adequate to complete the current known workload at the project area by 2011. This schedule is based on addressing Spring Valley in a timely manner without severely impacting other competing FUDS Military Munitions Response Program priorities.

Question. Does the Department have the ability supplement the \$11 million for the Spring Valley FUD on an as-needed basis?

Answer. Supplements to annual funding projections for Spring Valley have been made on an as-needed basis through reallocation of dollars within the annual FUDS appropriation. This has resulted in the deferment of funding for cleanup of other FUDS properties.

Question. What is the Corps' full capability for this project in fiscal year 2008?

Answer. USACE has the capability to perform additional work in fiscal year 2008 at an additional cost of \$7.9 million above the fiscal year 2008 baseline amount of \$11 million. USACE would advance the execution of several of the work activities currently scheduled for fiscal year 2009 and fiscal year 2010. Again, this action

would be at the expense of delaying cleanup activities scheduled for other FUDS properties if no additional program funding is appropriated.

Question. Please describe what authority the department has to provide compensation to individuals and organizations impacted or displaced by FUDS activities.

Answer. The USACE is authorized to reimburse property owners of properties which undergo investigation and remediation activities for the independently appraised values for landscape items which are damaged or destroyed. In some cases, the USACE relocates residents from their properties and covers the expense of temporary lodging or leasing of the property if the remediation activities render the dwelling temporarily uninhabitable.

Question. What compensation has been provided to the residents of Spring Valley neighborhood and American University for the major disruption this project has had upon their property and to the operations of the university?

Answer. Direct reimbursements have been made to compensate affected property owners for damaged and destroyed landscape items due to investigation and remediation activities and for temporary lodging or leasing of a property if required. Since 2000, we have spent approximately \$6.8 million on damaged and destroyed landscape items, temporary leases, or easements on properties and relocations. AU has been reimbursed \$572,000 for Child Development Center relocation and playground equipment, and for AU-owned property leases and damage reimbursements.

Question. When the Corps remediates a property or structure within a FUDS, is it required to restore the property or structure to its original stature?

Answer. The USACE performs restoration at properties which undergo remediation activities (backfilling, grading, new sod, etc.) and reimburses the property owner for the independently appraised value of any and all landscape items which are damaged or destroyed. On a rare occasion where there may be damage to a structure related to our investigation or remediation efforts, the structure would be restored to its original condition.

Question. In June 1995, the Corps issued a report, with concurrence from the Environmental Protection Agency, concluding that Spring Valley was safe after a two-year effort to clean up munitions, arsenic contaminated soil, and other contaminants that were discovered in 1993. I understand that the Corps reopened the Spring Valley case in 1998 at the insistence of the DC Department of Health and expanded the investigation to include every property located in the Spring Valley FUDS boundary. As we are all aware, this investigation revealed much more work was yet to be completed on the Spring Valley FUDS and the Corps is now in the second phase of clean up for this FUDS.

When the cleanup is determined to be complete for current ongoing tasks, how does the Corps intend to monitor affected sites?

Answer. The USACE plans on conducting long term monitoring of the site in consultation with regulatory agencies and partners.

Question. If, after the stated completion of the cleanup, additional munitions, chemicals, or other hazardous waste are detected in Spring Valley, will the Corps return to immediately undertake an additional comprehensive clean-up?

Answer. As the program executor for the FUDS program, the USACE would be able to respond appropriately to any future discoveries of ordnance or DOD-related contamination that poses an unacceptable risk to human health or the environment in the Spring Valley neighborhood.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

FORT HOOD

Question. General Wilson: You mentioned that 176 personnel are already slated to come to Fort Hood as part of the Army's "Grow the Force" initiative. Are these people going to be part of the permanent end-state population of Fort Hood? What do you project the end-state population to be at Fort Hood?

Answer. Yes, the previously mentioned 176 personnel, comprised of explosive ordnance detachment companies, will become part of the Fort Hood's permanent end-state population. Fort Hood's projected total population of 55,441 in fiscal year 2013 includes 40,799 military personnel, 5,188 U.S. direct hire civilians, and 9,454 others, such as other service and Department of Defense military and civilian personnel, private organizations, and contractors.

SOUTHCOM

Question. Mr. Eastin, Can you provide the committee with information that details why you chose not to locate this facility on land owned by the Federal Government? Specifically, what made MacDill AFB and Homestead ARB unacceptable?

Answer. MacDill AFB and Homestead ARB were considered mutually unacceptable due to the lack of proximity to international airports; 26 partner nation consulates; Coast Guard District 7 Headquarters; universities that collaborate on Latin American Studies (University of Miami, Florida International University, Florida Atlantic University); and Federal agency regional offices (Homeland Security, Justice, Drug Enforcement Agency, State, Treasury, and Federal Aviation Administration). Additionally, MacDill AFB and Homestead ARB are located within mandatory hurricane evacuation zones and lack sufficient land to accommodate a SOUTHCOM Headquarters facility.

MacDill AFB was also considered unacceptable because it is not located near housing communities in either Broward or Dade Counties, which would require moving assigned military and civilian personnel at government expense or cause them to seek employment elsewhere.

Homestead ARB was also considered unacceptable because of multiple quality of life considerations including housing, schools, and medical care. Although Homestead ARB has some facilities to permit co-use, there is a lack of nearby hotels to support exercises, contingencies, and conferences. Additionally, existing SOUTHCOM personnel would be required to relocate at their own expense or commute greater distances in highly congested traffic and incur a daily \$6 toll fee.

 QUESTIONS SUBMITTED BY SENATOR ROBERT F. BENNETT

DUGWAY PROVING GROUNDS

Question. I am concerned by what seems to me to be a perpetual lack of Army support for military construction projects at Dugway Proving Grounds in Utah. Dugway provides an essential service for the Army and the country, but from my perspective seems to be a very low priority. Of particular concern to me is the proposed Life Sciences Test Facility Addition. This project has been pushed back a number of times by the Army and is now scheduled for construction in 2012. Can you please provide me with a detailed explanation of the Army's decision making process with regards to this facility? Will this facility will stay on the FYDP for 2012 or do you anticipate further delays?

Answer. The Army is working to improve facilities and infrastructure at Dugway Proving Ground. The Army is currently completing construction of significant improvements to the runway and other features at the Dugway airfield. Over the last 6 years, approximately \$60 million in military construction has or is being executed at Dugway Proving Ground, in addition to Army Family Housing and non-appropriated fund construction. The Joint Chemical and Biological Defense Program has also funded improvements to the old chemical lab along with other infrastructure to increase test capability at Dugway Proving Ground as part of the defense-wide program.

The Army Test and Evaluation Command submitted the Life Sciences Test Facility Annex as a high-priority project during the last military construction requirements data call and was able to retain the project in the Future Years Defense Program for fiscal year 2012. The Life Sciences Test Facility project is a Joint Chemical Biological Defense Program requirement, and the Office of the Special Assistant to the Secretary of Defense for Nuclear, Chemical and Biological Programs is working to establish a Defense-wide military construction program for the Chemical and Biological Defense Program.

Question. Additionally, I would like to get your assessment of the dining facility project at Dugway. As you know, the mission of Dugway requires that it be remotely located. The downside to the remote location is that personnel stationed there often feel isolated as it is not convenient to drive to the nearest town. The current dining facility is an antiquated building and does not serve the unique needs of the personnel at Dugway. The proposed new dining facility, which would double as a community center, would provide a welcome boost to morale and give personnel an acceptable option for dining and community events. When do you anticipate construction on this project will begin?

Answer. At this time, the dining facility project is scheduled to be programmed in the Army's fiscal year 2010–2015 Future Years Defense Plan.

DEPARTMENT OF THE NAVY

STATEMENT OF HON. B.J. PENN, ASSISTANT SECRETARY OF THE
NAVY, INSTALLATIONS AND ENVIRONMENT

ACCOMPANIED BY:

**MAJOR GENERAL JAMES F. FLOCK, ASSISTANT DEPUTY COM-
MANDANT FOR INSTALLATIONS AND LOGISTICS (FACILITIES)
REAR ADMIRAL MARK A. HANDLEY, NAVY, DIRECTOR OF ASHORE
READINESS**

Senator REED. Now, let me call forward the second panel.

Let me welcome our second panel, the Honorable B.J. Penn, Assistant Secretary of the Navy for Installations and Environment, Major General James F. Flock, Assistant Deputy Commandant for Installations and Logistics (Facilities), and Rear Admiral Mark A. Handley, the Navy's Director of Ashore Readiness.

And Secretary Penn, much like the Army's request, the Navy has requested an 80 percent increase in funding for military construction this year, and I hope to address this and other questions following your opening statement. Mr. Secretary, please go forward.

Mr. PENN. Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the Department of the Navy's installations and environmental efforts. I am accompanied by Major General James F. Flock, and Rear Admiral Mark A. Handley.

Major General Flock has 32 years of distinguished service as a Naval Aviator in the United States Marine Corps. He now serves as the Deputy Commandant for Installations and Logistics. Major General Flock graduated with a Bachelor's Degree in Mechanical Engineering, and has a Bachelors of Arts in National Security and Strategic Studies. He has had extensive aviation assignments, flying the F-4 Phantom, and the F-18 Hornet aircraft, and has logged over 4,900 hours in tactical jet aircraft.

I personally met the General when he was in Okinawa when he was a wing commander, a few years ago.

Admiral Handley has 26 years of service in the United States Navy, he is the Deputy Commander of Naval Installations Command, and Director of Ashore Readiness, Office of the Chief of Naval Operations. Rear Admiral Handley has a Bachelor's Degree in Mechanical Engineering, and a Master's of Engineering in Construction.

