

**DEPARTMENT OF DEFENSE AUTHORIZATION FOR
APPROPRIATIONS FOR FISCAL YEAR 2002**

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES

UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

S. 1416

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 2002 FOR MILITARY
ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CON-
STRUCTION, AND FOR DEFENSE ACTIVITIES OF THE DEPARTMENT OF
ENERGY, TO PRESCRIBE PERSONNEL STRENGTHS FOR SUCH FISCAL
YEAR FOR THE ARMED FORCES, AND FOR OTHER PURPOSES

PART 3

READINESS AND MANAGEMENT SUPPORT

MARCH 21, JULY 11, AUGUST 2, 2001



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**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2002**

WEDNESDAY, MARCH 21, 2001

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

INSTALLATION READINESS

The subcommittee met, pursuant to notice, at 9:30 a.m. in room SD-232A, Russell Senate Office Building, Senator James M. Inhofe (chairman of the subcommittee) presiding.

Committee members present: Senators Inhofe, Cleland, Akaka, and E. Benjamin Nelson.

Professional staff members present: George W. Lauffer and Cord A. Sterling.

Minority staff member present: Michael J. McCord, professional staff member.

Staff assistants present: Kristi M. Freddo, Jennifer L. Naccari, and Michele A. Traficante.

Committee members' assistants present: Ryan Carey, assistant to Senator Smith; George M. Bernier III, assistant to Senator Santorum; Erik Raven, assistant to Senator Byrd; Davelyn Noelani Kalipi, assistant to Senator Akaka; and Eric Pierce, assistant to Senator Ben Nelson.

**OPENING STATEMENT OF SENATOR JAMES M. INHOFE,
CHAIRMAN**

Senator INHOFE. The subcommittee will come to order.

First of all, I know it is a large number of people we are dealing with here today and for that reason we will have to keep opening statements very short. I will do the same.

Yesterday in this room, Senator Akaka, the ranking member, and I held a hearing on encroachment, and I will bet you that the 18 or 16 of you today could do just about as good a job as they did yesterday, because we have serious problems with encroachment. It is just part of the crisis that we are facing right now in our military.

The subcommittee meets this morning to receive testimony on the status of our active and Reserve military facilities. Although our witnesses represent only eight military installations, I am con-

fidant that their experiences are typical throughout the military services. It is my goal that at the completion of the hearing, the subcommittee members will have a better appreciation of the conditions, both good and bad, that our military personnel and families face on a daily basis.

Since assuming the chairmanship of this subcommittee 4 years ago, I have stressed the importance of our facilities to the readiness and the quality of life of our Armed Forces. I do applaud President Bush for his commitment to improving the living conditions of our military personnel. However, this commitment is only a first step because quality of life not only implies barracks and family housing, but also includes the working environment.

During visits to military facilities, I have seen the deplorable conditions in which our soldiers, sailors, airmen, and marines, both in the active and the Reserve components, must work to repair and maintain sophisticated equipment required to keep the United States Armed Forces the best in the world. For example, at Fort Sill, we are maintaining today's artillery systems in motor pools that were designed and built for the World War II towed artillery.

We have trainee barracks in which sewer backups are the routine and pre-World War II buildings that are on the verge of collapse. I was at Fort Bragg during a rainstorm and saw our troops actually covering up some of their equipment to keep it dry within the barracks.

At Camp Lejeune, the roof on the facility that houses a small arms simulator was leaking, which interrupted training and threatened the sophisticated simulators. At Miramar, the outdated hangars were crowded and did not have the appropriate equipment to maintain the marines' helicopters.

These are conditions that the private sector would never tolerate and there is no reason that the military should tolerate them either.

During prior subcommittee hearings, high-ranking military and civilian Department of Defense officials have testified regarding funding shortfalls in the military construction and real property maintenance (RPM) accounts. Their testimony focused on the budget deliberation and the tradeoffs required to meet the modernization goals of the Department. They rarely touched on the impact these tradeoffs have had on the individual service members and their readiness at the installations.

Today we will hear from individuals who carry out the budget decisions of the Department of Defense and Congress. We will also hear from senior NCOs whose personnel must live and work in the facilities that have been neglected due to the continual underfunding of our military construction and RPM accounts.

I would like to extend a warm welcome to all of our witnesses. I want to point out that the witnesses were selected from a pool identified by the military services. Senator Akaka and I have made the final selection based on their experience and their type of installation and geographical region. Each of them has a wealth of experience in their field and all have long and distinguished careers.

To ensure we gain the maximum benefit from this hearing, I would like to keep this informal. As I said in this room yesterday,

just relax and have a good time. We really want to find out from those who are living in these conditions just how bad they are or how good they are.

Senator Akaka.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA. Thank you very much, Mr. Chairman. I want you to know it is a pleasure to join you again this morning, and good morning to all of you here. I want to welcome you from both the active duty and the Reserve component panels to our hearing this morning. We appreciate your service to your country and we look forward to hearing from you.

You have the responsibility of keeping our military installations around the Nation running. I look forward to hearing this morning about the good as well as the bad at your duty stations.

I know from visiting the bases and installations in my State of Hawaii that there are never enough resources to allow us to bring the quality of our workplaces, housing, and barracks up to the level we want for our military and our families. Although we want to, it would be difficult for all the members of this subcommittee to get away from our duties to visit all the installations represented here today. I thank Chairman Inhofe for doing the next best thing, which is bringing all of you here to talk to us.

I look forward to an informative hearing and hearing directly from you about the problems that you face.

Thank you very much, Mr. Chairman.

Senator INHOFE. Thank you, Senator Akaka.

I have personally visited every installation represented here today. I have found during the last 10 years when we have had the drawdowns and the problems, the funding problems, the shortfalls and the RPM problems, I get more accurate information when I am out in the field than I do when we listen to the chiefs come in here and testify. That is the reason that we are going to your level.

Many of you have never testified before one of these committees. So what we want to do is just get the truth as it is out there, to save us going to some 16 installations to get that.

Now I will introduce the first panel of witnesses: Col. Gary Wright from my State of Oklahoma, Fort Sill; Command Sgt. Maj. Dennis Webster, Fort Hood; Capt. Steven Johnson, Norfolk; Command MC Kevin Licursi, San Diego; Lt. Col. Brian Yolitz, Shaw Air Force Base; CM Sgt. Walter Poliansky—and I understand that you have your wife here today, is that correct?

Sergeant POLIANSKY. That is correct, and my children.

Senator INHOFE. Would she stand up please. It is nice to have you here.

Colonel Thomas Phillips from the Marine Corps base at Camp Lejeune; and Sgt. Maj. Ira Lott from Miramar. It is nice to have all of you here and, because I am from Oklahoma, we are going to start with Colonel Wright from Fort Sill.

I would like to ask you to keep your comments really brief. We have a lot of people and we have two panels. So we want to get through this and we want to make sure—and many of the members will be coming in and out and those who are not here will

have questions that they will submit in writing for the record and then we will leave that record open so that you can respond.

Colonel Wright.

**STATEMENT OF COL. GARY W. WRIGHT, U.S. ARMY, DIRECTOR
OF PUBLIC WORKS, FORT SILL, OKLAHOMA**

Colonel WRIGHT. Good morning, Mr. Chairman.

As always, it was great seeing not only you, but as well Senator Warner, at Fort Sill the week before last.

Senator INHOFE. Yes. Just to let the rest of you know what happened, Senator John Warner came with me to Oklahoma. We actually went to four facilities. He was able to see some things. There is no substitute for being there on the ground and seeing what is going on. You did a great job, Colonel Wright.

Colonel WRIGHT. Thank you, sir.

Senator Akaka and other members of the subcommittee: First, I would like to thank each of you for allowing me to participate in today's hearing. I am Colonel Gary Wright, the Director of Public Works at Fort Sill, Oklahoma. Fort Sill is the home of the field artillery for both the United States Army and the Marine Corps.

We currently have over 2,200 buildings totaling 14 million square feet, with 94,000 acres and just over 400 miles of roads, that support 14,000 service members and 19,000 family members. Our mission is to develop, train, equip, mobilize, and deploy the field artillery force. During fiscal year 2000, our training command graduated 25,508 Army and Marine field artillery officers, non-commissioned officers, soldiers, initial training soldiers, and marines.

We also have the III Armored Corps artillery, which is the largest and most diverse artillery organization in the free world. Its four brigades, totaling 5,000 soldiers, are prepared to deploy to any theater of operations to provide fire support to the III Armored Corps.

Sir, the good news is that Fort Sill leads the Army in constructing and remodeling single soldier quarters to meet the new one plus one standards, with over 2,200 spaces completed and construction under way for the remaining 880 units. In addition, a new strategic mobility rail project is under construction to facilitate the power projection deployments.

However, 9 of the 13 battalion tactical equipment shops, as you mentioned, are close to 50 years old, with no projects to correct this situation.

Fort Sill's 1,415 Army family housing units are well-maintained, are in a C-2 status that supports the majority of the assigned missions. Moreover, we consistently maintain occupancy rates in excess of 98 percent. However, the age of our quarters range from 40 to 130 years old and privatization is not scheduled for at least 10 years.

The most pressing challenge is that, after 14 years of declining Army budgets, Fort Sill's infrastructure and facility readiness is now rated at C-3. That impairs the mission performance. Leaky roofs, inoperable and insufficient heating and air conditioning systems, broken and leaking plumbing, failing roadways, structural

failures, and inadequate range facilities are common throughout Fort Sill.

Ten years ago, Fort Sill had a budget of \$178 million to support training and operate and maintain the installation. The public works directorate had nearly 500 personnel. Today Fort Sill has one additional FORSCOM corps artillery brigade. It has the same mission, supporting the same training load. But it is funded at a reduced rate of approximately \$100 million.

Senator INHOFE. I might add that going down in that 10-year period from \$178 million to \$100 million, those were dollars that were the real dollars at that time. So it is considerably less than half of what it was 10 years ago.

Colonel WRIGHT. Absolutely, sir.

Senator INHOFE. Also, Colonel Wright, I am going to ask each one of you to try to keep your statement to about 3 minutes, and then your entire statement will be inserted in the record.

Colonel WRIGHT. Yes, sir. About another 30 seconds here.

Importantly, the installation is only able to fund 24 percent of its \$43 million annual facility sustainment requirement. The directorate of public works now has only 232 employees to maintain the same infrastructure. As a result, Fort Sill, like many other installations, has stopped doing preventive maintenance and only does facility breakdown and emergency repairs.

This not only leads to poor readiness and ineffective training, but it also leads to more rapid system failures, which cost more to repair in the long run. This reduced funding has resulted in a backlog of over \$214 million in facility maintenance at Fort Sill.

In summary, unless significant resources are added to the Army's overall budget for sustainment, restoration, and modernization, Fort Sill will continue to be forced to drastically underfund the maintenance of its installation infrastructure and to sacrifice to fund training and readiness mission requirements.

Again, I would like to thank you for allowing me to testify today. I thank each of you for what you do each and every day for the Army and its sister services.

[The prepared statement of Colonel Wright follows:]

PREPARED STATEMENT BY COL. GARY W. WRIGHT, USA

I am Colonel Gary Wright, the Director of Public Works at Ft. Sill, Oklahoma. Ft. Sill is the home of the field artillery for both the United States Army and Marine Corps. We currently have over 2,200 buildings totaling 14 million square feet with 94,000 acres and over 400 miles of roads to support 14,000 service members and 19,000 family members. Our mission is to develop, train, equip, mobilize, and deploy the field artillery force. During fiscal year 2000 our training command graduated 25,508 Army and Marine field artillery officers, non-commissioned officers, and initial entry training soldiers and marines. We also have the III Armored Corps Artillery, which is the largest and most diverse artillery organization in the free world. Its four brigades totaling 5,000 soldiers are prepared to deploy to any theater of operations and provide fire support for the III Armored Corps.

The good news is that Ft. Sill leads the Army in constructing and remodeling single soldiers quarters to meet the new 1+1 standards, with over 2,200 spaces completed and construction under way for the remaining 880 units. In addition, a new Army strategic mobility rail project is under construction to facilitate power projection deployments. However, nine of thirteen battalion tactical equipment shops are close to 50 years old with no projects to correct this situation in the Army Future Years Defense Plan (FYDP). In fact, Ft. Sill has only two military construction projects in the FYDP, far below what is required to renew aging infrastructure.

Ft. Sill's 1,415 Army family housing units are well-maintained at a C-2 status (supports majority of assigned missions). Moreover, we consistently maintain occupancy rates in excess of 98 percent. However, the age of our quarters range from 40 to 130 years and privatization is not scheduled for at least 10 years.

Our most pressing challenge is that after 14 years of declining Army budgets, Ft. Sill's infrastructure and facility readiness is now rated at C-3 (impairs mission performance). Leaky roofs, inoperable and insufficient heating and air conditioning systems, broken and leaking plumbing, failing roadways, structural failures, and inadequate range facilities are common throughout Ft. Sill.

Ten years ago Ft. Sill had a budget of \$178 million to support training, and operate and maintain the installation. The Public Works Directorate had nearly 500 personnel. Today, Ft. Sill has one additional FORSCOM Corps Artillery Brigade, the same mission, supporting the same training load, but is funded at a reduced rate of approximately \$100 million in fiscal year 2001. More importantly, the installation is only able to fund 24 percent of its \$43 million annual facility sustainment requirement. The DPW now has only 232 employees to maintain the same infrastructure. As a result, Ft. Sill, like many other installations, has stopped doing preventative maintenance and only does facility breakdown and emergency repairs. This not only leads to poor readiness and ineffective training, but it also leads to more rapid system failures which cost more to repair in the long run. This reduced funding has resulted in a backlog of over \$214 million in facility maintenance at Ft. Sill.

In summary, unless significant resources are added to the Army's overall budget for Real Property Maintenance the Army will continue to be forced to drastically underfund the maintenance of its installations infrastructure as a sacrifice to fund training and readiness mission requirements.

Senator INHOFE. Thank you, Colonel.
Sergeant Webster.

**STATEMENT OF CSM DENNIS E. WEBSTER, U.S. ARMY, III
CORPS AND FORT HOOD, TEXAS**

Sergeant WEBSTER. Good morning, sir. I am CSgt. Maj. Dennis Webster. I am from III Corps and Fort Hood, Texas.

Thank you for the opportunity to speak to you this morning. The opportunity to speak to you this morning is very important to me. Your understanding and support of our installations and our soldiers and civilians is vital to the Army's mission and overall operational readiness.