Admiral Handley has served in a variety of facilities assignments in the United States Navy, and overseas, including deployment with the 1st Marine Expeditionary Force to Fallujah, Iraq for Operation Iraqi Freedom.

Both are highly-qualified subject matter experts.

I would like to briefly highlight a few topics that are discussed in more detail in my written statement.

Senator REED. Your written statement will be part of the record, Mr. Secretary.

Mr. PENN. Thank you, sir.

I am pleased to report a very substantial increase in investment for installations and environment programs in this budget. We are asking for a total of \$11.5 billion in fiscal year 2008, an increase of \$1.8 billion above last year's request.

I appreciate the efforts by the Congress to restore \$3.1 billion for BRAC 2005 implementation in the fiscal year 2007 supplemental. The funds are critical to allow us to stay on track, and obtain the intended operational efficiencies, while minimizing further turbulence in the future of our personnel and communities affected by BRAC 2005.

We continue to finance our prior BRAC environmental clean-up and property disposal from the sale of other prior BRAC property. We have budgeted to spend the last of the \$1.1 billion in land sale revenue in fiscal year 2008, while our cost to complete environmental cleanup on all remaining prior BRAC property has increased by \$725 million since last year.

Most of the increase is due to the recognition last year of substantial low-level radioactive contamination at the former Hunters Point Naval Shipyard in San Francisco. The low-level radioactive material is buried underground, undetectable on the surface, and poses no risk to humans if left undisturbed.

We are working this issue with the city, the regulators and the congressional delegation.

I commend the Marine Corps for its commitment to eliminate by 2012, its barracks shortfall for their currently approved 175,000 personnel in-strength. The budget includes \$282 million for 10 BRAC projects at seven Marine Corps base locations. The budget also includes about \$950 million across the baseline and supplemental budgets for a mix of facilities to grow the Marine Corps permanent in-strength to 202,000 by 2011.

This initiative, which is separate from the current operations in Iraq and Afghanistan, will allow the Marine Corps to reduce the strain on individual marines by establishing a more stable deployment-to-dwell ratio, and enhance irregular warfare capabilities.

PREPARED STATEMENT

Both the Navy and Marine Corps are continuing family housing privatization efforts. Our investment of less than \$600 million has attracted over \$6.6 billion in private sector capital to eliminate inadequate homes for our sailors and marines with families.

The Navy is successfully applying privatization to improve housing for unaccompanied sailors, the Navy signed the first Department of Defense barracks privatization contract in December 2006, it's located in San Diego, and this project will provide 941 new two-bedroom, two-bathroom apartments and privatize an existing building. Construction will be completed in 2009.

The Navy is also in exclusive negotiation with the developer for a second barracks privatization project in Norfolk.

Thank you, Mr. Chairman.

[The statement follows:]

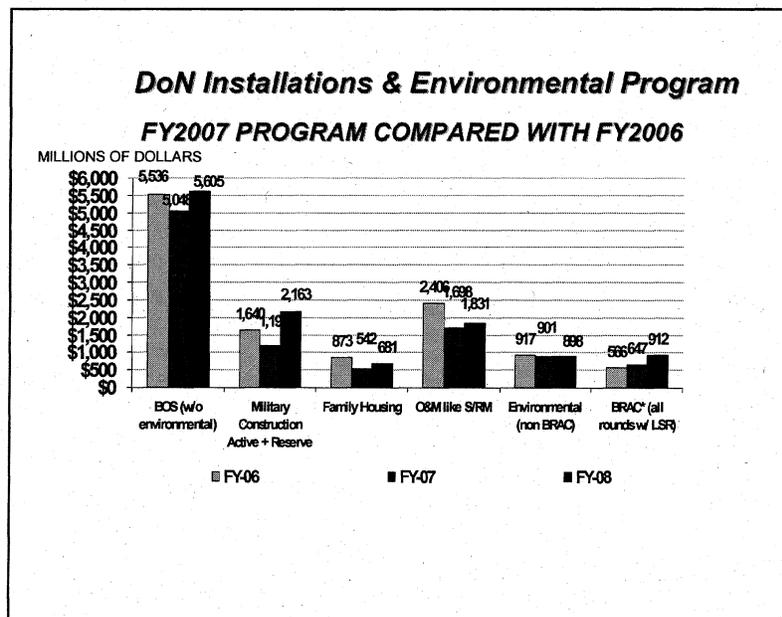
PREPARED STATEMENT OF B.J. PENN

Mr. Chairman and members of the committee, I am pleased to appear before you today to provide an overview of the Department of Navy's shore infrastructure.

THE NAVY'S INVESTMENT IN FACILITIES

The Department of Navy's (DoN) shore infrastructure is where we train and equip the world's finest Sailors and Marines, while developing the most sophisticated weapons and technologies. The DoN manages a shore infrastructure with a plant replacement value of \$187 billion on 4.5 million acres. Our fiscal year 2008 shore infrastructure baseline budget totals \$11.5 billion, representing about 8 percent of the DoN's fiscal year 2008 baseline request of \$139 billion. There is an additional \$410 million for facilities in the fiscal year 2007 global war on terror (GWOT) Supplemental, and \$169 million in the fiscal year 2008 GWOT request. Together, that represents a \$1.8 billion increase compared to the fiscal year 2007 request of \$10.3 billion.

The Base Operating Support (BOS) request of \$5.6 billion, excluding environmental, comprises the largest portion of the Navy's facilities budget request. This account funds the daily operations of a shore facility, e.g., utilities, fire and emergency services; air and port operations; community support services; and custodial costs.



Our fiscal year 2008 request of \$5.6 billion for BOS reflects a \$558 million increase from the enacted fiscal year 2007 level. The Navy increase of \$356 million and Marine Corps increase of \$202 million will return capability levels to those executed in fiscal year 2005, restoring reductions taken during fiscal year 2007 that are unsustainable, particularly in the area of information technology and counter terrorism and security guards as we substitute civilian and contract personnel in place of military personnel.

The fiscal year 2008 military construction (active + reserve) baseline request of \$2.2 billion is \$992 million more than the enacted fiscal year 2007 level of \$1.2 billion. The fiscal year 2008 request includes \$59 million for Navy and Marine Corps reserve construction efforts. This level of funding supports traditional recapitalization projects for the existing infrastructure. It also provides facilities for 15 new Navy weapon systems, new facilities for the Marine Corps' plan to Grow the Force from the current 175,000 permanent end strength to 202,000 by 2011, and new bar-

racks to ensure that all unaccompanied enlisted Marines are suitably housed by 2012.

The fiscal year 2008 Family Housing baseline request of \$670 million is \$140 million less than the fiscal year 2007 enacted level of \$810 million. Within this sum, there is \$299 million for replacement family housing on Guam and Marine Corps privatization. Housing operations and maintenance funds decline to \$371 million as government owned worldwide inventory of 26,335 homes in fiscal year 2007 falls by 15,481 homes to 10,854 homes in fiscal year 2008 due to privatization.

Sustainment, Restoration and Modernization (S/RM) includes military construction and operation and maintenance funds. Our fiscal year 2008 request of \$1.83 billion represents only the amount of S/RM funded with Operations and Maintenance, and is \$133 million above the enacted fiscal year 2007 level of \$1.70 billion. Although fiscal year 2008 funding is 8 percent higher than fiscal year 2007, sustainment levels are lower because of inflation and an increase in modeled requirements.

Our fiscal year 2008 request of \$898 million for environmental programs at active and reserve bases is comprised of operating and investment appropriations. This amount is about the same as the fiscal year 2007 request.

Our BRAC program consists of environmental cleanup and caretaker costs at prior BRAC locations, and implementation of BRAC 2005 recommendations.

- Our fiscal year 2008 prior BRAC program of \$179 million is \$163 million below our fiscal year 2007 program of \$342 million. The entire prior BRAC effort continues to be financed with revenue obtained from the sale of prior BRAC properties. We have not sought appropriated funds for prior BRAC since fiscal year 2005, however, the fiscal year 2008 program depletes the remainder of the land sale revenue received in previous years from disposing prior BRAC property.

- The fiscal year 2008 budget of \$733 million to implement the BRAC 2005 recommendations is \$434 million above the amount allocated by the Department of Defense (DOD) to the DoN following the reduction enacted in the House Joint Resolution 20.

Impact of House Joint Resolution 20

The Department of Defense has been proceeding with BRAC 2005 implementation through most of fiscal year 2007 under a series of Continuing Resolutions (CRs). The enactment of the House Joint Resolution 20 on 15 February provided an annual DOD BRAC 2005 appropriation, albeit at a substantial \$3.1 billion reduction to the PB-07 \$5.6 billion request. The DoN had received \$66 million of the \$690 million budget request under the CRs, with most of the funds provided in January. The duration of the CR, and the magnitude of the funding reduction, has severely complicated program execution.

The BRAC 2005 account is a DOD account. The Office of the Secretary of Defense has now allocated \$297 million of the \$2.5 billion appropriated by the Congress in fiscal year 2007 to the DoN, leaving us with a \$398 million shortfall in fiscal year 2007. There is, however, no doubt that a 55 percent reduction from the President's fiscal year 2007 budget request will create substantial turmoil in all of the Services and Defense Agency implementation plans and schedules. Our BRAC 2005 design and construction projects represent 81 percent of the fiscal year 2007 (49 construction projects at 20 locations) and 69 percent of the fiscal year 2008 request (29 construction projects at 18 locations), so any reduction of funds in fiscal year 2007 will require that we defer numerous construction projects, causing a bow wave of construction projects into fiscal year 2008. This will require a wholesale review of fiscal year 2008 execution plans and schedules as we accommodate construction projects deferred from fiscal year 2007. Delaying closures and realignments also requires us to replace funds which had been taken as savings in the budget. Finally, it adds further uncertainty in the lives of our military, civilian, and contract employees as they ponder their future, and jeopardizes our ability to meet the September 2011 deadline to complete all closures and realignments.