III Corps is the most powerful armored corps in the world. 75,500 soldiers, 24,000 combat vehicles and aircraft, 37 percent of the U.S. active component ground combat power. It includes forces at four major installations: Fort Hood, Fort Carson, Fort Bliss, and Fort Sill, also with oversight of training at Fort Riley, Kansas.

During these opening remarks I will focus on Fort Hood, but in general the same conditions exist at all our installations. Fort Hood is considered the power projection platform for the Army. We are the knockout blow when the world needs us. We have to be prepared to respond to any threat anywhere in the world when called upon.

Unfortunately, it is becoming more and more difficult, because of demands placed on the infrastructure that supports our units, our soldiers, our civilians, and our families. The Army over the years has attempted to juggle wellbeing needs and initiatives while trying to maintain readiness. As it should be, the priority has been on our ability to fight and win our Nation's wars, but the price has been a shortfall in the maintenance of our installation infrastructure.

Fort Hood is a maintenance challenge. It is the equivalent of four Pentagons' worth of buildings. This includes 99 barracks, 56 motor pools, nearly 6,000 sets of family quarters, more than 400 miles of

water lines, 280 miles of waste water lines, 260 miles of gas lines, 900 miles of paved roads, 1,700 acres of paved parking lots. Fort Hood is big.

We have over 340 square miles on the installation. We are home to over 42,000 soldiers and support over 166,000 family members and retirees.

At Fort Hood we have a comprehensive RPM, or real property maintenance, program that includes repairs, preventive maintenance, and life cycle replacement of components. Under the Army's installation status report, or ISR, facilities are assessed against Army condition standards for each type of facility. Red facilities are described as dysfunctional and in overall poor condition. Of the 44 barracks renovated on Fort Hood during the fiscal years 1990 to 1995, 25 of those or 67 percent are now rated amber or red in the ISR.

The fiscal year 2001 requirement for real property maintenance and repair at Fort Hood is estimated at \$204 million to bring facilities to standard. The current funding level of \$16.4 million basically limits efforts to priority one repair. Priority one repairs include health protection, safety, security, or the prevention of property damage. Examples would include gas leaks, sewage backups, heat and air conditioning problems, and water failures.

On a positive note, our construction program for new facilities represents improved conditions for our soldiers. But they also represent more space, more components, and more technically complex systems to maintain. New barracks now have individual sleeping rooms, multiple bathrooms, and individual heating and cooling systems, compared to the old sleeping bays, gang latrines, and centralized systems.

Despite the many new facilities, the average building on Fort Hood is nearly 30 years old. Funding levels have never allowed for a comprehensive approach that included adequate and systematic preventive maintenance and components replacement.

Steady progress has been made over the years and this encourages soldiers, particularly ones who have returned to Fort Hood from other tours. But since RPM focus has to be of necessity on priority one items, those items that soldiers see on a daily basis end up on the backlog. Let me give you a few examples—

Senator INHOFE. I will tell you what, Sergeant Webster. Try to wrap it up if you could, because we have a lot of witnesses here.

Sergeant WEBSTER. Very well, sir.

When we look at where soldiers work, several items are readily apparent. The average life expectancy of roofs on Fort Hood is 15 years. The lack of funds drives the decision to patch rather than replace. At the average cost of \$59,000 per roof, Fort Hood should be spending nearly \$9 million per year on roof replacements on our 2,272 non-housing buildings. Maintenance shop bay doors and lights are inoperable. Over 160 bay doors currently need repair or replacement. 1,300 bay lights are inoperable. Of 194 hangar doors at two airfields, inspection revealed 104 need repair immediately. Thank you.

[The prepared statement of Sergeant Webster follows:]

PREPARED STATEMENT BY CSgt. MAJ. DENNIS E. WEBSTER, USA

Good morning, I am CSgt. Maj. Dennis Webster. I am the Command Sergeant Major for the U.S. Army III Corps and Ft. Hood, Texas. Thank you all for the opportunity to speak to you this morning.

This opportunity to speak to you this morning is very important to me—your understanding and support of our installations and our soldiers and civilians are vital to the Army's mission and overall operational readiness.

III Corps is the most powerful Armored Corps in the world—75,500 soldiers—24,000 combat vehicles and aircraft—37 percent of all U.S. active component ground combat power. It includes forces at four major installations: Fort Hood, Fort Carson, Fort Bliss, and Fort Sill, also with oversight at Fort Riley. During these opening remarks, I will focus on issues at Fort Hood, but in general, the same problems exist at all our installations.

Fort Hood is considered the power projection platform of the Army—the knockout blow when the world needs us. We must be prepared to respond to any threat, anywhere in the world, when called upon. Unfortunately, this is becoming more and more difficult because of the demands placed on the infrastructure that supports our units, our soldiers, our civilians, and our families.

The Army, over the years, has attempted to juggle well-being needs and initiatives while trying to maintain readiness. As it should be, the priority has been our ability to fight and win our country's wars, but the price has been a shortfall in the maintenance of our installation infrastructure. Fort Hood is a maintenance challenge! It has the equivalent of four Pentagons' worth of buildings. This includes 99 barracks, 56 motor pools, and nearly 6,000 sets of family quarters, more than 400 miles of water lines, 280 miles of waste water lines, 260 miles of gas lines, 900 miles of paved roads, 1,700 acres of paved parking. Fort Hood is BIG! We have over 340 square miles on the installation. We are the home to over 42,000 soldiers and supporting over 166,000 family members and retirees.

At Fort Hood, we have a comprehensive RPM program that includes repairs, preventive maintenance, and the life cycle replacement of components. Under the Army's Installation Status Report (ISR), facilities are assessed against DA condition standards for each type of facility. "Red" facilities are described as dysfunctional and in overall poor condition. Of the 44 barracks renovated on Fort Hood during fiscal year 1990–1995, 25 (67 percent) are now rated Amber or Red in the ISR.

The fiscal year 2001 requirement for real property maintenance and repair at Fort Hood is estimated at \$204 million to bring facilities to standard. The current funding level of \$16.4 million basically limits efforts to Priority 1 repairs. Priority 1 repairs include health protection, safety, security, or the prevention of property damage. Examples include gas leaks, sewage backups, heat, air-conditioning, and power failures.

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Steady progress has been made over the years, and this encourages soldiers, particularly ones who have returned to Fort Hood after other tours. But since the RPM focus has to be, of necessity, on Priority 1 items, those items that soldiers see on a daily basis end up on the backlog. Let me give you a few examples.

When we look at where soldiers work, several items are readily apparent. The average life expectancy for roofs on Fort Hood is 15 years. Lack of funds drives the decision to "patch" rather than replace. At the average cost of \$59,000 per roof, Fort Hood should be spending nearly \$9 million per year on roof replacements for the 2,272 non-housing buildings. The problem compounds with each year facilities are not fully maintained. Maintenance shop bay doors and bay lights are prime examples of the impact of deferred maintenance on the installation's ability to perform its mission. Over 160 bay doors currently need repair or replacement. More than 1,300 bay lights are inoperable. A recent inspection of 194 hangar doors at the two airfields revealed that 104 need repair immediately. When we look at where soldiers live, there are different, but no less important issues. For example, over 5,000 locks in barracks need repair or replacement today. Excessive wear without replacement means the same key opens multiple doors and soldiers' safety and security are compromised.

When we take an even larger view of things that the average soldier doesn't consider until there is a failure somewhere, other issues become apparent. A large portion of our water lines, waste water lines, and gas lines is part of the original distribution systems for Fort Hood and is more than 50 years old. With a 40 to 50-year life expectancy, these systems are deteriorated and failing frequently. Fort Hood repaired four water line breaks for 10–16" water lines in just 1 week this year. Annual replacement investment exceeds \$5 million for these items alone.

I'm sure you are all aware of the current state of our family housing. There are initiatives in all the services to address these shortfalls. We at Fort Hood have our Residential Communities Initiative (RCI) to address our family housing shortfall and maintenance. We have begun to think "outside of the box" to address problems we are facing and RCI is an excellent example; however, many times when we think "outside of the box" we need additional approvals to execute, and in this I would ask your help.

The facilities at Fort Hood play a key role in the military readiness equation. The continued choice to patch roof leaks rather than replace roofs jeopardizes facilities and costly computer equipment, furniture, and carpeting—we end up being "penny wise, pound foolish." Soldiers lose confidence in their leaders because of perceived indifference or inability to take care of their needs. Our soldiers, civilians, and their families are negatively impacted in the places they work, live, and play.

In conclusion, I am extremely proud of our soldiers and civilians; I am proud to represent them. I thank you on behalf of all III Corps soldiers, civilians, and family members for your past support and look forward to the opportunity to discuss and solve together the challenges that lie ahead.

Senator INHOFE. We have been joined by Senator Ben Nelson from Nebraska. Did you have an opening statement to make, Senator?

Senator BEN NELSON. No, thank you.

Senator INHOFE. Alright.

Captain Johnson.

STATEMENT OF CAPT. STEVEN W. JOHNSON, U.S. NAVY, COMMANDING OFFICER OF THE NAVY PUBLIC WORKS CENTER, NORFOLK, VIRGINIA

Captain JOHNSON. Good morning, Mr. Chairman and members of the subcommittee. I am Captain Steve Johnson, the Regional Engineer for the Commander, Navy Region Mid-Atlantic, and Commanding Officer of Navy Public Works Center Norfolk. I thank you for the opportunity to discuss the condition of our facilities and family housing.

As the Mid-Atlantic Regional Engineer, I have responsibilities for Navy facilities in Virginia's Hampton Roads area, in Philadelphia and Mechanicsburg, Pennsylvania, and for Naval Air Station Keplovik, Iceland. In the Hampton Roads area there are six major shore installations: Naval Station Norfolk, Naval Support Activity Norfolk, Norfolk Naval Shipyard, Naval Amphibious Base Little Creek, Naval Air Station Oceana, and Naval Weapons Station Yorktown. These six major shore installations comprise 56 square miles of real estate and 6,600 facilities valued at \$9.2 billion, and they support 82,000 active duty military personnel, 107 ships, and 38 aircraft squadrons.

In addition to submitting my written testimony, I provide the subcommittee with a handout containing pictures depicting some of the good and some of the bad in the Hampton Roads area.

I thank the subcommittee for the support it has given us in the past. It has allowed us to do many good things for our sailors. However, there is much to be done. There are seven groups of facilities in my written statement: waterfront, aviation, bachelor housing,

family housing, training, utilities, and other. Only the family housing category is rated C-2, capable of meeting its mission most of the time.

Senator INHOFE. What are the rest of them rated?

Captain JOHNSON. They are rated C-3, sir, marginally capable of meeting their mission.

Our facilities provide poor quality service for our sailors, which creates a message mismatch. Quality of service is advocated, but not funded.

Mr. Chairman, this concludes my oral statement. I welcome any questions that you or the other members of the subcommittee may have.

[The prepared statement of Captain Johnson follows:]

PREPARED STATEMENT BY CAPT. STEVEN W. JOHNSON, USN

Mr. Chairman, members of the subcommittee, I am Capt. Steve Johnson, Regional Engineer for the Commander, Navy Region, Mid-Atlantic and Commanding Officer of the Navy Public Works Center, Norfolk. I would like to thank you for the opportunity to discuss the condition of our facilities and base housing. As the Mid-Atlantic Regional Engineer, I have responsibilities for Navy facilities in the Virginia Hampton Roads area, at Philadelphia and Mechanicsburg in Pennsylvania, and for the Naval Air Station in Keflavik, Iceland. In the Hampton Roads area alone there are six major shore installations: Naval Station Norfolk, Naval Support Activity Norfolk, Norfolk Naval Shipyard, Naval Amphibious Base Little Creek, Naval Air Station Oceana, and Naval Weapons Station Yorktown. These six major shore installations comprise 56 square miles of real estate, 6,600 facilities valued at \$9.6 billion, and support 82,000 active duty military, 107 ships and 38 aircraft squadrons.

As the Mid-Atlantic Regional Engineer, I follow the Navy's facility investment priorities of waterfront, airfield, training, bachelor quarters, and utilities, whether I am recommending military construction (MILCON) projects, or determining what local OM&N projects to fund across the Mid-Atlantic Region. In addition to the Navy's investment priorities, I also consider mission accomplishment, economic efficiencies, and quality of service in establishing our local facility funding priorities. Based on available resources, urgent needs are being met with difficulty in the Region and I would judge our overall facility condition as marginally acceptable.

WATERFRONT FACILITIES

The condition of our waterfront facilities, as reported by our Base Readiness Report (BASEREP), is C-3. We estimate the maintenance backlog to be \$88 million. Of our 85 piers and wharves, 50 were constructed before 1950. These piers are structurally inadequate to enable cranes to service ships from the piers, are too low to properly handle amphibious landing ships, are too narrow and have inadequate space between piers. Electrical power is insufficient to meet ships needs and will become even more critical as new classes of ships such as the LPD17 come on line. Safety and maintenance are also concerns because the steam lines are exposed to the tides below the pier decks and the shore power cables lie on the pier deck. We also spend \$2 million per year replacing timber fenders. New double deck pier designs will address all of these issues. Our waterfront re-capitalization plan includes replacement of one pier per year for the next 20 years and will be capable of supporting future classes of ships.

AVIATION FACILITIES

The condition of our aviation facilities, as reported by our BASEREP, is C-3. We estimate the aviation facility maintenance backlog to be \$90 million. For example, the Naval Station Norfolk Chambers Field hangars are deteriorated WWII-era facilities, have high maintenance and energy costs, and cannot effectively support modern aircraft squadrons' missions. Working conditions in the spaces are poor and have gotten press coverage as a cause for pilot attrition. They are 65 percent oversized—and therefore are more expensive to maintain than they should be. The present hangar layout is inefficient and requires aircraft and vehicles to taxi excessively between hangars. The Chambers Field runways and taxiways also require refurbishment and upgrade to address modern aircraft loading requirements. These

deficiencies are being addressed through an airfield re-capitalization and modernization plan that has been supported, to date, by Congress. The total re-capitalization plan will take 9 years, cost \$160 million, of which \$46 million is for pavement and \$114 million for hangars, and demolishes 42 facilities.

Improvements to some facilities have been made. For example, at Naval Station Norfolk two modern hangars were constructed in 1994 that are sized for modern aircraft, are energy and maintenance efficient, and provide the right environment for productive aircraft maintenance and day-to-day squadron operations.

Nevertheless, there remain aviation facility deficiencies that adversely affect day-to-day operations. An example is 50-year-old Hangar 200 at Naval Air Station Oceana which has been highlighted in the media as a Navy facility in poor condition. The hangar door surface coating has completely failed and the door is covered with rust. The antiquated gas heat system is expensive to maintain and fails frequently. Some sections of the piping system have burst. The hangar doors routinely fail presenting a safety hazard and resulting in significant energy loss when they are stuck in the open position. Aircraft maintenance production suffers as a result of having to manually open the doors and as well as the exposure of sailors to the elements.

BACHELOR HOUSING

The condition of our bachelor housing facilities, as reported by our BASEREP, is C-3. We estimate the bachelor housing and galley facility maintenance backlog to be \$67 million. Although we have completed more than \$96 million in renovation and MILCON projects over the past 3 years, in order to upgrade all remaining barracks to 1+1 standards, there are still 10 barracks which need to be converted at an estimated cost of \$79 million.

The recently completed \$7.9 million Carter Hall renovation at Naval Station Norfolk is an outstanding example of 1+1 bachelor quarters standard. This is a first class, showcase quality facility and was first utilized by sailors from the U.S.S. *Cole*. On the other hand, bachelor housing that has not been renovated to 1+1 standards is generally of poor material condition. For example, Groshong Hall at Naval Station Norfolk was built in 1973. It has central head facilities and the majority of its sailors are three to a room. The sinks in the heads are separating from the walls, the showers leak to the floors below and there is water damage to walls and floors.

FAMILY HOUSING

The condition of our family housing facilities, as reported by our BASEREP, is C2. We estimate the family housing maintenance backlog to be \$55 million. About 93 percent of Navy families in the Hampton Roads region live in private sector housing. Although private sector housing is plentiful, expenditures for suitable housing often exceed junior enlisted pay grade housing allowances. The region manages 4,092 enlisted and officer homes, of which 69 percent have been renovated within the past 7 years. Two neighborhoods, totaling 678 homes, are newly constructed or currently under construction. About 500 homes require renovation and there is a requirement deficit of more than 800 homes. The requirement for affordable housing, particularly for junior enlisted families, is being addressed through a pilot program with the Virginia Housing Development Authority (VHDA). VHDA will construct 80 housing units on government land that will be leased to junior enlisted families under a Navy privatization initiative. Additional privatization initiatives are being considered for the Hampton Roads Area.

TRAINING FACILITIES

The condition of our training facilities, as reported by our BASEREP, is C-3. We estimate the training facility maintenance backlog to be \$42 million. In total more than 3 million square feet are designated for training use in more than 200 facilities. Nearly one third of this space is categorized as substandard or inadequate. A typical training facility is Building 3504 at Little Creek which houses the Expeditionary Warfare Training Group Atlantic. 22,000 students per year train in the facility. Classes have been postponed because of heating, ventilation, and air conditioning (HVAC) failures. The power supply is antiquated and inadequate to support the electrical load of the training equipment. Another example is Building SP-381 at Naval Station Norfolk. Its 35-year-old roof has deteriorated beyond economical repair and leaks during rainstorms. The walls are soiled and discolored from age and high usage. The suspended ceiling is water stained and damaged. Classroom training is frequently interrupted during rainstorms. The 16-year-old HVAC system is in need of replacement.

UTILITIES

The condition of our utility infrastructure, as reported in our BASEREP is C-3. We estimate the utility maintenance backlog to be \$122 million for the region. As an example of the impact of these utility deficiencies, nuclear and non-nuclear ships at Norfolk Naval Shipyard have experienced numerous faults and outages as they are served by underground electrical cables that are over 60 years old. Mobile electrical transformers have had to be placed at Pier 23 at Naval Station Norfolk to temporarily alleviate reliability problems with shore power. Two nuclear submarines at this pier recently lost shore power because of problems with these mobile units. The substandard condition of 40-year-old waterlines at NAVSTA Norfolk have resulted in low water pressure and low water quality to bachelor quarters and family housing occupants. The facilities at the Atlantic Fleet Headquarters and NATO compounds must rely on individual emergency generators in part because of the reliability of the 40 year old substation and switchgear that serves these compounds.

OTHER FACILITIES

The condition of our remaining facilities is generally C-3. We estimate the remaining facility maintenance backlog for the Hampton Roads shore facilities to be about \$343 million. Programming decisions based on Navy priorities enable us to maintain and plan the re-capitalization of our waterfront, airfields, bachelor and family housing, training facilities, and utilities. We need to stay this course and continue these investments. However, these decisions leave few resources for other facility requirements such as administrative buildings, personnel support facilities, logistical facilities, and roads. The consequence is many of these facilities are in poor condition and adversely affect the quality of service for our sailors and civilian employees. Examples are provided in the handout and include:

- At NSA Norfolk, the Commander Naval Surface Forces Atlantic staff of 108, who are managing the manning, training, ship maintenance, and funding for the Atlantic Fleet, are housed in a wood frame building constructed in 1942 that has a \$5 million maintenance backlog. Work conditions are very poor. The windows and walls leak, there are frequent HVAC failures, the electrical system has deteriorated, there are structural problems, and steam leaks in crawl spaces.
- There are dozens of 40- to 60-year-old wood frame buildings throughout the region. Nine have recently either been condemned or restrictions have been placed on them because of structural failures or inadequacies. At Naval Support Activity (NSA) Norfolk, the Atlantic Fleet Communications Department had to be relocated on an emergency basis when their primary building had a wood truss frame failure and was subsequently condemned as structurally unsafe.
- While many facilities at Naval Station Norfolk have similar problems, the Commander Naval Air Force Atlantic command building roof and walls leak so badly that plastic tarps are used to cover mechanical systems. Buckets catch water and there is water damage throughout the interior.
- Building 31 at Norfolk Naval Shipyard (NNSY) in Portsmouth, used by shipyard engineers, is an historic structure built in 1866. Typical of more than 30 buildings in the "old yard" area of the base, this admin facility has been fixed and fixed again, pending funding of a \$3.4 million renovation project. One half of the timber roof recently collapsed, causing us to move our 150 people overnight. The result is an unplanned repair expenditure of \$250,000 and significant production time and cost impacts to several submarine and ship overhaul projects.
- The Regional Child Development Center (CDC) supporting NNSY and the Naval Medical Center in Portsmouth is undersized, with a capacity of 57 for a 372-child requirement. Qualified, local private childcare is virtually non-existent. The building is the only one in the region with a C-4 rating: it has no sprinkler system, inadequate toilet facilities, and a chronic mold infestation that caused a complete CDC shutdown for 30 days last September. Elimination of this health concern would require complete replacement of interior architectural and mechanical systems. The best economic solution is MILCON (P-333) that has been unprogrammed for 15 years. P-333 (\$6.4 million) would save over 300 sailors an average of \$128 per month in childcare costs.
- At the Little Creek Naval Amphibious Base there are many temporary wood-frame constructed in 1943 with most building systems failing.

- A fourth of all Naval Station Norfolk roads are classified as poor or worse. At the waterfront more than a thousand sailors park their cars in dirt parking lots.
- Pre-commissioning units consisting of groups of 60 sailors needed a facility to work from and were given a building on the demolition list as it was the best facility available. They fixed the building to make it habitable through self-help. Six months later it was discovered that termites had caused structural damage to the building and we had to evacuate them to another building earmarked for demolition. We're still awaiting funding to renovate a facility for pre-commissioning units.

There are also many success stories where new operational or personnel support facilities have come on line and represent the high standard we are proud of and want to attain across our facility inventory. Examples include:

- A new \$13.3 million air terminal has just been finished at Naval Station Norfolk. This facility has dramatically enhanced the quality of service for sailors and airmen. This terminal is one of the busiest terminals in the Air Mobility Command system and we now have a first class facility that handles more than 10,500 passengers per month and eliminates previous problems of aircraft, cargo, and passenger overcrowding.
- The new \$4.8 million gymnasium at Naval Air Station Oceana is a modern, top quality sports facility.
- The Youth Center at New Gosport in Portsmouth renovated an under-sized existing youth center facility and connected a refurbished warehouse to make it a modern, top quality facility.

One of the most effective means to reduce costs is to reduce our maintenance footprint. Accordingly, the Navy and Mid-Atlantic Region has been emphasizing demolition as part of our RPM program for several years. Since 1998, including plans for this year, we will have demolished 259 buildings and have removed 874,000 square feet and \$19 million of maintenance backlog from the inventory. Many more structures could be demolished, but other facilities first need to be renovated and occupants moved in order to make the worst structures available for demolition.

The Mid-Atlantic Region is also stretching available funds by pursuing energy conservation initiatives using third party financing such as installing energy efficient lighting or air conditioning systems. Working with local utility companies we jointly develop projects where the savings pay for the project construction and financing, and when the loan is paid off the Navy accrues all future savings.

In summary, the condition of facilities in the Hampton Roads area is mixed. There are new modern facilities such as barracks, hangars, and piers, and there is a long-term plan in place to re-capitalize our waterfront and airfields. However, more funds will be needed across the board to reduce the overall maintenance backlog, to improve the quality of service for our sailors, and to achieve balanced facility excellence.

I'm happy to answer any questions you may have.

Senator INHOFE. Thank you very much, Captain Johnson. Chief.

**STATEMENT OF CMC KEVIN H. LICURSI, U.S. NAVY, NAVY
REGION SOUTHWEST, SAN DIEGO, CALIFORNIA**

Chief LICURSI. Good morning, Senator Inhofe and distinguished subcommittee members.

As the CNO-directed Master Chief for Navy Region Southwest in San Diego, California, I am honored this morning to appear before you and speak about the condition of Navy facilities in family and bachelor housing on behalf of the sailors and families of Navy Region Southwest.

I would especially like to thank the subcommittee members for your past efforts and continued commitment to improve quality of life for our sailors and their families. Our sailors sincerely appreciate all you and our Navy leadership has done on their behalf. The committee's efforts have resulted in providing our sailors much improved Navy morale, welfare, and recreation programs. I am convinced that these types of activities are providing the sailors

healthier lifestyles by offering alternatives to alcohol and other activities that negatively impact personnel readiness.

There has been a considerable investment into family housing, but there is still much work left to do when Navy family housing falls either below our standards or where the community cannot capably support our sailors in the private sector. Regrettably, while there has been considerable progress made towards enhancing the quality of life facilities in Navy Region Southwest, workplace quality of life continues to suffer due to the continuing deterioration of shore infrastructure.

Leaking roofs, plumbing leaks, ventilation and air conditioning systems, when provided, do not work. Our buildings are antiquated, with an average age of 50 years. We create a message alignment problem when we put 15-year-old furniture back into the newly renovated facilities that we are doing.

Bachelor quarters infrastructure also affects sailors' quality of life. In the barracks, the lack of routine maintenance and restoration due to funding constraints, the buildup of condensation and mildew from antiquated air conditioning systems, the age, the outdated basic designs, and the lack of ability to house all the sailors desiring to room in the bachelor housing, all contribute to poor quality of life.

Little or no funding is applied to these barracks other than emergency trouble calls, due to other more pressing financial needs. Our sailors are living with furniture that is well beyond its life expectancy, due to the lack of available funding for furniture.

Your Navy today is manned by young men and women who are the best educated and trained sailors we have ever had. Their commitment to accomplish their mission has never been stronger. In my 23 years of naval experience, I have never seen your sailors fail to answer the call when faced with the challenges and dangers that exist in our world today. They deserve quality family housing that meets today's standards. They deserve quality bachelor housing and they deserve a healthy, safe work environment of sound material condition and equipped with furniture that is functional.

Senators, we tell the parents of our sailors that we will take care of their sons and daughters in return for the service they provide our country. Your continued support in these vital areas is imperative for us to be able to meet that commitment.

I want to thank you for letting me appear before this distinguished panel and I hope that my testimony will help you to decide to continue to support the shore infrastructure repair and construction relief we so badly need. I thank you and I look forward to answering any questions that you may have.

[The prepared statement of Chief Licursi follows:]

PREPARED STATEMENT BY CMC KEVIN H. LICURSI, USN

Good morning Senator Inhofe and distinguished subcommittee members. As the CNO Directed Master Chief for Commander, Navy Region Southwest (NRSW), I am honored this morning to appear before you and speak about the condition of Navy facilities and family housing on behalf of the over 300,000 sailors, civilian employees, and family members that live and work in Navy Region Southwest. I would especially like to thank the subcommittee members for your past efforts and continued commitment to improve quality of life for our sailors and their families. Our sailors sincerely appreciate all you and our Navy leadership has done on our behalf.

Many of the improvements in sailors' quality of life over the past years have been a direct result of your partnership with Navy leadership. In recent years, military construction (MILCON) and non-appropriated fund construction (NAFCON) projects throughout Navy Region Southwest such as family housing, bachelor housing, child development centers, youth centers, recreational and medical facilities to name a few, have either been completed or they are in work. Additionally, with your support, we have received appropriated funds to remodel old bachelor housing to improve our sailors' standard of living.

The committee's efforts have also resulted in providing our sailors much-improved Navy morale, welfare, and recreation programs. All the Navy bases in my region either now have or are slated to have Single Sailor Recreation Centers that offer high adventure outdoor activities, access to technology in the form of internet computers, leisure programs such as libraries, games and movie theaters, and personal life skills education. After traveling throughout Navy Region Southwest and talking to thousands of sailors, I am convinced that these types of activities are providing sailors healthier lifestyles by offering alternatives to alcohol and other activities that negatively effect personnel readiness. The recreation centers are conveniently located where the single sailor population lives and works. These recreation centers would have never been realized without the necessary appropriated funding which you were instrumental in obtaining for the Navy to construct, repair, and outfit the buildings, and provide the programs that are being used by great numbers of sailors today.

Due to the past support of Congress, there has been a considerable investment into family housing in Navy Region Southwest. But there is still much work left to do where our Navy family housing either falls below our standards or where the community is not capable of supporting our sailors with private assets.

The Navy's three-pronged approach to solving our housing needs is crucial to the recruitment and retention of our highly trained sailors. First, the goal to increase the Basic Allowance for Housing in order to eliminate out of pocket expenses is the key to enabling our sailors to afford the available housing in the private community. Second, where it is feasible, we are leveraging available resources through the use of the Public/Private Venture (PPV) authority that Congress extended through December 31, 2004. Third, we ask you to continue to support housing MILCON so that we can finish the job of improving the quality of living available to our sailors and their families.

In San Diego there is a current vacancy rate of less than 1 percent, and a projected shortfall of over 5,000 homes for our Navy and Marine Corps families. The cost of deregulated utilities has grown exponentially. The average waiting time for Navy housing is 18 to 36 months for enlisted and officer personnel respectively. To combat this untenable situation, we are about to award our first PPV contract in Navy Region Southwest. We are excited about this program. You can understand this excitement when you realize that for the price of one MILCON house through PPV, we can house 13 sailors and their families at a higher quality of living.