The President submitted an amended fiscal year 2007 request on March 8, 2007 with accompanying offsets for \$3.1 Billion in additional BRAC 2005 funds. I urge your support for the amended fiscal year 2007 budget submitted to the Congress.

Here are some of the highlights and additional details on these programs.

MILITARY CONSTRUCTION

Military Construction Projects

The DoN's fiscal year 2008 Military Construction program requests appropriations of \$2.1 billion including \$110 million for planning and design and \$10 million for Unspecified Minor Construction. This fiscal year 2008 baseline request is \$975 mil-

lion above, and nearly doubles, the fiscal year 2007 enacted level of \$1.129 billion. The fiscal year 2008 authorization request is \$1.8 billion. This level of construction funds presents what I believe will be a substantial, long-term commitment for naval facilities.

The active Navy program totals \$1,126 million and includes:

- \$486 million for 15 construction projects supporting the fielding of new weapons system platforms or research facilities for future weapon systems. All construction projects are scheduled to finish building and outfitting the facility just-in-time to coincide with the arrival of the new platform and its planned initial operating capability. The new platforms include: LPD-17, T6-A, LCS, SSN-774, E2-D, JPALS, FA-18E/F, MH-60, MUOS, EA-18G, T-AKE, and D5 LE. One example of these new platforms is a \$101.8 million extension to Kilo wharf in Guam to support the arrival of the new T-AKE class Combat Logistics Force ships in fiscal year 2010 that provide underway replenishment to Navy ships at sea, replacing the current T-AE and T-AFS class ships;
- \$175 million to continue funding for six previously approved incrementally funded construction projects. An example is a \$16.6 million recruit training center infrastructure upgrade at Naval Training Center Great Lakes IL. This project is the final phase of the infrastructure improvement effort at Great Lakes. In accordance with Administration policy, there are no new incrementally funded construction projects in this budget request;
- \$146 million for four other waterfront recapitalization projects not associated with new weapons systems. An example is a \$91 million CVN maintenance pier replacement at Naval Base Kitsap, WA;
- \$139 million for utilities infrastructure improvements to meet current mission and operational requirements at Naval Base Guam and Naval Support Activity Diego Garcia;
- \$24 million for training projects at Naval Air Station Corpus Christi, TX and Naval Station Great Lakes, IL;
- \$22 million in three infrastructure improvement projects at Camp Lemonier in Djibouti in support of CENTCOM's forward operating base.

The active Marine Corps program totals \$1,037 million, including:

- \$361 million for facilities to support the "Grow the Force" initiative, which I will discuss this in greater detail below;
- \$282 million for ten bachelor quarters at seven locations including Marine Corps Base Camp Lejeune, NC, and Marine Corps Air Station Yuma, CA;
- \$167 million for 11 operations and training facilities, including an Infantry Squad Defense Range at Marine Corps Base Camp Pendleton CA, and three facilities for the Marine Corps Special Operations Command units at Camp Pendleton, CA and Marine Corps Base Camp Lejeune, NC;
- \$52 million for two training facilities, including student quarters for the basic school at Marine Corps Base Quantico, VA;
- \$32 million for three other quality of life projects, including a fitness center at Marine Corps Base Camp Pendleton CA;
- \$31 million for four maintenance projects including a jet engine test cell at Marine Corps Air Station New River NC;
- \$13 million for infrastructure improvements including main gate improvements at the Blount Island Command, FL and Marine Corps Base Camp Pendleton, CA.

The Navy and Marine Corps Reserve Military Construction appropriation request is \$59.2 million, \$16 million more than the enacted fiscal year 2007 level of \$43 million. There are three reserve centers at various locations and a Mobile Inshore Undersea Warfare Unit operation facility at Naval Station Everett WA.

Marine Corps Grow the Force

To meet the demands of the Long War and respond to inevitable world-wide crises that arise, the Marine Corps must be sufficiently manned in addition to being well trained and properly equipped. A key objective is to establish a 1:2 deployment-to-dwell ratio for all active component forces. This ratio relates how long our forces are deployed versus how long they are at home. The goal is for every 7 months a Marine is deployed, he will be back at his home station for 14 months. Marine operating forces are routinely falling short of this target. To fix this imbalance, the President announced in January a need to increase the Marine Corps permanent end strength from 175,000 to 202,000 by 2011, along with a larger increase for the Army. The Marine Corps growth will occur in stages, the first of which will build three new infantry battalions and elements of their supporting structure of about 5,000 Marines.

The fiscal year 2008 baseline budget includes \$4.3 billion for pay and allowances for the first increment of Marines, military construction and base operating support for permanent barracks and operations centers, procurement of additional H-1 aircraft and increased aviation support, along with recruiting, training, equipment and ammunition to bring units to full operational capability. The funding for infrastructure and facilities to initially support this initiative are in three separate budget documents now before Congress:

- The fiscal year 2007 Supplemental includes \$324 million for planning & design, and eight military construction projects;
- The fiscal year 2008 Global War on Terror includes \$169 million for planning & design, ten military construction projects, and family housing privatization seed money for follow-on projects;
- The fiscal year 2008 baseline budget includes \$458 million for planning & design, 20 military construction projects including two Wounded Warrior barracks, and additional family housing privatization seed money for follow-on projects.

Because Marines will begin to arrive before construction at many locations is complete, the Marine Corps is planning to lease, rent, or purchase temporary support facilities. Based on the composition of the additional units, we are determining the optimal permanent bed down locations for these units for future construction requirements.

FACILITIES MANAGEMENT

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses a Sustainment model to calculate life cycle facility maintenance and repair costs. These models use industry-wide standard costs for various types of building and geographic areas and are updated annually. Sustainment funds in the Operation and Maintenance accounts are used to maintain facilities in their current condition. The funds also pay for preventative maintenance, emergency responses for minor repairs, and major repairs or replacement of facility components (e.g. roofs, heating and cooling systems). Both the Navy and the Marine Corps have accepted more risk in facilities sustainment funding in fiscal year 2008 to fund higher priority requirements. With respect to the table, the Marine Corps moved additional funds to sustainment in fiscal year 2006 to restore reductions taken in fiscal year 2005. The Navy would require \$240 million and the Marine Corps \$64 million to fund sustainment to the DOD goal of 100 percent of model requirements in fiscal year 2008.

SUSTAINMENT

[In percent]

	Fiscal years		
	2006	2007	2008
USN Budget	95	95	83
USN Actual/Plan	79	95
USMC Budget	95	93	89
USMC Actual/Plan	126	93

Restoration and modernization provides major upgrades of our facilities using Military Construction, Operation and Maintenance, Navy Working Capital Fund, and Military Personnel funds. The DOD uses a “recap” metric to gauge investment levels. The “recap” metric is calculated by dividing the plant replacement value by the annual investment of funds and is expressed in years. The DOD goal is to attain a 67-year rate by fiscal year 2008. This is a relatively coarse metric, as demonstrated by the dramatic improvement in execution as a result of funds from the fiscal year 2006 Hurricane Supplemental, which substantially improved only those bases affected by the storm. The Navy recap rate also benefits from military construction included in BRAC 2005 implementation. We are working with the Office of the Secretary of Defense and the other Components to develop a recap model similar to the Sustainment model, planned for release in the next budget cycle.

RECAP YEARS

	Fiscal years		
	2006	2007	2008
USN Budget	105	83	63
USN Actual/Plan	45	67
USMC Budget	101	112	103
USMC Actual/Plan	97	109

Naval Safety

The DoN has embraced the Occupational Safety and Health Administration (OSHA) Voluntary Protection Program (VPP), which seeks to foster a cooperative relationship between management, labor, and OSHA as a means to improve workplace safety. The VPP focuses on four major tenets: increased leadership and employee involvement in safety; effective worksite hazard analysis; a focus on hazard prevention and control; and effective safety and health training for employees. The DoN has achieved "Star" status, OSHA's highest level of achievement, at four sites representing over half of the VPP star sites in DOD. The Naval activities include three Naval shipyards, our largest industrial facilities. Statistical evidence for VPP's success is impressive. The average VPP worksite has a Days Away, Restricted or Transferred (DART) injury case rate of 52 percent below the average for its industry, which is consistent with what we have seen.

Joint basing

The Office of the Secretary of Defense released a draft Joint Base Initial Implementation guidance on 31 January 2007 for coordination by the Components. The Navy and Marine Corps have been working closely with the Components for over a year in developing a common framework and standards to establish joint bases. The DoN supports the transfer of funding and real estate from the supported component to the supporting component for installation management functions, which will be the responsibility of the supporting component to provide at the joint base.

Encroachment Partnering

We are successfully applying the authority in the fiscal year 2003 National Defense Authorization Act to enter into agreements with state and local governments and eligible non-government organizations to address potential incompatible development near our installations and ranges, and to preserve nearby habitat to relieve current or anticipated environmental restrictions that might otherwise restrict military training, testing, or operations on the installation. Both the Navy and Marine Corps are using this authority to reduce or eliminate encroachment concerns. Through fiscal year 2006 Department of the Navy has protected nearly 16,000 acres near its installations under this program at a cost of \$12.5 million while our partners have contributed \$20.5 million. The DoN has also entered into several longer term agreements under which we and our partners will seek additional encroachment buffering opportunities. Examples include:

- An agreement with Beaufort County, South Carolina under which we will share costs to acquire interests in the vicinity of Marine Corps Air Station Beaufort.
- An agreement with Churchill County, Nevada under which we will share costs to acquire interests in the vicinity of Naval Air Station Fallon.

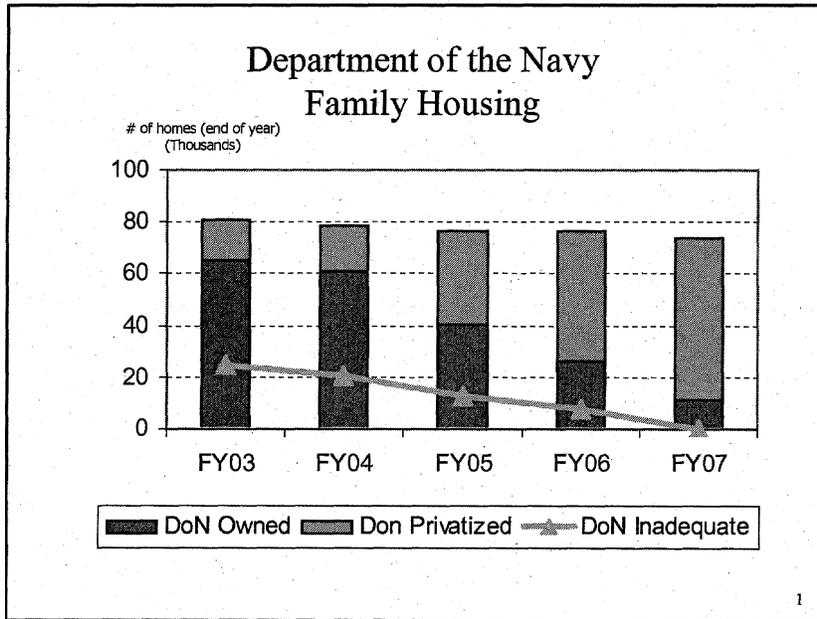
Energy

The DoN is pursuing ways to meet the requirements of Executive Order 13423 and the Energy Policy Act of 2005. Central to this plan is our continued development of geothermal power plants. Navy has partnered with the renewable energy industry on a 270 MW geothermal plant at Naval Air Warfare Station China Lake, CA; awarded a geothermal power plant contract for Naval Air Station Fallon, NV; and is evaluating a project at Naval Facilities Engineering Center El Centro, CA. Other on-base renewable projects include photovoltaic, wind, wave and ocean thermal energy conversion projects. I issued a new DoN policy last fall requiring all new buildings to be built to a LEED Silver level.

HOUSING

Our fiscal year 2008 budget continues to improve living conditions for Sailors, Marines, and their families. We have programmed the necessary funds and expect to have contracts in place by the end of fiscal year 2007 to eliminate all inadequate family housing. Renovation and new construction will be completed such that Sail-

ors and Marines are no longer occupying inadequate homes by fiscal year 2012. We continue to provide homes ashore for our junior shipboard unaccompanied Sailors, to provide appropriate living spaces for our junior enlisted bachelor Marines, and to address long standing family housing deficits. We have programmed the necessary funding to eliminate over 99 percent of the inadequate permanent party unaccompanied bachelor quarters (BQs) housing spaces still served by “gang heads.” As we near finishing privatizing existing military family housing, we are making tangible progress in applying that same privatization approach to meet our unaccompanied housing needs.



Family Housing

As in past years, our family housing strategy consists of a prioritized triad:

—*Reliance on the Private Sector.*—In accordance with longstanding DOD and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community.

—*Public/Private Ventures (PPVs).*—With the strong support from this committee and others, we have successfully used PPV authorities enacted in 1996 to partner with the private sector to help meet our housing needs through the use of private sector capital. These authorities allow us to leverage our own resources and provide better housing faster to our families. Maintaining the purchasing power of BAH is critical to the success of both privatized and private sector housing.

—*Military Construction.*—Military construction will continue to be used where PPV authorities don't apply (such as overseas), or where a business case analysis shows that a PPV project is not financially sound.

PLANNED PRIVATIZATION AWARDS

Location	Homes
Fiscal Year 2007	
Southeast Region	5,501
Midwest (Phase 2)	326
San Diego (Phase 4) (Southwest Region)	3,254

PLANNED PRIVATIZATION AWARDS—Continued

Location	Homes
MCB Hawaii (Phase 2)	917
MCB Camp Lejeune/MCAS Cherry Point/Westover JARB	1,985
MCB Camp Pendleton/MCLB Albany	294
Fiscal Year 2007 Total	12,277
Fiscal Year 2008	
MCB Camp Lejeune	451
MCB Camp Pendleton	301
MCAGCC 29 Palms	279
Fiscal Year 2008 Baseline Subtotal	1,031
MCB Camp Pendleton	66
MCAGCC 29 Palms	6
Fiscal Year 2008 GWOT Subtotal	72
Fiscal Year 2008 Total	1,103
Total Fiscal Year 2007–2008	13,380

As of March 1, 2007, we have awarded 24 privatization projects for over 50,000 homes. As a result of these projects, over 30,000 homes will be replaced or renovated, about 5,000 new homes will be built, and the remaining 15,000 were privatized in good condition and did not require any improvements. Through the use of these authorities we have secured over \$6 billion in private sector investment from \$588 million of our funds, which represents a ratio of almost twelve private sector dollars for each taxpayer dollar.

During the remainder of fiscal year 2007 and in fiscal year 2008, we plan to award nine Navy and Marine Corps family housing privatization projects totaling over 13,000 homes. By the end of fiscal year 2007, the Navy and Marine Corps will have privatized 95 percent and over 99 percent, respectively, of their U.S. housing stock.

Our fiscal year 2008 and outyear family housing privatization projects are targeted at reducing family housing deficits by constructing additional housing for our families where the private sector cannot accommodate their needs. These authorities will ensure the availability of housing to address increased requirements associated with the Marine Corps' "Grow the Force" initiative, stand-up of the Marine Corps Special Operations Command, and address our remaining housing deficit.

Our fiscal year 2008 baseline family housing budget request includes \$298 million for family housing construction and improvements. This amount includes \$188 million for the Government investment in family housing privatization projects planned for fiscal year 2008 award. It also includes the replacement or revitalization of housing in Guam and Japan where privatization is not planned. Finally, the budget request includes \$371 million for the operation, maintenance, and leasing of remaining Government-owned or controlled inventory. The latter represents a 66 percent decline since 1999 when the DoN began in earnest to privatize its inventory of government owned housing. In addition, our fiscal year 2008 family housing Global War on Terrorism request includes another \$12 million for the Marine Corps in family housing improvements.

Unaccompanied Housing

Our baseline budget request of \$323 million¹ for 11 unaccompanied housing projects continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines. Marine Corps has an additional BQ for \$41 million in the fiscal year 2007 GWOT Supplemental, and another BQ and dining hall in the fiscal year 2008 GWOT. There are three challenges:

—*Provide Homes Ashore for our Shipboard Sailors.*—Approximately 13,000 E1–E3 unaccompanied Sailors worldwide lived aboard ship even while in homeport. The fiscal year 2008 budget supports Navy's goal of providing ashore living accommodations for these Sailors. It includes one "homeport ashore" construction

¹ Excludes two Marine Corps Wounded Warrior barracks.

project for \$47 million to complete Naval Base Kitsap Bremerton, WA (198 modules). We are requesting a second phase of funding for this project previously authorized in fiscal year 2005. The primary demographic are Sailors assigned to the nuclear carrier USS JOHN C. STENNIS, which is homeported in Bremerton. Efforts to build this barracks as a pilot BQ PPV proved uneconomical due to the large number of vacancies that would occur when STENNIS deployed.

In addition to the E1–E3 shipboard Sailors, there are approximately 6,000 unaccompanied E–4 Sailors with less than four years service who are assigned to sea duty. Although they are entitled to receive BAH, funding for housing allowances remains un-programmed. We will accommodate those Sailors within our existing unaccompanied housing capacity to ensure they do not return to live aboard ship upon promotion to E–4.

—*Ensure our Barracks Meet Today's Standards for Privacy.*—We are building new and modernizing existing barracks to increase privacy for our single Sailors and Marines. Reflecting the Commandant of the Marine Corps' priority to ensure single Marines are adequately housed, the fiscal year 2008 budget includes \$282 million in MILCON funding (a 124 percent increase over fiscal year 2007 funding levels) for the construction of 3,750 permanent party and trainee spaces at seven Marine Corps installations. The Marine Corps has programmed the necessary funding from fiscal year 2008 through 11 to ensure Marines for their current approved 175,000 end strength are adequately housed by 2012. These barracks will be built to the 2 + 0 room configuration, as have all Marine Corps barracks since 1998.

We appreciate the Congress authorizing the Services to adopt private sector standards for the construction of military unaccompanied housing. We believe that we can provide market-style housing with improved amenities (such as increased common space for residents) at a cost equivalent to that associated with building smaller modules to rigid military specifications. In implementing this authority, we will ensure that Service-specific operational requirements are not compromised, such as the core Marine Corps' tenets for unit cohesion and teambuilding.