Our sailors and I personally thank you for recently pulling forward the replacement of 100 more houses into this year's program. As a result, NAS Lemoore is about 75 percent through the multi-phased replacement of 1,547 quality homes. With the increase in expected families, it is imperative to keep this project on track.

Regrettably, while I have mentioned some of the progress that has been made toward enhancing the QOL facilities in Navy Region Southwest, workplace quality of life continues to suffer due to the continuing deterioration of shore infrastructure.

Operational aircraft hangars I have toured at our bases are old and in poor condition. Leaking roofs, plumbing leaks, ventilation, and air conditioning systems (when provided) don't work. The average age of buildings within Navy Region Southwest is 50 years. We recently had to evacuate the aircraft from Hangar 340 at Naval Air Station North Island due to deterioration of the building in the ceiling structure. Pieces of concrete that form the structure have fallen and are posing personnel and equipment hazards. This has greatly affected the quality of workspace and morale of the sailors assigned to the Helicopter Squadrons housed at that hangar. They are required to work in temporary enclosures that have been purchased to provide shelter while working on the aircraft along with temporary lighting. Neither of these conditions is acceptable by Navy leadership and myself.

At Naval Air Facility El Centro, modern tactical aircraft won't fit into the vintage 1940 hangars. As a result, the sailors who maintain the aircraft are exposed to outside temperatures in excess of 115 degrees Fahrenheit. This makes it difficult to conduct maintenance, because the skin of the aircraft is too hot to touch.

Bachelor quarters' infrastructure also has a negative effect on sailors' quality of life. In the barracks, the lack of routine maintenance and restorations due to funding constraints; the build-up of condensation and mildew from antiquated a/c sys-

tems; the age; outdated basic designs; and the lack of availability to house all sailors desiring a room in bachelor housing all contribute to poor QOL.

While residing in existing barracks, our sailors are living with furniture that is well beyond it's life expectancy, due to lack of available funding for furniture. The Navy's goal is to replace the furniture every 7 years. We are currently replacing furniture about once every 10 or more years. As a benchmark, industry replaces furniture every 5 years on average. In addition to these living conditions, our sailors are often required to perform janitorial duties in spite of the Navy's inter-deployment training cycles (IDTC) initiative, which in essence eliminates duties not directly related to the sailors rate, especially while in port. This has further affected the ability to provide adequate quality of life services in our barracks as we continue to fight for scarce funding.

On a more positive note, the Navy has been able to move sailors ashore in some locations. The Chief of Naval Operations, ADM Clark's goal is for sailors to live ashore when in homeport. We are working in the Navy Region Southwest towards this goal, but we will need MILCON in order to make significant advances. The pay-off has been improved retention in those locations where shipboard sailors are living ashore.

Sailors expect to live in less than optimal conditions aboard ship because space is limited, but they are not satisfied living in those conditions ashore. Current funding is not sufficient to provide suitable quarters ashore, because many of our older facilities have not been replaced or renovated. I also want to emphasize that our Navy leadership recognizes this is unacceptable and not how we want sailors to live. However, until MILCON or repair and maintenance funding to renovate other existing barracks becomes available and the projects are completed, the only other option sailors have to find suitable housing is to move into the local community. My sailors would be the ones suffering financially, because of out-of-pocket expenses necessary to reside in private sector housing. Basic Allowance for Housing (BAH) for single sailors does not begin to cover the minimum costs associated with living on the local economy.

Our Navy leadership is aware of the requirements for shore installation funding and the services it provides to the warfighter. I believe the lack of fully articulating the full shore infrastructure requirement and then underfunding that requirement severely affects our sailors. Historically Other Base Operating Support (OBOS) requirements have been under-funded in order to meet the ever changing and often-unplanned operational fleet requirements brought on by different operational contingencies. Must fund bills such as labor, utilities, and BOS contracts reduce the dollars available for any discretionary spending. Because of budget cuts and unplanned events during execution year, some OBOS requirements become unfunded; one example is service craft maintenance. Offsets are paid by the Real Property Maintenance (RPM) account, which defers critical maintenance further. This has accelerated the decline in our regional facilities and has caused critical maintenance backlogs to be unmanageable. Our Navy leadership has been and is being forced to make short-sited and unwanted decisions to cut Special Project funding and other Quality of Service (QOS) improvements to meet current readiness requirements. Bottom line, every dollar taken out of RPM is a direct support dollar taken away from our sailors.

The effect of the condition of facilities in Navy Region Southwest is not limited to just the deckplate sailors, but it also frustrates their leadership. The price of readiness and mission accomplishment is being shifted to the backs of our sailors because of workarounds brought on by our failing infrastructures. I am concerned that our sailors have become so accustomed to the current poor condition of our infrastructure that they have no expectation it will improve.

Your Navy today is manned by young men and women who are the best educated and trained sailors we have ever had. Their commitment to accomplish the mission has never been stronger. In my 23 years of naval experience, I have never seen your sailors fail to answer the call when faced with the challenges and dangers that exist in our world today. They deserve quality family housing that meets today's standards, has reasonable amenities, and affords sailors the security of knowing their family is safe and taken care of while they are deployed. Our single sailors deserve quality bachelor housing with reasonable amenities that are maintained, have ample living area, allows for privacy, and is centrally located to support facilities. They deserve a healthy and safe work place that is of sound material condition and equipped with furniture that is functional. They deserve to be equipped with the proper resources, tools, and spare parts to accomplish the job, and equipped with working environmental controls that provide reliable heat and air conditioning. Additionally, it is imperative that sailors have adequate MWR recreational and fitness/

gym facilities that support the population of our bases and enhance both mission and personal readiness.

Our sailors' lives are all about service, service to their country. In return for that service and sacrifice, we as an organization are obligated to provide them a quality of service that is equal to their sacrifice. Quality of life and quality of work are the components of quality of service that we owe each and every sailor. With your help, we have made vast improvements in the QOL portion of the equation. With your continued support, we will be able to attack the problems we have with QOW and working conditions.

Senators, we tell the parents of our sailors that we will take care of their sons and daughters in return for the service they provide our country. Your continued support in these vital areas is imperative for us to be able to meet that commitment. I want to thank you for letting me appear before this distinguished panel and I hope that my testimony will help you to decide to support the shore infrastructure repair and construction relief we so badly need in the Navy. I thank you and look forward to answering any questions you may have.

Senator INHOFE. Thank you, Chief.
Colonel Yolitz.

STATEMENT OF LT. COL. BRIAN YOLITZ, U.S. AIR FORCE, COMMANDER, 20TH CIVIL ENGINEER SQUADRON, SHAW AIR FORCE BASE, SOUTH CAROLINA

Colonel YOLITZ. Good morning, Mr. Chairman, members of the subcommittee. I am Lt. Col. Brian Yolitz and I represent Shaw Air Force Base, where I command the 20th Civil Engineer Squadron. I have submitted my assessment of the condition of our facilities, infrastructure, and family housing and the impacts they are having on our mission in the written statement you have before you. It is indeed a privilege and honor to discuss these with you today.

During my time as a commander and as I prepared for today's hearing, a steady theme concerning the maintenance and repair funding levels of our base facilities and infrastructure has become apparent. In a word, frustration—a growing frustration that is eroding our morale, our retention, and our readiness. The field is frustrated. My engineers and craftsmen are frustrated. Because of funding levels, we tell them to do a band-aid fix or ignore maintenance that is required, knowing well that they will be back, maybe not back tomorrow, maybe not next week, but back nonetheless, to redo their work or to do more substantial repair, knowing well it could have been done and should have been done better in the first place.

They are frustrated because of the impact this is having on the mission. We know we can and we must do better. The commanders and enlisted leaders I support at Shaw are also frustrated, frustrated because our facilities and infrastructure are simply not supporting their needs. Like Major Larry Gatti, Commander of the 20th Component Repair Squadron, who during the summer months has to continually juggle his airmen's duty hours and implement work rest cycles because the mechanical systems simply cannot keep the ambient temperature below 100 degrees in his F-16 engine maintenance shops.

Like Master Sergeant Mike Kosover, Airfield Manager from the 20th Operational Support Squadron. He has watched many of our airfield pavement maintenance needs go deferred or unaddressed. Now he plays traffic cop, redirecting aircraft around our problem areas, adding taxiing time and wear and tear to our jets.

We are asking these two airmen and many others like them to manage work-arounds when they should be focused on their specific mission, fixing and flying jets.

Sir, from your extensive travels to our installations and the statements provided by the members of this panel, our facilities and infrastructure are in desperate need of attention and an infusion of resources, an infusion to regain and sustain the readiness edge our infrastructure complex must provide.

I trust through this hearing and the ensuing discussions and debate it generates that this subcommittee will be able to provide the attention and resources needed to maintain and repair our facilities and infrastructure so they can properly support the missions assigned to us and, more importantly, support the terrific people who ultimately make those missions succeed.

Mr. Chairman, on behalf of the men and women of the 20th Civil Engineer Squadron at Shaw Air Force Base, I again thank you for this opportunity to appear before you today. Also, sir, I thank you and this committee for your continued strong support of Air Force programs and the benefits provided to me, my family, and my fellow airmen here at home and deployed around the world. I am eager to address any questions you may have at this time.

Thank you very much.

[The prepared statement of Colonel Yolitz follows:]

PREPARED STATEMENT BY LT. COL. BRIAN YOLITZ, USAF

INTRODUCTION

Mr. Chairman and members of the subcommittee, good morning, I am Lt. Col. Brian Yolitz, Commander of the 20th Civil Engineer Squadron and Base Civil Engineer at Shaw Air Force Base, South Carolina. My squadron is made up of nearly 500 personnel officers, NCOs, airmen, and civilians. We are responsible for all aspects of the maintenance, repair, alteration, and construction of Shaw's 400-plus buildings, 1,704 family housing units, airfield and road-way pavements, and the base's associated electrical, natural gas, water, and sewer utility systems. We also provide crash rescue and fire protection services, explosive ordnance disposal, as well as environmental management for the 16,000 acre complex which includes Poinsett Electronic Combat Range. I report to my wing commander on the condition of these systems and programs and how they are supporting his mission to fly and fight.

I certainly appreciate the opportunity to appear before you today and share my views on the current state of facility conditions and how recent funding levels have affected me as a base civil engineer and my squadron's ability to support the mission needs of Shaw Air Force Base.

BACKGROUND

In the 1970s, the Air Force realized quality facilities were important to the men and women of the Air Force. This was an acknowledgment by senior leaders that providing Air Force people with safe, efficient, and modern places to live and work positively impacted the quality of life and quality of service of our people and ultimately improved the overall morale and readiness of our force. They recognized the very poor working and living conditions existing at that time had an overall negative impact on both.

In the mid-1980s and early 1990s, our military construction and real property maintenance accounts were robust and we made great progress in providing quality facilities for our airmen and their families. Since then, investment in Air Force facilities has declined as a result of constrained defense budgets and competing Air Force requirements. We now see growth in the backlog of required work necessary to maintain the readiness edge we established in past years. Meanwhile, the expectations of our commanders, our people, and our families remain high, as they should. We are expected to balance mission readiness, modernization, and quality-of-life efforts in the face of aging infrastructure and declining military construction

and real property maintenance budgets. I would like to provide you with my perspective on how this has affected me at work and at home.

SHAW AIR FORCE BASE

Mr. Chairman and distinguished subcommittee members, Shaw Air Force Base is home to the 20th Fighter Wing and four squadrons of F-16 Fighting Falcons. We are on call to provide suppression of enemy air defense fighters and a host of combat support at a moments notice. We also host the headquarters U.S. Central Command Air Forces and 9th Air Force.

On the 9th and 10th of August 1990, just after Iraq invaded Kuwait, two fighter squadrons from Shaw responded as part of the first wave of U.S. aircraft to counter the Iraqi threat as part of Operation Desert Shield. All told, more than 4,000 people from the Fighter Wing and CENTAF—over two-thirds of Shaw's military population—deployed as part of Operations Desert Shield and Desert Storm. During Operation Allied Force, 36 F-16s and nearly 900 people deployed to Aviano Air Base, Italy, and Bandirma Air Base, Turkey, to fight the air war over Serbia. Over the past year, we have engaged in 20 deployments, moving more than 2,300 people and 620 tons of equipment and supplies to locations around the world.

As we speak, the 77th Fighter Squadron and more than 190 proud airmen are deployed in support of Operations Northern and Southern Watch. I have 18 airmen deployed as part of this group and back at Shaw, I have almost 50 airmen preparing to deploy in a force of over 850 others from Shaw as part of AEFs 5 and 6 in which we are the Lead Wing.

AIR EXPEDITIONARY FORCE

I'd like to add, the AEF concept of packaging units of airpower capability has quickly become part of our culture. While we continue to find areas to improve the concept with each rotation, particularly in the area of expeditionary combat support, the AEF concept has delivered on the number one promise we made to our people and that is predictability. Each one of my airmen knows exactly when they are eligible to deploy—and they plan on that, arranging educational opportunities and family vacations based on what AEF they are assigned to.

REAL PROPERTY MAINTENANCE

Mr. Chairman, back at Shaw, we are all well aware of the impact current funding levels are having on our ability to maintain, repair, and, when needed, replace base facilities and infrastructure.

Since 1996, we have seen a steady decline in real property maintenance by contract, or RPMC funding. In fiscal year 1996, we received nearly \$14 million for contract projects to maintain and repair base facilities and utility systems. In fiscal year 2000, we received \$7.6 million, \$2.4 million of which was a plus-up to support the beddown of our new flight simulator equipment. This year, we have received only \$2.9 million with little hope for any additional funding. This represents a reduction of nearly 80 percent—leaving many mission needs unaddressed.

One example is the repair of taxiway Foxtrot on our airfield complex, which has been shut down for several years due to the deteriorated condition of the pavement. While we have work-arounds in place for our day-to-day fighter operations, not having this taxiway severely limits our ability to handle large frame aircraft like the C-17, C-141, or KC-10 needed for deployment operations. Depending on the scenario, we are required to mobilize nearly 1,700 people and over 1,400 short tons of equipment—more than 30 C-17 equivalents in a matter of days. Not having the proper taxiway system impedes our ability to mobilize our force quickly and efficiently.

Another example is our military working dog kennels. Our 6 military working dogs are indeed weapons systems. Trained for bomb and drug detection, they deploy throughout the United States in support of the Secret Service and counter drug operations along the Mexican border; and to meet force protection needs around the world. In fact, Iwan, a Belgian-Malamute bomb dog, is deployed and on duty with his handler in Southwest Asia, protecting Americans serving in Kuwait. The facility, which houses these working dogs, was built by German Prisoners of War in 1943. It has failed the last 4 veterinary inspections and has deteriorated to the point that our dogs suffer multiple ear infections and skin irritations which have rendered them undeployable and unable to meet their mission needs on several occasions.

In general terms, our current real property maintenance funding levels allow us to only provide simple day-to-day maintenance and repair—to our most pressing needs. As a result, we are seeing a steady deterioration of our facilities and infrastructure. We have been forced to scale back preventative maintenance programs in

several areas to the point where we respond only when a system fails and immediate action is required. This is evidenced by a continuous stream of emergency and urgent work requests for our in-house work force, particularly for roof and pavement repairs. Our inability to provide adequate preventative maintenance was also a contributing factor leading to our need to close taxiway Foxtrot.

We have reached a point where we no longer accept all the work requests from our customers. The work order allocation system we've created has our group commanders identify and prioritize their Top 10 work requirements. Our in-house craftsmen work directly off those lists. When they finish a job, our production controllers call the commander for his or her next most pressing need. There is always something to fill the vacant spot on the Top 10 lists. In fact, we are tracking over 800 orders for our main base and family housing maintenance work forces. In addition, our engineers have nearly 30 projects totaling over \$20 million worth of contract work on the shelf, awaiting funding. The estimated cost to raise our Installation Readiness Report rating from C-4 to a C-2 is \$139 million. Chronically constrained funding over the last several years has led to a "why bother, if it's not an emergency, it will never get funded" mentality in some. As a result, I'm not certain this figure gives us a true assessment of our requirements to return our facilities and infrastructure to a condition where they fully support the missions of Shaw Air Force Base.

MILITARY CONSTRUCTION PROGRAM

We rely on the Military Construction Program to do the "heavy-lifting" in terms of facility and infrastructure upgrades and replacement. We have seen a steady downward trend in terms of funding and opportunities in this area as well—particularly in the area of current mission requirements.

Since fiscal year 1993, we have had only two current mission MILCON projects sent forward to Congress as part of the President's budget for that year's budget cycle—in fiscal year 1994, we received a new Child Development Center (\$2.9 million) and in fiscal year 1997, we renovated three dormitories (\$8.5 million).

Fortunately, we have been blessed with terrific support from Congress who has championed projects and accelerated their execution for the betterment of our troops—at Shaw, that meant a Security Forces building in fiscal year 1997, which helped move that unit out of a building built in the early 1950s and, until its recent demolition, was affectionately called "The Crack House." This committee brought a dining facility forward in the fiscal year 2001 bill to replace our current facility built in 1958. That project is scheduled for a ground breaking late this summer and we are extremely grateful.

Like RPMC funding, reduced MILCON funding forces wing leadership into making tough choices and leaving critical mission needs unaddressed. For example, we need to replace the aircraft maintenance units for three of our fighter squadrons. Today, the aircraft maintenance crews working on our F-16s are crammed into facilities which are undersized, poorly laid out, and inefficient in terms of functional use and energy consumption. We also have plans to construct a new contingency deployment center—a smart and efficient way to enhance our readiness by consolidating and streamlining our ability to mobilize and deploy. Unfortunately, these requirements remain unfunded through fiscal year 2007. The MILCON program also addresses quality-of-life needs for our installations. Our base library is housed in an undersized and deteriorated 47-year-old building. We need to replace it with a modern facility to support the ever-growing educational needs of our airmen and their families is also an unfunded requirement through fiscal year 2007.

FAMILY HOUSING

Funding for the day-to-day maintenance and repair of our family housing units has been relatively steady over the last several years. Unfortunately, the average housing unit at Shaw is 38 years—with 50 percent being built in the 1950s. While we have made some upgrades to these units with projects in the 1970s, the houses and neighborhoods are still designed and built for families of the 1950s and 1960s. An Air Force family of today, as with any family in America, leads a vastly different life style. The computers, printers, and entertainment equipment that are the norm of the 21st century, have exceeded the electrical capacity of our units. The family of today has become more materialistic and, as a result, have more things in their household—they demand more room to store and display their belongings—our units are undersized. Finally, our houses and neighborhoods were designed for just over one car per family. A two-car family is the norm today and as a result, our streets are crowded, causing cramped and unsafe conditions in terms of both vehicular and pedestrian traffic. Our housing units only have carports and our residents

don't have the option of a garage which is the standard for a home in the civilian community.

Housing is an important issue for our people. It's a day-to-day quality of life issue, but it is also a retention issue. The Air Force recruits the member, but retains the family. When it comes time to make the decision to stay and reenlist, the member really only has 49 percent of the vote—the spouse and family have 51 percent—that's the way it is in my family. If we, as an Air Force, cannot show the family that we are committed to them by providing a safe, quality place to live, they will elect to separate. We need to invest in upgrading or replacing our inadequate housing with homes and neighborhoods that reflect the needs and expectations of the modern, high-tech family. This is an important ingredient in retaining our bright, professional airmen.

SELF-HELP PROGRAM

Like most Air Force bases, we promote our self-help program. This program allows our customers to take on small scale projects that we are unable to accomplish due to funding or manpower shortfalls. Units supply the labor from within their organization and through our self-help store, receive materials, technical guidance, and support. Self-help projects typically focus on enhancing quality-of-life type functions such as snack and break areas as well as office, supply, and training rooms. These projects display the tremendous leadership and initiative of our airman and build unit esprit-de-corps by allowing teams to take responsibility for their work environment.

As the base civil engineer, I am frustrated that, because of manpower and funding levels, my squadron is not able to fully meet our customers' needs forcing them to turn to self-help to accomplish work we should be doing for them. Because self-help work is often done after duty hours and on weekends, I am also concerned that self-help, if unchecked, will add to the already heavy OPTEMPO and work load of our people—keeping them from their families and much needed time off. Make no mistake, the work accomplished through self-help is of good quality and the sense of pride when a unit completes a project is overwhelming—I just wish we could do more so our airmen could focus on the missions they're trained to do.

VEHICLES

Just as providing quality places to work directly affects a member's quality of service, so do the condition and quality of the tools we give them to accomplish their mission. My vehicle fleet is another area limiting our ability to properly maintain and repair the base. I have a vehicle fleet of 146 vehicles. It is made up of a combination of 50 leased vehicles—general purpose vehicles like pick-up trucks—and an Air Force owned "Blue Fleet" of 96 vehicles and special purpose pieces of equipment like street sweepers, loaders, back hoes, and graders. The leased fleet is in good shape, typically replaced within 6 years or 40,000 miles depending on condition, at an annual cost of \$185,000, which includes maintenance. However, my "Blue Fleet" is aged. Today, one-half of the fleet (50 of 96) has reached or exceeded its life expectancy. Within 3 years, over 80 percent of the fleet (79 of 96) will have reached or exceed its life expectancy with little help on the horizon. Optimistically, I only see two replacement vehicles—a farm tractor, and dump truck—coming in between now and fiscal year 2003.

As the age of our "Blue Fleet" increases, so does the cost of maintaining it. Our transportation squadron is funded on an average of \$1,100 per vehicle to maintain and repair my fleet. Unfortunately, this total is quickly depleted as major components fail—like transmissions, and street sweeper broom drive motors. When the bill to repair a vehicle exceeds his budget, he turns to me to fund the repairs and I am forced to dip into my facility maintenance and repair dollars to get the repairs made and get the vehicle back in the hands of my craftsmen.

CONCLUSION

The conditions I've highlighted, coupled together, make operating and maintaining an air base very challenging. I am blessed to command and work with the best and brightest people I've had the privileged to serve with in my 18 years in the Air Force. They deserve the very best and all the support we can give them. Mr. Chairman, in my opinion, we can no longer mortgage our infrastructure without significant, long-term negative effects—on our people and our readiness. Make no mistake, we have the very best people who will make the mission succeed, but they need our support today to meet the mission challenges of tomorrow.

There are base engineers at our 86 major Air Force installations across the U.S. and around the world that could articulate their own experiences, analysis, and

opinions of how reduced real property funding has affected them, their units, and the missions they support. The accounts I have highlighted today reflect my own experiences and opinions. I am very grateful for the opportunity to share them with you today.

Mr. Chairman, I thank you and the subcommittee for its continued strong support of Air Force programs and benefits provided to me, my family, and more importantly, my fellow airmen, here at home and deployed around the world. I am eager to address any questions you may have at this time.

Senator INHOFE. Thank you, Colonel. I think those anecdotal examples are very good about the temperature in the maintenance shops. That is very helpful.

Several of you have said you want to continue the treatment you have had. This is not what this is about. We realize the deficiencies that are out there. We have to improve. You are doing great with the hand that has been dealt you, but we want to deal you a better hand.

Sergeant Poliansky.

**STATEMENT OF CM SGT. WALTER POLIANSKY, U.S. AIR FORCE,
SUPERINTENDENT OF THE 89TH SUPPORT GROUP, AN-
DREWS AIR FORCE BASE, MARYLAND**

Sergeant POLIANSKY. Good morning, Mr. Chairman, members of the subcommittee. I am CM Sgt. Walter Poliansky, Superintendent of the 89th Support Group at Andrews Air Force Base. I appreciate the opportunity to appear before you today and to share my views on the impact that reduced facility maintenance funding has had on our enlisted force.

The Air Force is significantly different today than when I entered in 1978. Then our workplace environments, housing units, and dormitories were in very poor shape. This had a serious impact on our morale and retention in our early years as an all-volunteer force. In the mid-1980s and early 1990s, we made great strides to provide quality facilities for our people and their families.

Since then, however, a decline in the budget has hindered our abilities to continue to move forward in these areas. This has adversely affected the quality of life of our enlisted force, their families, and ultimately retention rates. What we need is a larger budget to fund our facility maintenance programs.

Facilities and infrastructures at Andrews Air Force Base are on the average 30 to 40 years old. Because of funding constraints, the first things cut from our construction projects are the overhaul and repair of our electrical, mechanical, and utility systems. Consequently, our facilities are starting to look better, but the real problem lies beneath the facade.

Frequently our military workforce responds to after-duty hours. Airmen are called out all hours of the day and night, in all weather conditions, to fix problems well beyond repair with little to no resources. Compounding the problem, our engineers stationed at Andrews are also assigned to deployable expeditionary forces. This puts an added burden on those left behind to maintain the base.

Our people are fatigued and frustrated. The long hours are having a negative effect on our morale. Power outages have become more routine because existing equipment has not had sufficient upgrades over the years. Our airfield pavement is 40 years old and requires over \$30 million worth of critical repairs to keep it fully

mission capable. Many of our mechanical systems are now performing beyond their life expectancy and are beginning to fail.

Our airmen are becoming frustrated and less efficient because of their workplace environment. On occasion they are sent home early or relocated to other facilities because of system failures. An increase in funding will allow us to replace old systems now in order to head off catastrophic failure later.

It does not stop at the workplace. Many of our young men and women come home after a long day of work to no heat, air conditioning, or hot water, further impacting their morale and ability to perform effectively. Our enlisted force are the most dedicated and trained I have seen in my 22-year career. They deserve to have the best resources available to do the job they are trained and a standard of living equal to their civilian counterparts.

Many of our young airmen are getting out, not because they do not enjoy their job, but because of the environment and conditions they have to work and live. One staff sergeant who recently separated from the Air Force after 7 years told me: I can no longer work for an organization that wants me to do a job without the right tools and materials.

If we provide our people with quality work and home environment, the right tools and equipment, they will do the rest. We need your help.

Mr. Chairman and members of this subcommittee, I want to thank you for your continued strong support of these Air Force programs to enhance our quality of life at Andrews Air Force Base and throughout our military services. I will be happy to address any questions.

[The prepared statement of Sergeant Poliansky follows:]

PREPARED STATEMENT BY CM SGT. WALTER POLIANSKY, USAF

Mr. Chairman and members of the subcommittee, good morning. I am CM Sgt. Walter Poliansky, Superintendent of the 89th Support Group, at Andrews Air Force Base, Maryland. As the Superintendent, I am responsible for advising the commander on all issues affecting health, morale, welfare, and quality of life for our group's 715 enlisted members. I appreciate the opportunity to appear before you today to share my views on the impact reduced facility maintenance funding has on the enlisted members in our Air Force.

OVERVIEW

The Air Force of today is significantly different than when I entered in late 1978. Then, our workplace environments, housing units, and dormitories were in very poor shape. This had a serious impact on morale and retention in our early years of an all-volunteer force. Senior leadership recognized this problem and took action to provide our people with safe, efficient, and modern places to work and live. These quality-of-life initiatives positively impacted readiness, morale, and ultimately retention. Their efforts proved fruitful in the mid-1980s and early 1990s. Military construction and real property maintenance accounts were robust, and we made great strides in providing quality facilities for our people. Since then, a decline in the defense budget, and competing requirements, have hindered our abilities to move forward in these areas. We now see growth in the backlog of required work necessary to maintain the readiness edge we established in past years. Meanwhile, expectations of our commanders, our people, and our families remain high. We are challenged to balance mission readiness, modernization, and quality-of-life efforts in the face of aging infrastructure, and declining military construction, and real property maintenance budgets.

We need a larger real property maintenance budget to fully fund our preventative maintenance program. We need additional funding to repair and overhaul our rapidly aging facilities and infrastructure. Finally, we need the funds to purchase much

needed replacements for outdated furnishings for our single airmen living in the dormitories.

Deteriorating infrastructure and facilities, along with reduced funding in facility maintenance programs, adversely impact the quality of life of our enlisted force, their families, and ultimately retention rates. Although we have made strides, more needs to be done. Frequently, because of funding constraints, the first things cut from construction projects are the replacements and overhaul of the mechanical, electrical, and utility systems of our facilities. Consequently, our facilities are looking better, but the real problem lies beneath the facade.

Our present funding only allows us to do the bare essentials, keep our heads above water, and sustain facility operations. We have become reactive instead of proactive. We do not have the dollars necessary to perform essential maintenance or equipment replacement. Facilities and infrastructure at Andrews Air Force Base are, on the average, 30- to 40-years old. Most mechanical, electrical, and utility systems are well beyond their life expectancy. We do not have the money to upgrade these outdated systems. Additionally, off-the-shelf replacement parts are no longer available or manufactured.