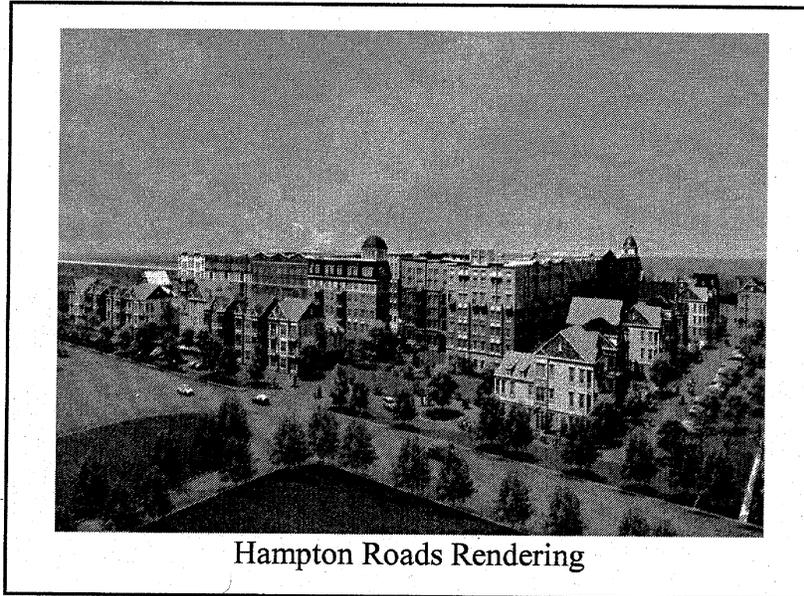
—*Eliminate Gang Heads.*—The Marine Corps had programmed all necessary funding, through fiscal year 2005, to eliminate inadequate unaccompanied housing with gang heads² for permanent party personnel. They will, however, continue to use these facilities on an interim base to address short-term housing requirements resulting from temporary end strength increases in recent supplemental appropriations. The Navy will achieve over 99 percent of this goal by fiscal year 2007.

Unaccompanied Housing Privatization

We awarded our first pilot unaccompanied housing privatization project to Pacific Beacon LLC in December 2006. When complete in 2009, this project will provide 941 new two-bedroom/two-bathroom apartments for E–4 and above enlisted personnel in San Diego, CA who are unsuitably housed in the private sector or who are living in Government quarters that could be used by shipboard Sailors. An existing unaccompanied housing building, containing 258 modules, was also privatized as part of this agreement. Our partner will provide additional quality of life amenities to existing buildings, such as a swimming pool.

We are in exclusive negotiations with a prospective private partner for a second pilot project at Hampton Roads, VA. This project is set for contract award this spring, after the required Congressional notices. This project will build more than 1,000 new two-bedroom/two-bathroom apartments and privatize over 700 existing unaccompanied housing modules for unaccompanied shipboard E1–E3 personnel.

²Gang heads remain acceptable for recruits and trainees.



Hampton Roads Rendering

We appreciate Congress extending the authorities and streamlining the notification process in last year's Authorization Act. We continue to pursue candidates for the third pilot, targeting the Mayport/Jacksonville, Florida area, and expect to have preliminary results this spring on a feasibility study. We will also look at other candidates including additional phases at San Diego and Hampton Roads.

Recognizing that these are long-term endeavors, we take seriously our responsibility to monitor the agreements to ensure that the Government's interests are adequately protected. We have instituted a portfolio management approach that collects and analyzes financial, occupancy, construction, and resident satisfaction data to ensure that the projects remain sound and that the partners are performing as expected. Customer surveys show overall improvement in member satisfaction after housing is privatized.

BUILDUP ON GUAM

U.S. national interests and treaty commitments require strengthening of U.S. military capabilities in the Western Pacific. U.S. forces must be positioned to maintain regional stability, ensure flexibility to respond to regional threats, project power throughout the region, defend our assets as well as those of our allies, and provide forces to respond to global contingencies.

The relocation of III Marine Expeditionary Force personnel from Okinawa to Guam under U.S.-Japan Alliance Transformation and Realignment is part of a broader realignment that, when implemented, will strengthen our regional posture, deter potential aggressors, and provide capabilities that can be flexibly deployed in contingencies, which are essential for the Defense of Japan and for peace and security in the region. For the Marines, this development will balance the Marine Air Ground Task Force (MAGTF) lay down across the region with improved flexibility. The 8,000 Marines and their 9,000 dependents leaving Japan will reduce the footprint of U.S. forces in Okinawa. This will facilitate consolidation of U.S. bases on Okinawa to allow additional land returns in Japan, while reinvigorating Guam's economy through economic stimulus, infrastructure improvements, and external investments.

The Government of Japan will fund most of the infrastructure construction costs over the planned seven year time period to implement the realignment actions in mainland Japan, Okinawa, and Guam. On Guam, Japan will contribute \$6.09 billion of cost sharing toward the estimated \$10.27 billion development cost associated with the realignment of Marines from Okinawa to Guam. Japan's contribution consists of \$2.8 billion in cash for operational facilities, barracks, and quality of life fa-

cilities, and \$3.29 billion in equity investments and loans to special purpose entities that will provide housing and utilities for the Marines on Guam.

The Deputy Secretary of Defense directed the Navy to establish a Joint Guam Program Office (JGPO) to coordinate and manage the relocation of the Marines from Okinawa to Guam. There will be JGPO offices in Arlington, VA and in Guam, along with a liaison billet in Hawaii with USPACOM, and another in Japan with USFJ. The JGPO will work closely with the Office of Economic Adjustment and the Government of Guam to ensure this initiative is mutually beneficial to DOD and to the people of Guam.

JGPO will oversee National Environmental Policy Act (NEPA) studies that will provide the foundation for the Environmental Impact Statement (EIS) and parallel development of a Guam Master Plan. We have \$10 million in fiscal year 2007 and are requesting \$28M in multiple appropriations in the fiscal year 2008 baseline budget to continue these efforts. My office released the NEPA Notice of Intent in the Federal Register on March 7, 2007. The Draft EIS, Final EIS, and Record of Decision, including public comment periods could take up to 3 years to complete. The EIS will address the impact of relocating III MEF with the Air, Ground, and Combat Service Support elements from Okinawa to Guam. The housing, operational, quality of life, and services support infrastructure for the Marines will be identified during the planning process, and assessed through the environmental analysis. It will also assess the impacts of improving the Apra Harbor waterfront to construct a pier capable of berthing a transient aircraft carrier as well the infrastructure requirements needed to station a U.S. Army ballistic missile defense task force on Guam. We will ask for the necessary military construction funds beginning with the fiscal year 2010 budget submission.

ENVIRONMENT

Endangered Species Protection

For nearly a century, San Clemente Island, CA was ravaged by the destructive forces of invasive species, which severely degraded the island's entire ecosystem. Eleven endemic and/or native plants and animals neared extinction, and are now protected under the Endangered Species Act.

Today, the status of most of these species has been significantly enhanced because of the Navy's environmental stewardship. The Navy eradicated all non-native feral grazing animals in the early 1990s and removed exotic plants which were overwhelming native species. The island has been healing through natural processes and Navy protective measures and restoration efforts. In response to a request from the Navy, the U.S. Fish and Wildlife Service in October 2006 recommended de-listing the Island Night Lizard on San Clemente Island as a result of a 5-year review. The final decision is still pending.

Camp Pendleton uses its Integrated Natural Resources Management Plan (INRMP) to manage the ecosystem on this 125,000-acre installation, recognizing that the military mission as a central and integral element of the ecosystem. During the last 2 years, the INRMP demonstrated its benefit by excluding the base from Critical Habitat (CH) designations by the U.S. Fish and Wildlife Service (USFWS) for seven species. In each case, the Secretary of the Interior found that Camp Pendleton's INRMP provided a benefit to the species, and agreed to exclude all Base-managed lands from designation as critical habitat, per Section 4(a)(3) of the Endangered Species Act., and required no further restrictions on military training activities.

In 2006, the USFWS released 5-year status reviews for two species inhabiting Camp Pendleton: the least Bell's vireo and the California least tern. The USFWS recommended both birds be upgraded from "endangered" to "threatened" due in large measure to Camp Pendleton's management efforts, such as habitat enhancement, cowbird control, and focused predator management. A final decision is pending.

Navy Marine Mammals / Sonar R&D investments

The Navy recognizes the need to protect marine mammals from anthropogenic sound in the water. The Navy invests \$10 million to \$14 million per year for research into hearing and diving physiology, behavioral response to human-generated sound, mitigation options, and simulation tools. Approximately 33 universities, institutes, and technical companies are supported by Navy research grants. All the research is aimed at developing a broad, scientific understanding of marine mammals. The Navy recently expanded its research on the effects of mid-frequency sonar to include effects on fish.

MMPA National Defense Exemption

On 23 January 2007 the Department of Defense issued a National Defense Exemption (NDE) under the Marine Mammal Protection Act (MMPA) for all military readiness activities that employ mid-frequency active sonar or Improved Extended Echo Ranging Sonobuoys during major training exercise, within established DOD maritime ranges, or establish operating areas. A 6-month NDE had expired on December 30, 2006.

The Navy is working closely with the National Oceanic and Atmospheric Administration (NOAA), which has jurisdiction on MMPA enforcement, to address procedural issues, identify and implement mitigation and monitoring measures to minimize potential effects to marine mammals, and establish mutually acceptable threshold criteria. The Navy has also established an outreach workgroup with the many non-governmental organizations that have a vested interest in the protection of marine species. The Navy has begun the public NEPA process on its three most active ranges—Hawaii, Southern California, and East Coast, and is committed to completing environmental documentation for all ranges by the end of 2009.

Shipboard Programs

The Navy continues modernizing its vessels to comply with more stringent environmental regulations. The Navy completed its Afloat Pollution Prevention Equipment installations in September 2006 with 152 installations on Navy surface ships. The equipment reduces the need for hazardous material, and the generation of hazardous waste. The Navy continues to convert its shipboard air conditioning and refrigeration plants from Ozone Depleting Substances (ODS) to non-ODS refrigerants. As of March 1, 2007, we had completed 516 of 690 conversions of shipboard air condition systems and 600 of 614 conversions of shipboard refrigeration systems. Navy expects to complete its transition to non-ODSs by 2014.