Because the budget is so tight, our military work force is frequently responding to after-hour emergencies. Airmen are called out all hours of the day and night, in all kinds of weather, to fix problems well beyond repair with little to no resources. Compounding the problem, 86 percent of the engineers stationed at Andrews are also assigned to deployable Air Expeditionary Forces. Our family's expectations are reasonable, despite our personnel shortages, due to deployments. They are understanding, yet count on the same level of quality service. These requirements and valued customer service put an added burden on those left behind to maintain the base. Increased funding will allow us to replace old equipment and systems now in order to head off catastrophic failures later. This will also reduce our operations tempo for our civil engineer work force, who are already over-tasked.

Let me give you a few examples: In November 1999, our civil engineers responded to a major power outage over Thanksgiving weekend that knocked out power to our airfield lighting system. The source of the problem, 30-year-old cable that should have been replaced 10 years ago. IMPACT: Air Force electricians worked 12 to 14 hours a day, in deplorable weather conditions, for 18 days straight. An emergency contract had to be executed to augment our work force. Together they replaced over 63,000 feet of deteriorated cable. Additionally, our power production shop had to work around the clock to provide generator support until the commercial power could be restored. Because of their dedication, there was no impact to our Presidential support mission. However, our people were fatigued. The long hours had a negative effect on their morale and quality of life. Power outages have become more routine throughout the base, including the housing area, because existing equipment has not had sufficient upgrades to keep up with our increasing demands.

Most of the pavement on our airfield is 40 years old and has reached the point where routine maintenance is no longer effective. We have identified over \$30 million in backlogged, critical repairs needed for our runways and taxiways at Andrews. They are necessary to maintain our full mission capable status. Additionally, this will prevent costly foreign object damage to aircraft from loose pavements being ingested into their engines.

Another problem is our mechanical systems throughout the base. Many of them are beyond their life expectancy. Last summer, the air conditioning system failed at our education center, housing the Office of Special Investigation Academy, Airman Leadership School, and off-duty education programs. This system was 25 years old. It had operated almost 5 years over its 20-year life expectancy. For the last 3 to 4 years, our craftsmen had been nursing the system along because there was no money to replace the unit. They responded routinely to make "band-aid" fixes that kept the system operational. They regularly made recommendations to have the unit replaced. IMPACT: The quality of life of both the craftsmen performing the maintenance, and the students and staff the facility supports were severely impacted. The price of the new system was \$80,000. An additional \$14,000 was spent on renting a portable chiller unit for 30 days, until the new unit could be installed. Because of the system's catastrophic failure, funds had to be diverted from other priorities, impacting yet other Andrews' members and their quality of life. This is only one of many problems. We have people working in facilities that have been identified for demolition, because it is no longer economical to renovate. Workers are becoming frustrated and less efficient. On occasion, they are sent home early because of environmental conditions. In my opinion, our readiness posture is being jeopardized.

It does not stop at the workplace. The centralized heating and air conditioning units at the dormitories are also deteriorating. Many of our young men and women

come home after a long day at work to no heat, air conditioning, or hot water. This lowers their morale and ability to perform effectively.

Dormitory furnishing is yet another problem. These items have a 5-year life cycle because of the high turn over rate and usage. Presently, because of funding limitations, we are replacing items on the 10-year cycle. Our young airmen deserve better than this. These examples are common throughout the Air Force.

Our enlisted force is the most dedicated and trained I have seen in my 22-year career. They deserve to have the best resources available to do the job for which they are trained, and a standard of living equal to their civilian counterparts. Many of our first and second term airmen are getting out. Not because they do not enjoy their job, but because of the environment and conditions they have to work and live in. One staff sergeant, who recently separated from our Air Force after 7 years, told me, "I can no longer work for an organization that wants me to do a job without the right tools or materials." If we provide our people with a quality work environment, the right facilities, tools, and equipment; they will do the rest.

It is our job to protect our men and women. Daily, we put them in harms way—yet we do not put our best efforts forward to take care of them and their families. Now is the time to invest in our most important and valuable asset—our people. We need your help.

In conclusion, Mr. Chairman, and members of the subcommittee, I want to thank you for your continued strong support of Air Force programs and the benefits you have provided our airmen in terms of quality of life both in the workplace and at home. I will be happy to address any questions.

Senator INHOFE. I know this, I personally witnessed some of the things that they are doing to make it look good while underground it is a disaster. What I am going to ask any of you to do for the record is to give me some specific examples out there on things that are being done to make it look good when it is covering up a disaster.

Colonel Phillips.

STATEMENT OF COL. THOMAS S. PHILLIPS, U.S. MARINE CORPS, ASSISTANT CHIEF OF STAFF OF FACILITIES, MARINE CORPS BASE, CAMP LEJEUNE, NORTH CAROLINA

Colonel PHILLIPS. Good morning, Mr. Chairman, members of the subcommittee. My name is Col. Tom Phillips. I am the Assistant Chief of Staff of Facilities at Camp Lejeune, North Carolina.

Camp Lejeune's facilities challenges are three: one, rapidly aging facilities. Camp Lejeune is rather unique in that it was built all at once in the early 1940s, so it is old, nearly 60 years.

Two, its size and complexity. We have 40,000 marines and sailors there, plus we support at least 100,000 families and retired personnel as well.

Of course, the final challenge that we face at Camp Lejeune, lack of funding to support these facilities. The availability of military construction and operation and maintenance funding has not kept pace with increasing facilities requirements. Requirements include improved quality of life goals, critical environmental concerns, infrastructure deficiencies, and major renovations for family housing units.

An effective demolition program, our institution of activity-based costing procedures, and other management tools have helped. However, no major improvements in the overall condition of its facilities is likely to occur without a meaningful increase of military construction and operation and maintenance budgets.

Sir, I have submitted a more detailed statement. I have also submitted to the members some interesting photos of infrastructure

and, as you have just commented, sir, those photos are of infrastructure we do not typically see.

[The prepared statement of Colonel Phillips follows:]

PREPARED STATEMENT BY COL. THOMAS S. PHILLIPS, USMC

Mr. Chairman and members of the subcommittee: I am Colonel Tom Phillips, Assistant Chief of Staff, Facilities, Camp Lejeune, North Carolina. I appreciate this opportunity to appear before you today. I am particularly pleased to be able to discuss with you the very serious issue of the existing condition of buildings, structures, and infrastructure at Camp Lejeune. My intent is to provide you information regarding our current facilities, efforts to improve our facilities, and shortfalls and challenges we face in our attempts to provide our marines and sailors and their families with adequate facilities to perform their important missions.

Camp Lejeune is the Marine Corps' largest amphibious base. Located in southeastern North Carolina, the base is home to 40,000 active duty marines and sailors and an additional 100,000 dependents and retired military personnel. The base encompasses 153,000 acres and provides an essential training environment for the Marine Corps and other services.

Camp Lejeune's facilities problems are directly attributable to three factors: (1) the age of the base, (2) the size and complexity of the base, and (3) lack of adequate funding to repair, maintain, and replace aging facilities.

Camp Lejeune was constructed in the early 1940s. Most of our facilities are approaching 60 years old. Because of the age of our facilities, we are now faced with the high cost of renovation and replacement of buildings and infrastructure along with the normal cost of maintaining the facilities. Advancements in training requirements, quality of life, and complexity of building systems have also increased the cost to maintain and operate facilities. The availability of funding in both the military construction (MCON) program and operation and maintenance (O&M) accounts has not kept pace with the increasing facilities requirements.

Camp Lejeune has a plant replacement value of \$3.7 billion. In recent years, we have averaged approximately \$18 million annually in "replacement" MCON funding. Based on this current level of funding, we are on a 205-year cycle for replacement of facilities. We face tremendous challenges in meeting our stated goals of improved quality of life and adequate facilities for our personnel. Based on the Marine Corps' goal of providing 2 X 0 room configuration for all troops, Camp Lejeune has an existing BEQ deficiency of over 6,000 manspaces.

Although we have replaced some shops and operational facilities in recent years, we still have many of our operational units working daily in old, inadequate facilities . . . many without heating systems and running water. In addition, environmental requirements, such as the construction of a new wastewater treatment plant and landfill, although desperately needed, have drawn limited construction dollars away from much needed billeting and operational requirements.

On the O&M side, our budget for maintenance and repair falls short of the needs generated by a base of this size. We currently have a \$106 million backlog of maintenance and repair. Much of the needed work is in facilities that directly affect our ability to meet our military mission. In many areas, while we are able to maintain a good outward appearance on the base by performing cosmetic repairs and maintenance, major problems lurk below the surface . . . problems such as aging utility systems, infrastructure deficiencies, hidden structural deterioration, and aging components such as basic wiring and plumbing. As I mentioned earlier, many of our facilities are approaching 60 years old. We can no longer merely paint and perform minor maintenance to keep these facilities operational. Most buildings are at the age where they require major renovation, including rewiring, replumbing, replacing structural members, and removing hazardous materials such as asbestos and lead paint. The need and cost for performing these renovations has increased significantly in the last decade.

We have over 4,000 family housing units at Camp Lejeune. The majority of the units were built in the 1940s and 1950s. Over 60 percent of these units are in need of replacement or major renovation. Many of the units have health hazards such as lead paint, asbestos, and contaminated soil that must be monitored continuously. We estimate the cost of replacing or renovating these units at over \$200 million. Adequate family housing is an issue that must be addressed in the very near future.

We have taken significant steps in recent years to improve efficiency and stretch our maintenance and construction dollars. In the past 4 years, we have demolished 432 facilities, eliminating over one million square feet of inventory that required maintenance. We have contracted many services that we felt could be completed

more efficiently by the private sector. We have instituted activity based costing procedures and other management tools to improve efficiency and effectiveness. We are currently completing a business process improvement analysis aimed at organizing our operations around essential processes. We continually look for opportunities to improve. However, at some point, the bottom line is that adequate funding must be provided to match the total facilities requirement.

In conclusion, Mr. Chairman, I would again like to express my appreciation to the subcommittee for providing the opportunity to meet with you on this important topic. The condition of our facilities is an issue that is very dear to the Marine Corps. The benefits derived by the Marine Corps from better facilities, particularly in the areas of improved readiness and quality of life, are substantial. I sincerely hope that the information we provide today will help you determine how to best utilize our limited resources in the future. Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you may have.

Senator INHOFE. Good, Colonel. I appreciate that.

In yesterday's hearing we examined some of the encroachment problems, such as the effect of protecting the habitat of the red cockaded woodpecker and others, on training. So we had a chance to go over that in some detail. Thank you very much.

Sergeant Lott.

STATEMENT OF SGT. MAJ. IRA LOTT, U.S. MARINE CORPS, ASSISTANT CHIEF OF STAFF OF FACILITIES, MARINE CORPS AIR STATION, MIRAMAR, CALIFORNIA

Sergeant LOTT. Sir. Good morning, Mr. Chairman, members of the subcommittee. I am Sgt. Maj. Lott, Sergeant Major, Marine Corps Air Bases Western Area, Marine Corps Air Station, Miramar, California. I appreciate the opportunity to appear here today. I am particularly pleased that you have chosen to focus on the condition of the infrastructure, facilities, and family housing at Miramar. I would like to concentrate my discussion this morning on military family housing.

As a result of BRAC legislation, we closed two of our major Marine Corps air stations in Orange County, California, and moved to a single site in San Diego. The location of Marine Corps Air Station Miramar is ideal because of its proximity to other key military facilities and training areas in the region. BRAC funded most of our barracks requirements and we have come a long way in our facilities renovation.

The critical shortfall we are experiencing in San Diego is in military family housing. The move to San Diego required us to vacate approximately 2,800 military units that house 60 percent of our married marines. With only 527 military family housing units located aboard Marine Corps Air Station Miramar, we entered into a regional housing alliance with the Navy to best support our military families. Our partnership with the Navy housing is highly valued, but we must do more to obtain affordable family housing for our marines.

San Diego Navy housing currently maintains 9,039 military family housing units and Miramar Base marine families occupy 1,148 of those units, our fair share based on population. Roughly 18 percent of all marine families assigned to Miramar reside in one of the 52 military family housing areas located throughout San Diego County. Some are well over 30 miles from base.

The severe shortage of affordable rental units within reasonable commuting distance of Marine Corps Air Station Miramar ad-

versely affects quality of life, morale, and is an indirect, albeit serious, threat to our readiness. With the likely loss of some of the existing units on the domestic lease program, our family housing situation will get worse before it gets better.

Marines who are preoccupied with high housing costs and making ends meet divert their focus from mission accomplishment. Even in peacetime, much of the work our marines do is inherently dangerous and involves great responsibility. Concerns about family safety and finances can impact the marine's ability to concentrate on his day-to-day mission.

Marine families who live on the local economy have seen their increases in housing allowances gobbled up by skyrocketing housing costs, energy costs, vehicle maintenance, and gasoline prices. Annual adjustments to housing allowance simply cannot keep up with the booming San Diego economy and housing shortages. Finding a rental unit is a real challenge in San Diego, where the vacancy rate is less than 1 percent. Junior enlisted marines with families often opt to occupy quarters in high crime areas because of the relative affordability of such neighborhoods. Those marines who choose safer areas find that their housing allowance is dwarfed by expensive rent.

Typical rent in San Diego exceeds junior marines' housing allowance by anywhere from 10 to 150 percent. The Navy-Marine Corps team has a public-private venture working that will begin to address the housing shortfall by providing 588 new houses. But with thousands of families waiting on waiting lists for well over a year, we need to continue these efforts to accelerate the time line to produce more houses quickly.

Mr. Chairman, we appreciate your interest and support. This concludes my statement. I will be pleased to answer any questions you may have at this time.

[The prepared statement of Sergeant Lott follows:]

PREPARED STATEMENT BY SGT. MAJ. IRA LOTT, USMC

Mr. Chairman and members of the subcommittee: I am Sgt. Maj. Ira Lott, Sergeant Major of Marine Corps Air bases Western Area, Marine Corps Air Station, Miramar, California. I appreciate the opportunity to appear before you today. I am particularly pleased that you have chosen to focus on the condition of the infrastructure, facilities, and family housing at Miramar. I would like to concentrate my discussion this morning on military family housing.

As a result of BRAC legislation, we closed two of our Marine Corps Air Stations in Orange County, California and moved to a single site in San Diego. The location of MCAS Miramar is ideal because of its proximity to other key military facilities and training areas in the region. BRAC funded most of our barracks requirements and we have come a long way in our facilities renovation. The critical shortfall we are experiencing in San Diego is in military family housing. The move to San Diego required us to vacate approximately 2,800 military units that housed 60 percent of our married marines. With only 527 military family housing units located aboard MCAS Miramar, we entered into a regional housing alliance with the Navy to best support our military families. Our partnership with Navy housing is highly valued, but we must do more to obtain affordable family housing for our marines. San Diego Navy housing currently maintains 9,039 military family housing units and Miramar-based marine families occupy 1,148 of these units; our fair share based on population. Roughly 18 percent of all marine families assigned to Miramar reside in one of 52 military family housing areas located throughout San Diego County, some over 30 miles from the base. The severe shortage of affordable rental units within reasonable commuting distance of MCAS Miramar adversely impacts quality of life and morale and is an indirect, albeit serious, threat to our readiness. With the likely loss of some of the existing units under the domestic lease program, our

family housing situation will get worse before it gets better. Marines who are pre-occupied with high housing costs and making ends meet divert their main focus from mission accomplishment. Even in peacetime, much of the work our young marines do is inherently dangerous and involves great responsibility. Concerns about family safety and finances can impact the marine's ability to concentrate on his day-to-day mission.

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The Navy-Marine Corps team has a public-private venture working that will begin to address the housing shortfall by providing 588 new homes, but with thousands of families waiting on waiting lists for well over a year, we need to continue these efforts and accelerate the timeline to produce more houses quicker.

Mr. Chairman, we appreciate your interest and support. This concludes my statement. I will be pleased to answer any questions you may have.

Senator INHOFE. Sergeant, when I was out there it was so bad, and I am sure you are aware, I think it should be in the record that some of our enlisted personnel are actually living across the border in Tijuana.

Sergeant LOTT. Yes, sir, that is a true fact. They still are, sir.

Senator INHOFE. They still are?

Sergeant LOTT. Yes, sir.

Senator INHOFE. Let us do 7-minute rounds here, because we are going to try to conclude this on the half-hour so we can give almost a full hour to the next group. So what I would like to do is just ask some questions and have each one of you quickly respond, just very briefly. Then the rest can be done in your written responses for the record, because we want everything you have.

It is a very unique panel to have the range of officers and enlisted personnel here. But the one thing you have in common, you have been around for quite some time, so most of you were around in the days of the gang latrines, which I was, too. In fact, mine was back in the late 1950s. The latrine where I took basic training in Fort Chafee—I mean, the barracks—was supposed to be torn down in 1964. I went back last summer with a Guard unit and found it was still up and still being used. I even found where I carved my initials underneath it.

So although we have very few barracks that still have open bays and gang latrines, many of the barracks that I have visited are deplorable: peeling paint, missing floor tiles, bad plumbing. I would like to have each one of you tell us how you would rate the existing barracks with those that you lived in and what is the direct benefit of going to a one plus one standard.

We will start with Colonel Wright.

Colonel WRIGHT. Mr. Chairman, we are ahead of the power curve in one plus one. What really concerns me are the training barracks. Those dollars are not flowing yet. It is the things you do not see. You see a well-kept installation, grass cut; that is because we have nearly 200 borrowed military manpower spaces that we get from our III Corps folks on a 42-day period cycling. That is why the in-

stallation looks so good, not because we only have three guys left in grounds maintenance.

But the barracks themselves, it is the heating and air conditioning system. Yes, when it rains you know it leaks. You need heat and air year round, particularly in Oklahoma in the summertime. It is the plumbing system, which you have an example of today, that is chronic leaks or backups, I would say.

So we are getting there in the barracks themselves. The soldiers love them, the one plus one. They think it is the greatest thing we could possibly have ever done for them.

Senator INHOFE. Very good.

Sergeant Webster.

Sergeant WEBSTER. Sir, I agree with Colonel Wright in that the one plus one barracks standard is the way to go. Soldiers tell me that is exactly what they want, privacy. We still have four brigades worth of soldiers living with gang latrines on Fort Hood. We have plans to build buildings in the future, but they are not there yet.

Senator INHOFE. Thank you, Sergeant. The last time I was in Fort Hood was during your tornado. Were you there at that time?

Sergeant WEBSTER. No, sir.

Senator INHOFE. About 2 years ago.

Sergeant WEBSTER. In Gerald, sir?

Senator INHOFE. Yes.

Sergeant WEBSTER. Yes, sir, I was down in First Cav Division.

Senator INHOFE. Captain Johnson.

Captain JOHNSON. Yes, sir. We are working—we are about half-way in our progress to get to the one plus one standard. The Navy feels that that is a good standard from the sailors. We are introducing a new initiative to bring the junior sailors off the ships. That will increase our need for barracks by about 11 barracks. This is a very expensive endeavor, but very important because they have the worst living standard in all of DOD.

Senator INHOFE. All right. Chief Licursi.

Chief LICURSI. Yes, Senator, I concur with Captain Johnson. What we are seeing in Navy Region Southwest is the same thing. Our barracks range from the one plus one standard on the new barracks in Naval Air Station Fallon, Nevada, to renovating rooms that are at the two plus two standard. So there's a wide range. We would like to get some more consistency.

We are working hard at getting to one plus one, but we need military construction funds to accomplish this on the time line that is required. We also short about 13 barracks to help accommodate also the need to move the sailors off the ships to shore.

The sailors love the one plus one barracks. They like the idea of leaving the workplace, where they have a rough day, and going back to a room where they can sit down and relax and have some privacy.

Senator INHOFE. Colonel Yolitz.

Colonel YOLITZ. Yes, sir. At Shaw Air Force Base, we have over 16 dorms, we have 5 that are already to the one plus one standard, and the other ones are at the two plus two standard. Across the Air Force, we were able to get rid of the gang latrines in fiscal year 1999, so we are very happy and pleased with that.

We have a dorm master plan that has outlined deficit reduction and then replacement of those dinosaur dorms and the Air Force has this programmed out over the next several years.

Senator INHOFE. Sergeant Poliansky.

Sergeant POLIANSKY. I concur with my colleagues, on the one plus one. We are headed in the right direction. At Andrews we have 316 dormitory rooms that require complete furniture replacement, with a budget of over \$600,000 required to replace and upgrade our curtains and furniture for our young airmen. We are headed in the right direction.

We have two dormitories that are already converted to one plus one, another one under construction, and we just need your support on the furnishings and upgrading those other rooms.

Senator INHOFE. Colonel Phillips.

Colonel PHILLIPS. Sir, the Marine Corps is going to a two plus zero configuration, with the permission of Congress. Even with that, Camp Lejeune by itself has a 6,000 man space deficiency as we try to transition to that.

Senator INHOFE. Sergeant Lott.

Sergeant LOTT. Mr. Chairman, Miramar is the only Marine Corps base that has the one by one rooms, based on a lot of the BRAC moneys that we received in our move. Initially the marines loved the privacy, they loved being by themselves. After the novelty wears off, they are lonely. They sit in their rooms sometimes and they just wonder where their next buddy is because he is gone and they have nobody to talk to. That was some of the concerns that some of my marines have brought to my attention.

Also the fact one of them brought to my attention was a prisoner has more space than he does.

Senator INHOFE. Thank you, Sergeant Lott.

The next question will be very brief. Recognizing that over 50 percent of our personnel are now married personnel, I would like to have each one of you tell me the most common criticism of family housing in your command, unless you have already covered it, such as Sergeant Lott has.

Colonel WRIGHT. Sir, we are in pretty good shape. The answer is there is not enough on the installation. Only one in five families live on our installation. We have adequate housing downtown. There will be no increase. They cannot wait to get on post, even though Lawton is a great place to live.

But it is the 18- to 24-month period to get on post that is the number one concern.

Senator INHOFE. Sergeant Webster.

Sergeant WEBSTER. Sir, I would agree that the backlog of getting into quarters is the biggest issue, along with renovation and upgrade of the new quarters. At Fort Hood we are working with the regimental Residential Community Initiative (RCI) to try and increase the rate that we can repair, renovate, and build new housing at Fort Hood for our soldiers. We think that is the way to go and a very positive impact for our soldiers much quicker.

Senator INHOFE. Captain Johnson.

Captain JOHNSON. Sir, for those who would like a Navy family house in the Norfolk area, the most common complaint is the waiting time to get that house.

Chief LICURSI. Senator, the biggest complaint that I hear from our sailors is the shortfall of about 5,000 family units that is required to meet the needs in San Diego, and also the waiting time. The waiting time is anywhere from 18 to 36 months.

Senator INHOFE. Very good.

Colonel Yolitz.

Colonel YOLITZ. Senator, the biggest issue at Shaw Air Force Base is basically the age, which drives the quality of the houses. The houses were built in the early 1950s for a family of the 1950s, not compatible with a family of the 21st century.

Sergeant POLIANSKY. The same here. I guess it is the size of the homes for our senior NCOs. Living space is actually pretty cramped. As you move from station to station you accumulate items and furnishings. Your kids are growing up and you look at more space and a more modern environment to live in.

Senator INHOFE. Thank you.

Colonel PHILLIPS. The homes, sir, are too small and they are too old.

Senator INHOFE. My time has expired.

Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

Looking at you and hearing you, I think of you as a choir. You are all singing the same song. Master Sergeant Poliansky told us about a sergeant who left the service. He was getting out; he was not getting the tools that he needed for the job.

I have a question for you and would like brief comments on this. My question has to do with the facilities at your base. I would like to look at it in this way. Do the facilities at your base make the young men and women in uniform who are assigned there, as well as the civilians who work alongside them, feel that they are a part of a first class organization?

Colonel WRIGHT. Senator Akaka, soldiers as well as civilians at Fort Sill feel as though they are living and working in a C-1 Army, however with C-3 facilities. It is the heating and air conditioning, whether you are in your barracks or whether you are in your admin space, in your offices. They see the plumbing problems that we repair daily. With the downsizing, there is even more crunch on it, because the attitude is, when are we going to get around to fixing this stuff.

The backlog is just beyond all means. The sooner we get that repaired, the sooner the morale of both the civilians and the soldiers themselves will improve.

Senator AKAKA. I know you have been stationed at Scofield. The Quadrangle is still around.

Colonel WRIGHT. Yes, sir, the A Quad.

Senator AKAKA. Command Sergeant.

Sergeant WEBSTER. Sir, Sergeant Major Webster. I would say the answer to your question is yes and no. Those soldiers who are working and living in the newer buildings do feel that they are in first class organizations and are being supported. Those who do not feel the opposite way.

We have a situation on Fort Hood where we have haves and have-nots. When everybody is have-not and somebody gets something, people are pretty satisfied with that. But now that we have

more haves than have-nots, it is a lot more aggravation and bothersome for soldiers living and working with leaks, bad plumbing, heating and air conditioning problems.

Senator AKAKA. Captain.

Captain JOHNSON. Yes, sir. As I stated earlier, we have a quality of service message mismatch. Folks feel that the facilities they work in are not up to the standards of the rest of their attitude and the mission given to them. We talk about improving quality of service, but the funding has not been there to improve the vast majority of the facilities.

Senator AKAKA. Chief.

Chief LICURSI. Yes, sir, Senator Akaka. I would have to say that the sailors do not and the employees do not consistently feel that they belong to a first class organization in those facilities that they work in that are deteriorating.

A primary example is Naval Air Facility El Centro. We have 1940-vintage hangars that we are trying to repair high-stakes tactical aircraft in and the aircraft do not fit in the hangars, and it exposes our sailors that are doing the maintenance to the elements in the summertime in excess of 115 degrees, which is a personnel and safety hazard and material hazard.

When you work in those types of conditions, the sailors wonder, am I important enough. The question comes about, would Boeing treat their employees like this? I have to say it is not consistent and not everybody thinks it is a first class organization.

Senator AKAKA. Colonel.

Colonel YOLITZ. Senator Akaka, I agree with Sergeant Major Webster, yes and no to that question. We have folks who are privileged to be in a new facility. Our Security Forces Squadron is very happy to be in a new facility, recently constructed. But they were in a facility that we just tore down. They used to call it "the crack house," to put a face on the condition that they lived in.

There are other folks who are waiting for a facility, a place commensurate with our force modern, particularly our fighter squadron, aircraft maintenance units, where they are cramped in, hot, deplorable living conditions. They are the have-nots and they would not categorize themselves as being a member of a first class organization.

Senator AKAKA. Chief.

Chief LICURSI. Senator, I concur with my colleagues. Our people are frustrated, but they are dedicated and they try to do their best with the limited resources they have. If you provide us additional resources, we could go ahead and improve their job satisfaction and they could stand up a little prouder and a little taller.

Senator AKAKA. Colonel.

Colonel PHILLIPS. Sir, I currently have facilities where I have a communications electronics battalion working in facilities that have no heads with running water. I have 19 battalion-sized armories without heating or air conditioning, very expensive weapons systems in those areas. Our previous commanding general claimed to be the biggest slumlord in the county. That is the kind of facilities we live in.

So the answer, sir, is yes and no, mostly no. But when we through military construction provide new facilities, then it becomes first class.

Senator AKAKA. Sergeant Major.

Sergeant LOTT. Sir, the marines have done so much with so little for so long, it becomes commonplace. Like my general says, we just put some lipstick on that to make it work.

Senator AKAKA. Thank you.

The question was asked about one plus one barracks and the answers have been that we are heading in the right direction, they love it, that is the way to go, it is a good standard. All answers were for that.

My question is should we stick with the one plus one standard or consider something not quite as nice that would allow us to get more barracks faster? I understand that the Army and Air Force are moving fast on it, the Navy and Marine Corps are not. So are there other factors besides the one plus one barracks?

Colonel WRIGHT. Sir, I would have to remind you that Fort Sill is ahead of the game, but the Army itself will not build out this one plus one until 2008 with the current funding stream. Senator, we did exactly what you are talking about. There are 3,000-plus barracks we have at Fort Sill or soon to have, all but 500 of them are renovations. We have determined we could do it faster, just a little bit cheaper. But the other thing is, preserve some of our historic structures on the installation. So we have done that very effectively at Fort Sill.

Sergeant WEBSTER. Sir, I would encourage you not to build faster with less. I believe the soldiers deserve to have the one plus one, and if it takes just a little bit longer then we will have to do with that. But I think if we build less now we will pay for it down the line in retention of soldiers. I think they will look at that as a loss of faith and one more time that we have been given the short end of the stick, sir.

Senator INHOFE. Let me interrupt and say, I think it is a very good answer. As the rest of you answer, you might say whether you agree with Sergeant Webster.

Colonel WRIGHT. Yes, sir, absolutely. It is the best thing we have done. The space is minimal. We may change the standard design just somewhat depending on the geographical area, but the soldiers really enjoy those. I think it is a great retention as well as recruiting tool to see what the current soldiers live in.