The Navy has also completed 114 of 334 upgrades to its plastic waste processors (PWPs), which allow ships at sea to compress plastics into a solid disk for disposal or recycling ashore. The new PWPs reduce maintenance, improve reliability and throughput, and include a self-cleaning future, giving our sailors the best equipment to meet no-plastics discharge requirements while at sea.

Environmental Compliance by Shore Installations

The Navy continues to improve its shore installation compliance environmental standards. Solid waste diversion has climbed from 42 percent in fiscal year 2004 to 60 percent in fiscal year 2006 for combined municipal waste and construction and demolition debris, compared with an EPA national average diversion rate of 32 percent. Our hazardous waste disposal amounts are down to an all time low of 54,000 tons of hazardous waste, compared to 207,000 tons when DOD starting using this metric in 1992, this despite increased tempo to support the Global War On Terror. Domestically, 91 percent of Navy permits are in full compliance with Clean Water Act standards, and 97 percent meet all Safe Drinking Water Act standards, both increases from recent years.

The Marine Corps has made similar progress. For example, the number of new enforcement actions against the Marine Corps in fiscal year 2006 has declined by 25 percent compared to the average number in fiscal year 2001 through fiscal year 2005. This decrease occurred at a time of high operational tempo and more regulatory inspections.

Alternative Fuel Vehicles

The Navy has many initiatives to reduce its reliance on imported oil. Last year, Navy doubled biodiesel usage for non-tactical vehicles. Biodiesel fuels are now available at Navy Exchange fuel stations in Norfolk, VA; Crane, IA; and Charleston, SC. After successfully completing a pilot scale system, the Naval Facilities Engineering Services Center (NFESC) is building a full-scale biodiesel production facility at Naval Base Ventura County, Port Hueneme, CA. NFESC distributed 92 neighborhood electrics last year. These electric vehicles can be charged at any 110 volt outlet and are well-suited for use in ports, air stations, and large supply buildings.

Installation Restoration Program (IRP)

The DoN has completed cleanup or has remedies in place at 78 percent of our 3,700 contaminated sites. We plan to complete the program by the year 2014. The cost-to-complete the installation restoration program continues a downward trend with efficiencies of \$600 million over the past 10 years. Use of new technologies, land use controls, remedy optimizations, contract efficiencies, and a dedicated professional staff have contributed to these efficiencies. Our fiscal year 2008 request of \$301 million consists of \$271 million for IRP, and \$41 million for program management, and \$43 million for munitions response.

Munitions Response Program (MRP)

The DoN is proceeding with cleanup of Munitions and Explosives of Concern (MEC) and Munitions Constituents (MC) at all Navy and Marine Corps locations other than operational ranges. We plan to complete preliminary assessments this year at all 213 known sites on 56 active installations. Site inspections and sampling will be completed by 2010. We will not have credible cleanup cost estimates until these assessments are completed in 2010.

Navy continues clearing munitions from Vieques, PR. About 65 acres of beaches have been surface cleared of munitions on the eastern side of the island, and we are removing surface MEC and MC on 1,100 acres of the former bombing range Live Impact Area and the artillery range. A total of 290 acres, including the "Red" and "Blue" beaches have been cleared. Our revised cost to complete for Vieques is \$255 million, with completion expected in 2020.

BRAC 2005

In developing the BRAC 2005 recommendations, the DoN sought to eliminate excess capacity, improve operational readiness, capitalize on joint basing opportunities with the other Components, maintain quality of service, and achieve cost savings. The BRAC 2005 Commission recommendations became legally binding on the DOD on November 9, 2005. In contrast to prior BRAC commissions, the BRAC 2005 recommendations have fewer closures and many more realignments, particularly realignments that involve more than one military Service or Defense Agency. The DoN has 6 "fence line" closures and 81 realignment recommendations involving 129 bases. Our remaining environmental cost to complete for fiscal year 2008 and beyond is \$94 million.

Accomplishments

Given that all closures and realignments in BRAC 2005 must by law be completed by September 2011, we must move quickly to construct the necessary facilities to relocate units from their current location to their new location. We initiated BRAC 2005 implementation in fiscal year 2006 by awarding 12 BRAC construction projects at the "receiver" locations. The Department of Navy obligated 96 percent of the total fiscal year 2006 \$252 million BRAC 2005 funds we received.

Nearly all impacted communities have established a Local Redevelopment Authority (LRA) to guide local planning and redevelopment efforts. The DOD Office of Economic Adjustment has been providing financial support through grants and technical assistance to support LRA efforts.

To date, the Navy has terminated leases at eleven reserve centers thereby returning these properties to their owners, and completed 14 surplus determinations, allowing us to proceed with disposal actions to non DOD recipients at these locations. We expect to complete the remaining two surplus determinations this spring. We also completed 23 Environmental Condition of Property Reports, providing copies to local communities and Federal agencies to support their redevelopment efforts. These environmental reports provide a comprehensive summary of all known environmental contamination, as well as the studies, analyses, and cleanup that have been done, are now underway, or remain to be done.

Navy has completed operational closure of 12 bases. We have received approval from OSD for 58 out of 64 business plans for which the DoN is the executive agent. These business plans, which average 40 pages in length, include extensive details on costs, savings, schedules, and support documents for each construction project. We continue efforts to gain OSD approval for the remaining business plans, which involve more complex moves and joint basing decisions.

PRIOR BRAC CLEANUP AND PROPERTY DISPOSAL

The BRAC rounds of 1988, 1991, 1993, and 1995 were a major tool in reducing our domestic base structure and generating savings. The Department of Navy has achieved a steady state savings of approximately \$2.7 billion per year since fiscal year 2002. All that remains is to complete the environmental cleanup and property disposal on portions of 17 of the original 91 bases.

Property Disposal

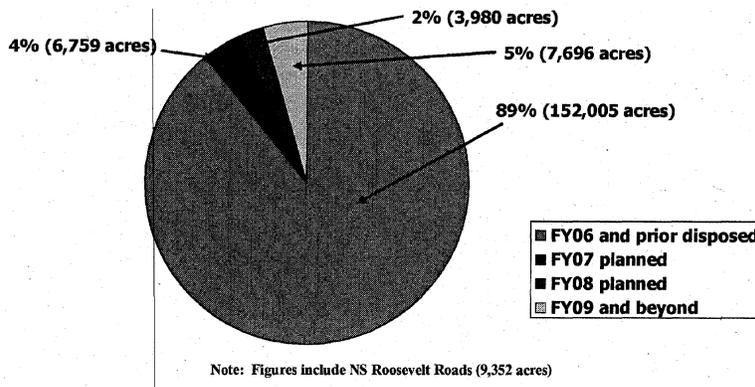
Last year we conveyed 906 acres in 12 separate real estate transactions at six prior BRAC bases. We also completed Findings of Suitability for Transfer (FOST) for 940 acres. The FOST certifies that DOD real estate is environmentally suitable

for transfer by deed under Section 120(h) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA)³.

Department of the Navy Prior BRAC Disposal

DISPOSAL STATUS (AS OF 30 Sep 06)

Total Acres to Dispose = 170,440



Land Sale Revenue

We have continued our success in using property sales to assist in funding environmental cleanup and property disposal as well as recover value for taxpayers from the disposal of Federal property. Through a combination of cost Economic Development Conveyances, Negotiated Sales, and Public Sales, the Department of Navy has received over \$1.1 billion in revenues from the sale of prior BRAC property. Nearly all of this revenue has been generated since fiscal year 2003. In fiscal year 2006, we completed the sale of 3,719 acres at the former Marine Corps Air State El Toro, CA for \$649.5 million. We also sold 167 acres at the former Naval Hospital Oakland, CA for \$100.5 million. Beginning in fiscal year 2003, we have used these funds to accelerate environmental cleanup, and to finance the entire Department of the Navy prior BRAC effort including caretaker costs since fiscal year 2005.

We have put this land sale revenue to good use! We have issued Findings of Suitability to Transfer for over 4,500 acres which enabled us to continue our disposal efforts. A few of the significant disposals include the last parcels at Naval Shipyard Charleston, SC; Naval Air Station Key West, FL; San Pedro Housing Area for Naval Shipyard Long Beach, CA; and Naval Hospital Oakland, CA, as well as the first parcel at Hunter's Point Naval Shipyard. In addition, Navy accelerated cleanup on the majority of MCAS El Toro, a National Priorities List (NPL) site. We have also completed the cleanup of over half of Naval Station Treasure Island and determined it acceptable for transfer. Significant cleanup activities were undertaken at both Hunter's Point Naval Shipyard, as well as Alameda Naval Air Station, all of which are NPL sites, greatly improving the protection to human health and the environment.

Two significant property sales remain, both planned to begin in fiscal year 2009: approximately 176 acres at the former Naval Training Center Orlando, FL; and about 1,450 acres at the former Naval Station Roosevelt Roads, PR. We will spend the last portions of the \$1.1 billion in land sale revenue in fiscal year 2009. Revenue projections for Orlando and Roosevelt Roads are unknown, but are expected to be well below that obtained from the sale of California property at El Toro and Tustin.

³ 42 U.S.C. Section 9620(h).

In the absence of additional land sale revenue, we are evaluating the need to resume appropriated funds in future budgets.

Prior BRAC Environmental Cleanup

The DON has spent about \$3.5 billion on environmental cleanup, environmental compliance, and program management costs at prior BRAC locations through fiscal year 2006. With our planned programs of \$342 million in fiscal year 2007 and \$179 million in fiscal year 2008, we expect the environmental cost to complete for fiscal year 2009 and beyond at \$1.168 billion. This is an increase of \$725 million since last year. Nearly all of this cost increase is due to the recent discovery of substantially more low level radioactive waste at the former Hunters Point Naval Shipyard in San Francisco, CA and some at the former Naval Air Station Alameda, CA.

Hunters Point Naval Shipyard

Hunters Point Shipyard represents one of the most unique prior BRAC challenges. Maritime use of Hunters Point began in the 1850's. The Navy purchased the property in 1939, and began to expand the shipyard and build facilities. Between 1939 and 1974, Hunters Point was one of the Navy's largest industrial shipyards and was home to the Naval Radiological Defense Laboratory (NRDL). The Navy used Hunters Point to decontaminate ships that had been used during atomic weapons testing under Operation Crossroads. NRDL conducted radiological research in numerous buildings on the base.

The Navy closed Hunters Point in 1974, and then leased most of the property in 1976 to a private ship repair company. The Environmental Protection Agency placed the shipyard on the National Priorities List in 1989. The Department of Defense listed the shipyard for closure as part of BRAC 1991.

The Navy has conducted expansive records and data search to identify all areas of potential contamination, as required under CERCLA. This included conducting a Historic Radiological Assessment and extensive sampling to identify potential contamination from past radiological activities. There are 78 installation restoration sites and 93 radiological sites, and Navy has spent about \$400 million on cleanup efforts. While the base does not present a risk to human health, the additional data has revealed a much greater degree of contamination than previously known. The previous cost to complete was \$110 million. The revised fiscal year 2008 cost to complete is \$670 million, which excludes submerged lands. We will have an independent outside consultant review the situation and seek options that balance cleanup costs and health risks to humans and the environment. Land use controls must be part of the remedy for Hunters Point.

The City of San Francisco recently proposed building a new football stadium using a portion of Hunters Point. Such a proposal represents a very compatible reuse that could be effectively integrated into the cleanup program. While this appears to be an excellent opportunity for combining cleanup with transfer and redevelopment of Hunters Point, it will require significant financial resources in the near term that are not now budgeted.

HURRICANE SUPPLEMENTALS

Following the experience learned from Hurricane Ivan in 2004, the Navy was prepared to respond quickly to the Hurricane Katrina and lesser storms in 2005 that affected eight major Navy bases. With Supplemental funds provided by Congress, we have made the necessary repairs to get our facilities back to full mission capability. The funding allowed us to begin the cleanup as the long term reconstruction. We have awarded 37 percent of the \$493 million in military construction and family housing construction projects to date, with plans to award the balance by the end of this fiscal year.

MEETING THE CONSTRUCTION EXECUTION CHALLENGE

The ambitious programs I have outlined, encompassing military and family housing construction, continuing recovery efforts in the Gulf Coast, BRAC-related construction, and support for the Global War on Terror represent an execution effort of over \$4 billion in fiscal year 2008 compared to the fiscal year 2005 effort of \$2.5 billion. The Grow the Force and barracks initiative by the Marine Corps, and the buildup on Guam initiative will add a sustained annual program of \$2-3 billion through the FYDP.

The Naval Facilities Engineering Command (NAVFACENGCOM) has, with the exception of fiscal year 2006, obligated between 92 percent to 98 percent of all authorized and appropriated DoN construction projects (including congressional adds) in the first year funds became available. That obligation rate dropped to 74 percent

in fiscal year 2006, primarily due to pricing issues caused by material and labor shortages in the aftermath of hurricanes in 2004 and 2005.

NAVFACENGCOM has substantial additional contracting capacity, and will seek to aggregate related projects while preserving competition and small business interests. For example, NAVFACENGCOM sponsored an industry conference in January 2007 to explore opportunities for cost and scheduling efficiencies. This is an execution challenge that NAVFACENGCOM can do.

CONCLUSION

The Navy cannot meet the threats of tomorrow by simply maintaining today's readiness and capabilities of our physical plant. We must continue to transform and recapitalize for the future without jeopardizing our current readiness and the strides we have made—and continue to make—in managing our shore infrastructure. With our partners in industry, the acquisition community, and with the continuing support of the Congress, the Department of Navy will build and maintain installations that are properly sized, balanced—and priced for tomorrow.

Thank you for the opportunity to testify before this committee. I look forward to a productive dialogue with the Congress on the Department of the Navy's shore infrastructure.

Senator REED. Thank you very much, Mr. Secretary. And, thank you General Flock and Admiral Handley.

I have a series of questions. I think I'll run past my initial time, but I'll just take the first few minutes and then turn to my colleagues and expect, if not a second round, then I'll offer additional questions at the end.

CAMP LEMONIER IN DJIBOUTI

First, Mr. Secretary, I want to focus a bit on Camp Lemonier in Djibouti. There was a request in the supplemental for several projects that's being debated right now between the House and Senate, but one of the perceptions that we had with respect to the request and supplemental is that it looked like permanent construction that you were looking at, not emergency supplemental construction. And, then I noticed in the fiscal year 2008 budget request, there is three additional projects at Camp Lemonier.

The first question is, if this is a permanent establishment, why are we doing anything in the supplemental. Why aren't all requests in the 2008 budget or in regular budget orders, either you or the Admiral?

Mr. PENN. Admiral.

Admiral HANDLEY. Thank you, Mr. Chairman. In addressing the MILCON requirement for Djibouti, we do look at Djibouti as an expeditionary base and we do not see it as, necessarily, an enduring base, but we do look at a few factors. One of those are the operational requirements and those are the facilities that you see in the 2008 budget and those are the taxi-way projects and the operational facilities that we have there.

In the supplemental projects you see some utility projects, some water storage, some water production, electrical distribution, those projects are really based on a 5-year horizon that we looked at our best economic value by which we can provide that. Today, we ship water in at a very expensive rate. We think if we put in some water production and some water storage facilities, over a 5-year period, it turns out to be more economical for us.

Senator REED. Well, thank you, Admiral, but there's another factor, in terms of the operational aspects, and that is the new command that's being set up for Africa, with a new commander. And,

I wonder if anyone has, from that emerging leadership level, commented about Djibouti or is that a place where we're going to locate this command or was there any discussion to date, Secretary?

Mr. PENN. No, sir, they're looking at going farther south into South Africa for the location of the command.

And, just to add to what the Admiral said, all of our facilities in Djibouti are austere, for living for instance, we have the compressed living units, which are basically trailers.

Senator REED. So, at this juncture, your perception is that that is not going to be an enduring base at all.

Mr. PENN. Correct.

Senator REED. It's a temporary base.

Mr. PENN. Yes, sir.

Senator REED. And, this probably tracks with the, sort of the arrangement you have with the Government of Djibouti, which is the lease term. As I understand it, it's a 5-year lease for \$30 million a year and two 5-year options. Is that accurate? That's, if you don't have that data initially, just get back to us.

Mr. PENN. Yes, sir, it is accurate.

Senator REED. And, the overall project cost to develop Camp Lemonier is in excess of \$300 million. Is that a fair estimate at this juncture?

Mr. PENN. I think that's a fair estimate, yes, sir.

Senator REED. And again, this is not an enduring base. This is something that has a planning life, what's, 5 years, Admiral?

Admiral HANDLEY. Let me clarify, Mr. Chairman. We do see an enduring mission in that area. We have taken it as an expeditionary base. For those reasons, you don't see projects like barracks and gymnasiums and others. And, we really have focused on operational facilities and some of those utilities, and essentially the backbone structure in order to operate out of there.

Senator REED. And, a final question that, with respect to the Navy and the Marine Corps and the Combatant Commanders. Has Djibouti been identified as a, if not a permanent enduring base, one that will, we want to, sort of, stake out for a long, long time in terms of not just operational and logistical, but strategic reasons? General Flock, is that, does the Marine Corps have a comment on that?

General FLOCK. Mr. Senator, I think that you're going to see United States forces there for a while, as long as the GWOT continues.

Senator REED. Well, thank you.

GUAM

Let me turn to another request and that is, the Navy has, as we've noted, an 81 percent increase in MILCON, which is a very robust increase. Some of this, a lot of it is attributed to Grow-the-Force in the United States Marine Corps, which we're aware of. There's another \$333 million for the move to Guam, which is a significant increase in the construction effort over the next 5 years for Guam. And, I'll ask the question I asked the Army, do you think in particular, with respect to Guam, that this huge infusion of construction monies can be adequately managed, both in terms of

spending efficiently, and also not producing a huge increase in construction costs?

Mr. PENN. Yes, sir. In fact, we have a, speaking of the management, the former IG is my program manager for this move and he's preparing for all sorts of investigations and so forth, so we are staying on top of that. It's going to be quite a growth for construction, as the Admiral can address, so we'll almost have to double our construction load for this.

Admiral HANDLEY. Mr. Chairman, if I could also expound, the projects that you see in the fiscal year 2008 submission are Navy requirements for existing forces that are there. It does a couple of things, but again, we're looking to focus on utilities backbones and infrastructure that are also for the current requirement, but we also are looking to the future and see a significant increase in construction in Guam and we're very concerned about the capacity of construction, so as a, if you'll call it a ramp on that construction, this is a very good transition to make sure that capacity stays there. But, each one of those projects provide a vital infrastructure or quality of life for those sailors that are on there today.

Senator REED. Thank you. Let me ask a final question before I yield to Senator Hutchison, but I do have additional questions later.

WHIDBEY ISLAND

Two projects were submitted in last year's Presidential budget request that should have been incremented projects. One project was an Air Force project at MacDill Air Force Base, the other was a Navy project at Whidbey Island, Washington State. Initial increments of these projects were funded in Congress's fiscal year 2007 joint funding resolution. The Air Force chose to request funding for the remaining increment in this budget, the fiscal year 2008 budget, however the Navy did not fund the remaining portion of the Whidbey Island. Can you tell us why you're not doing that, Mr. Secretary?

Mr. PENN. Yes, sir. At the time of the PB08 lock, not all four congressional committees had completed their bills and we really thought that there was a possibility of the full funding at that time, so we made a mistake. We erred in judgment for that.

Senator REED. Will you correct the mistake?

Mr. PENN. Yes, sir. We will start the construction and we will roll the balance of funding into the fiscal year 2009 budget request. And, the hangar really needs to be fixed up that was being built about a thousand years ago it seems, and I was in that hangar myself; it needs the work.

Senator REED. We might follow-up, just to get some more details on this issue—

Mr. PENN. We have a lot on it.

Senator REED [continuing]. But thank you, Mr. Secretary.

And, at this point, let me recognize Senator Hutchison.

Senator HUTCHISON. Thank you, Mr. Chairman.

FULLY FUNDING MILCON PROJECTS

Admiral Handley, the Navy has been directed by OMB to request several large MILCON projects all at once, rather than in the in-

crements, as has been done so many times in the past. Funding the large projects all at once ties up the money for the present years when it's going to take more than a year to build something. And, my question is, if you do make requests, such as has been suggested, can you execute those within a year?

Admiral HANDLEY. Ma'am, your question goes to execution, and we can clearly execute within a year when it goes down to project award. The outlays, obviously, will go over the entire construction period. And, we recognize the benefits of incrementation because it does allow you to phase the funding along with that. But, in this area we have followed OMB guidance and we have submitted fully-funded projects, which we have been required to do.

GUARD AND RESERVE MILCON

Senator HUTCHISON. Mr. Penn, we've talked about Guard and Reserve with the Army and the marines. My question to you is the same. Do you feel that your Guard or Reserve funding is enough for your future needs, or do you feel that the Guard and Reserve is being, sort of, held static to try to pay for the increases that you're going to need because of the Marine Corps increase in end-strength?

Mr. PENN. No, ma'am. I think the Department of Navy is doing extremely well. In fact, our Reserve MILCON in fiscal year 2008 is \$20 million higher than enacted in 2007.

Senator HUTCHISON. And, you think, you feel that is adequate for keeping your facilities up to—

Mr. PENN. Yes ma'am, I do.

Senator HUTCHISON [continuing]. Standard? All right. Thank you very much.

Thank you, Mr. Chairman.

Senator REED. Senator Allard.

PRIVATIZATION OF HOUSING

Senator ALLARD. Mr. Chairman, I just have a brief question regarding your housing in Fort Carson on the Army side in Colorado. We've gone to privatization of the housing, it's worked very good. I mean, the facilities have allowed the fort to move ahead quickly to meet its expansion needs as well as being nice accommodations as far as the soldiers are concerned.

And, I noticed in your report, Mr. Secretary, that you had talked about your housing, at least, and I assume you have some privatization of housing, and kind of share with the committee how that is working as far as the Navy is concerned.

Mr. PENN. Sir, it's working extremely well. We have it at major locations, major installations throughout the country and, I think that if you have a young person going into this housing, they will be part of our permanent force, the housing is so nice; Corian countertops, energy efficient appliances, and in some of the major areas, San Diego and so forth, we have a very high cost of living, as you know, and we're putting folks into those new quarters and they're phenomenal. Everyone loves them. They will wait a longer period of time just to move into the housing. We have privatized housing in all of our major locations in Hawaii, and it's just fantastic. I can't say enough about it.

Senator ALLARD. That's all I have, Mr. Chairman. Thanks.
 Senator REED. Well, thank you very much, Senator.

NEWPORT, RHODE ISLAND

Let me resume with a few questions of particular concern to me because they involve Newport, Rhode Island. And, I'm glad Admiral Handley is here because he served as a facilities engineer at the Naval War College, so he has great expertise.

Mr. Secretary, I understand that the Navy's preparing a master plan for the use and/or disposal of land at Newport, Rhode Island because of the changing missions for the base, particularly the old Newport Naval Hospital. Could you just confirm that this master planning is underway, give me an idea of when it might be complete, and also when the results will be given to my staff and myself?

Mr. PENN. Yes, sir. The master plan is underway. CNIC, Commander Naval Installation Command is preparing the master plan. We expect preliminary results in June, the final plan in September. We are having discussions with the Coast Guard, our sister service, about the facilities there and we will share the master plan with your office when completed.

NAVY PIERS

Senator REED. Thank you very much, Mr. Secretary. And, there's another issue here, we've talked about this previously, and that is the Navy piers. We understand there are two piers that are—

Mr. PENN. Yes, sir.

Senator REED [continuing]. Need significant reconstruction, perhaps prohibitively expensive in terms of repairing those two piers, but there's a possibility of a smaller pier being constructed, significantly smaller, that could serve the needs of the Navy and perhaps the Coast Guard, also. And, I know you're looking into this, and I appreciate that. Could we have some type of discussion prior to, let's say the middle of June, with respect to possible options to go forward that, because as far as the long-term utility of the base, some pier arrangement is, I think, very important and essential. And, if you could plan to visit with us before the middle of June, that would be very good.

Mr. PENN. Will do, sir.

Senator REED. Thank you very much.

BRIDGE REPLACEMENT

And, a final point is that, we have a vehicular bridge, which I think Admiral Handley's crossed over many times. In 2006 we appropriated \$10.62 million to replace the bridge. Construction has not begun because the Navy insists it needs additional funding. The subcommittee attempted to add an additional \$3.41 million in last year's bill, but because of the delay in passage of the bill, it never reached the President's desk for signature.

We're still committed to doing this, but the bridge is deteriorating and it's causing operational constraints. One issue is just the passage of emergency fire equipment to get cross-post in an expedi-

tious way and having been on the bridge many times, it's not the most convenient for emergency equipment.

I think we've got to solve this problem and I would suggest that construction begin as soon as possible. We've put a significant down payment to do that, to get that done. So, when can you start construction, given the fact we've already appropriated \$10 million? And, is there a possibility of reprogramming to make it happen faster? Admiral.

Admiral HANDLEY. Sir, I obviously share your concern on that bridge having both myself and then fiancé at the time that I met in Newport, cross that bridge.

Senator REED. I think you've got a deal here.

Admiral HANDLEY. I was formerly also down at NAVFAC MIDLANT, responsible for the engineering and spoke several times with the designers responsible for finding solutions and we looked at a number of alternatives, including alternate locations to try and get it within the dollars. What it comes down to, is we need to have a complete and usable facility, obviously you can't get a bridge that goes three-quarters of the way across. And so, we will make sure that your staff has what the current estimate is as we go another year into this.

But, we'll need to get the full amount in order to execute this. We don't currently have the ability to reprogram it; I think you and your staff know we have been faced with significant escalation in the MILCON program just from the cost of construction, cost of concrete, steel, and some of the impacts in the gulf coast with the volume of construction. So, we'll make sure that, that figure goes into your staff, but I think we're going to have to look at, when we get the additional funds for it, we'll be ready to execute a design-build contract to get that bridge replaced.

We have looked at the current load capacity on it, and I think you know we've restricted the load to, I think, 12 tons and does not allow for fire engines to go across, which from a safety perspective is absolutely a necessity. But, we're committed to replacing that bridge, we just need to get the money right.

Senator REED. Well, I am equally committed to replacing the bridge for the one concern, you just reiterated, which is the safety services getting back and across in coverage.

WRAMC BRAC

Let me raise another, different question, more policy related. And, that is the discussion about the development at Bethesda, the Naval Hospital. BRAC has basically suggested that Walter Reed be closed, there's a great discussion now on whether that's going to be done, but also that the Navy will absorb part of this facility, Walter Reed, and will create a very significant concentration of medical headquarters.

And, I'm just wondering, has the Navy thought about the additional barracks that are necessary to house enlisted personnel? Given the significant cost of living around Washington, I suspect young sailors and soldiers who are going to be stationed there won't have the wherewithal to go out on the economy easily. With the increase, we've been told that not only the footprint, but the size of operations that you're going to have significantly more per-

sonnel stationed there than you have now. And, then also, there are obviously, issues of environmental impacts.

I think we've all had the privilege, I say that, kind of ironically, of going up Wisconsin Avenue or going down Wisconsin Avenue in the morning or the evening when NIH and Bethesda are going in and out—the facilities traffic will be much greater—I just, want to get a sense right now, Mr. Secretary, are you thinking beyond the broad outlines of taking some Walter Reed facilities, moving them over there within the BRAC.

Mr. PENN. Yes, sir, we are thinking of that. As you know, the Navy responsibility for the move is primarily the NEPA, which consists of a \$700,000 EIS analysis, and we do the design and construction, which is \$497 million from Army BRAC funds. The Maryland delegation has requested that we do an expanded NEPA, which we are doing to look at the transportation, all the travel, the barracks, and so forth. In fact, we're looking at a back gate into Bethesda off of the beltway. We're trying to incorporate, encompass all thoughts. The barracks discussion is under way at this time. No decision has been reached yet, but I'm sure we'll do the right thing.

Senator REED. Well, it seems to me it's going to be a very expensive thing. We're talking about access directly to the beltway, perhaps even increased rail or rail stations to be more accommodating. And, I think the sooner we confront those costs and, perhaps not just in a specific Bethesda focus, but in the context of the Washington Metropolitan area and military medical facilities we'll be better off.

Mr. PENN. Yes, sir. I concur.

Senator REED. I encourage you to do that.

Senator Hutchison, do you have additional? Thank you very much, Senator Hutchison.

Thank you, gentlemen, for your testimony and service to the Marine Corps and the Navy, and we look forward to working with you.

Mr. PENN. Thank you very much, sir.

CONCLUSION OF HEARINGS

Senator REED. The hearing is recessed.

[Whereupon, at 11:16 a.m., Thursday, April 19, the hearings were concluded, and the subcommittee was recessed, to reconvene subject to the call of the Chair.]