Captain JOHNSON. Sir, the Navy supports the one plus one standard and feels it is very good for retention and for recruitment. However, we are looking at a two plus one standard similar to the Marine Corps, with the idea being that we can accommodate and improve the lifestyle for more sailors faster with the amount of money we are being given. The intention in the future is to download those two plus zero to a one plus zero standard, so eventually a person would have the privacy of his own room. However, the two plus zero is viewed as the way to get out of the gang heads faster and improve the quality of life for more people faster.

In addition, we are introducing the concept of bringing the junior sailors off of the ships in home port. This increases the amount of barracks we need to build. So if you look at the amount of money

we are being given, in trying to improve life for more people faster we need a two plus zero standard as an interim.

Senator INHOFE. Yes?

Chief LICURSI. Yes, sir, Senator. I agree with Captain Johnson and I agree with the one plus zero standard. The Navy has made an expectation in the minds of the sailors that this is the quality of life we are going to provide for you as a recruitment tool and as a retention tool, and in order to do that we need to keep that promise and we need to ensure that we maintain and continue MILCON funding to make that happen.

In San Diego, it will be right on the time line of the required period to make that commitment if we continue to stay on track with funding for our MILCON.

Senator INHOFE. Thank you.

Colonel YOLITZ. Sergeant Major Webster is right. Do it right the first time.

Sergeant POLIANSKY. I concur.

Colonel PHILLIPS. Sir, the Marine Corps has a permanent waiver to go to the two by zero standard. That helps to defer some of the cost of the one by zero standard.

Sergeant LOTT. I concur.

Senator AKAKA. Thank you so much for your responses.

Senator INHOFE. Yes, Senator Nelson.

STATEMENT OF SENATOR E. BENJAMIN NELSON

Senator BEN NELSON. Thank you, Mr. Chairman. I want to commend you for bringing together a panel with diverse experiences, but similar conclusions based on their observations and their experiences.

We want to see the military be a family- and personnel-friendly institution, each branch of it. If you were to rank right now on a scale of 1 to 10 how family-friendly it is or is not, could you give me some idea of that, 10 being the best and 1 being the lowest?

Colonel WRIGHT. Sir, I am going to give a two-part answer. Every installation would be different because it depends on how often they deploy and the type of unit that is on that Army installation. Fort Sill, I would rank it in the two to three category, because we are predominantly a training base. Even though we have 5,000 soldiers that are ready to deploy, the family support network is there. They know the facilities are in good shape when they return.

So it really would depend on the unit and if they may or may not be deploying.

Senator BEN NELSON. It might include also the benefits, whether there are child care facilities available and how those are funded or to what extent they are in the process of being provided.

Colonel WRIGHT. Yes, sir. We are very fortunate at Fort Sill. Our child care center is about 5 years old. We are very happy with that. However, of course, it could not accommodate all 19,000 families, so a goodly number do go downtown. But those who live on the installation, as well as some bring them on the way to work.

As we have more and more single parents with children, that is the priority right now at our child care centers, our single parent soldiers and then dependents of soldiers married to soldiers.

Sergeant WEBSTER. Sir, I am not sure that I can give you an accurate 1 to 10 rating.

Senator BEN NELSON. Your feeling.

Sergeant WEBSTER. But I guess a five, going down. We have, like I said, a split base of great facilities versus very old and not good facilities. That goes along with some of our support elements. There is never enough child care. We have a lot more married military soldiers, married to each other, and working folks that need family care than we used to. But we do what we can with what we have.

I think that there is a dedicated group of people that are trying to do what they can to make it a user-friendly and very family-friendly and soldier-friendly environment. But we need more resources to make that better.

Captain JOHNSON. Sir, I would rank the Navy as about a seven in reference to a family-friendly environment. Concerns for the family are right at the top and they permeate just about every facet of the decisionmaking process: family support centers, housing, child care centers, medical clinics. Everybody is focusing on the families, because if you can recruit the family you can retain the member. Very important.

Senator BEN NELSON. Thank you.

Chief LICURSI. Senator, I would say that in Navy Region Southwest our family support facilities in operations are probably a seven and going up. Our biggest shortfall is in child care. We are a deployable force. We are a ship work force. Our child care centers, one, we do not have enough of them to provide the child care; two, they are not open 24 hours. Our sailors work 24 hours.

So where I would say the improvement would have to be is in child care and the availability to provide that service 24 hours a day for those that need it. We are open from early morning to early evening, but those sailors that work late night hours do not have facilities available.

Senator BEN NELSON. They are easily forgotten when others are sleeping, right?

Chief LICURSI. Often, sir.

Senator BEN NELSON. Thank you.

Colonel.

Colonel YOLITZ. Sir, at Shaw Air Force Base I score the base probably at seven and rising, going higher. But each installation is different. At Shaw we live, we work, we deploy, we fight together as a team. It may not be a specific function of the facilities that are available, but it is a function of the programs.

At Shaw we are blessed with a world class child development center and award-winning teen and youth programs that really help our young kids and that put our families and parents at ease a bit. I think that is probably as important as buildings and facilities.

Senator BEN NELSON. No doubt.

Sergeant.

Sergeant POLIANSKY. The Air Force enlists individuals, but tries to retain families. I have my wife here with me today. Child care seems to be a major theme. At Andrews we had a roof collapse at one of our child development centers because of some oversight in

construction. It is being renovated. Additionally, we have a new one that is being constructed.

The family support network programs are available. Because almost one-third of our 3,500 enlisted members are in some sort of deployable billet, a lot more support is required, for those family members that are left behind. So I think I would rate it maybe about a five, but we are trying to improve those things because we retain families. Without family support you would not see people like me here today after 22 years.

Senator BEN NELSON. I appreciate that.

Colonel.

Colonel PHILLIPS. Sir, in terms of child development centers, which we have under construction now, and family services, I might be tempted to rate that as a seven. But then if I focus strictly on family housing, that is clearly a two.

Senator BEN NELSON. It brings it back down?

Colonel PHILLIPS. Yes, sir.

Sergeant LOTT. Sir, in San Diego I would not give family housing that high. That is how bad our situation is. Child development centers, just like the colleagues here say, they should be open 24 hours, they need to be open 24 hours. Other than that, marine families, where we control, it is very high, sir.

Senator BEN NELSON. With regard to not being open 24 hours, is that a function of lack of budget or is it a function of just it has not been established yet and it could be? Because I assume part of this could be—you do not have to add facilities, it is a matter of having the personnel and the programs in place. Do you have any thoughts about what it would take to make it family-friendly for 24 hours? Somebody has to work at night?

Chief LICURSI. Senator, I would have to say that it has to do with funding and the lack of qualified personnel. The Navy has pretty much been the benchmark now for child development centers, because we are not just a child care center, we are a child development center, and there is a lot of training that goes in to meet that commitment and job.

Without the personnel to do that, we are not capable of doing that. So of course, the more personnel you hire, the higher the expense becomes, and there is a funding cost that is involved with it.

Senator BEN NELSON. Thank you.

Colonel WRIGHT. Senator, as I answer your question—I must have been around the artillery for too long—I would like to reverse my scoring. Our facilities would be a 7 or 8 with 10 being high. We are not 24 hours open. We do not have a lot of shift work. What we have done is expand the hours, because our drill sergeants come to work at 4:30, 5:00 in the morning and stay rather late. We can accommodate that, but if we had additional funding we certainly would consider a 24-hour operation.

Senator BEN NELSON. Thank you.

Sergeant WEBSTER. Sir, if I could add, additionally if you open that facility 24 hours you are going to run into a maintenance problem. So you have to build more facilities. You may not have to build one for one, but you have to have down time to maintain the

facility, to keep it clean, as it has to be for child care. So it is not just a matter of funding for hiring personnel.

Senator BEN NELSON. Thank you.

Senator INHOFE. Thank you, Senator Nelson.

We were trying to end this panel on the half hour and we did not quite make it. I had one question I wanted to ask just the officers who are here. That is, in light of the skyrocketing costs of natural gas and electricity, what have you had to do creatively to offset that cost? Just the officers, very briefly.

Colonel WRIGHT. Sir, normally in Oklahoma gas is relatively cheap. We have seen up to this point this fiscal year the price of gas has gone up 72 percent. The rate of consumption on gas has gone up 24 percent. The good news is electricity is only a fraction of that, I think a 4 and an 8 percent in consumption, because we had a cold November-December.

Where is the money coming from? The utility account is broke right now, the end of February. We are having to move funds, other SRM funds that we would normally get the remainder of the year, to cover that account. We project a \$2 to \$4 million shortfall for the remainder of the year.

Captain JOHNSON. Sir, the facilities we service are supported by the public works center, which is a Navy working capital fund activity. That means we operate as a business and we can actually run a deficit against the corpus. Therefore, this year we are doing okay with utilities costs. We are absorbing the loss. However, the Navy will decide whether or not those losses will be recovered next year or several years. I do not yet know the answer. But this is enabling us to absorb the 30 percent increase that we are absorbing.

Senator INHOFE. Yes, Colonel.

Colonel YOLITZ. Sir, at Shaw on the east coast we have seen an approximately 8 to 10 percent increase in costs overall, based on two things, cost of energy and consumption, because of the colder winter we have had. But I do have colleagues in Texas and on the west coast that have seen prices, particularly for the month of December, up 200 percent. Basically, all that is going to end up falling short some time in the May time frame as far as utilities are concerned.

Senator INHOFE. Colonel.

Colonel PHILLIPS. We are running a deficit of about \$4 million. Natural gas price has doubled. Electricity went up approximately 6 percent. It appears that headquarters Marine Corps will be able to cover that. If they cannot, then it comes out of the base operating support and/or my managing real property dollars.

Senator INHOFE. We are going to the next panel. I would like the rest of my questions submitted for the record. One of them I will be interested in is to have each one of you identify and describe what you consider to be the most critical issue in your command.

[The information referred to follows:]

Sergeant WEBSTER. I consider our Sustainment, Restoration, and Modernization (SRM) program; formerly known as Real Property Maintenance Program (RPM), and the Residential Community Initiative to be key to solving our aging infrastructure and facility problems, because they provide a total package. Of the two, I consider our SRM program to be the most critical issue in my command because it directly impacts the ability of our soldiers to perform their mission. At Fort Hood, we have a comprehensive SRM program that includes repairs, preventive maintenance,

and the life cycle replacement of components. The Army's Installation Status Report (ISR) assesses facilities against DA condition standards on each type of facility. "Red" facilities are described as dysfunctional and in overall poor condition. We currently have 383 "Red" facilities at Fort Hood. Of the 44 barracks ISR.

Our fiscal year 2001 SRM requirement at Fort Hood is estimated to be about 200 million to bring facilities to "Green" standard. The current funding level of \$16.4 million basically limits efforts to Priority 1 repairs. Priority 1 repairs include health protection, safety, security, or the prevention of property damage. Examples include gas leaks, sewage backups, heat, air-conditioning, and power failures. Since the SRM focus must be, by necessity, on Priority 1 items, those items that soldiers see on a daily basis end up on the backlog. Let me give you a few examples.

When we look at where soldiers work, several items are readily apparent. The average life expectancy for a roof is 15 years. Lack of funds drives the decision to "patch" rather than replace. With an average cost of \$59,000 per roof, Fort Hood should be spending nearly \$9 million per year on roof replacements for the 2,272 non-housing buildings. For the past 5 years, we could afford only \$800,000-\$1 million. Our backlog on roofs alone is \$124 million. Maintenance shop bay doors and bay lights are prime examples of the impact of deferred maintenance on the installation's ability to perform its mission. Over 160 bay doors currently need repair or replacement. More than 1,300 bay lights are inoperable. A recent inspection of 194 hangar doors at the two airfields revealed that 104 need repair immediately.

When we look at where soldiers live, there are different, but equally important issues. For example, over 5,000 locks in barracks need repair or replacement today. Excessive wear without replacement means the same key opens multiple doors and soldiers' safety and security are compromised.

When we take an even larger view of things that the average soldier doesn't consider until there is a catastrophic failure somewhere, other issues become apparent. A large portion of our water lines, waste water lines, and gas lines is part of the original distribution systems for Fort Hood and is more than 50 years old. With a 40- to 50-year life expectancy, these systems are deteriorated and failing frequently. Fort Hood repaired four water line breaks for 10-16 inch water lines in just 1 week this year. Annual replacement investment requirements exceed \$5 million for these items alone.

We're charged with being good stewards of the resources we are given. We have new facilities throughout the installation. Regardless of the type or age of a facility, in the long run we have to spend more on major repairs because all the small problems have compounded. If we are resourced to properly maintain them they will be around and be used for years to come and will, over the life of our facilities, save the taxpayers money.

Senator INHOFE. Senator Akaka.

Senator AKAKA. Just if I can get a yes or no answer from you. The question is whether you think most military families want to live off base if out of pocket cost is comparable to living on base?

Colonel WRIGHT. Sir, they want to live on base almost across the Army, I believe, because of the security, the atmosphere, not just the shortened distance to work, even if costs are equal.

Senator AKAKA. Thank you.

Sergeant WEBSTER. Sir, on base.

Captain JOHNSON. Sir, that largely depends on the location. In Hampton Roads, I think that most folks would prefer to be off base. There are some that want to be on base.

Chief LICURSI. Sir, in Navy Region Southwest, because of the cost of living, with the rising utilities, gas prices, natural gas prices and everything else combined with this, the locations of the homes and the distance people have to travel, the majority of the sailors would like to live in military housing.

Colonel YOLITZ. Again, it is location-dependent. Most folks that do want to live on base live on base for the sense of community, with shared experiences and hardships. They survive better as a team.

Sergeant POLIANSKY. I agree. They prefer to live on base. Depending on where you are at, the commute to work is quite awesome and plays on readiness a bit.

Colonel PHILLIPS. Clearly, on base, sir. But 77 percent live off base.

Sergeant LOTT. Sir, in California, with conditions as they are, I concur with Master Chief Licursi on base.

Senator AKAKA. Thank you for your responses.

Thank you, Mr. Chairman.

Senator INHOFE. Thank you. We will dismiss this panel now. We appreciate your time very much.

We would ask the Reserve and Guard component panel to come forward. [Pause.]

We welcome you here. You heard the format from the previous panel, so I would like to have you follow the same thing. We would like to get through your opening statements in 3 minutes.

We will start with you, Colonel, if you would give us your opening statement. Thank you.

STATEMENT OF COL. DAVID C. SMITH, ARMY NATIONAL GUARD, CHIEF OF THE ARMY NATIONAL GUARD DIVISION FOR INSTALLATION, ARMY NATIONAL GUARD BUREAU, WASHINGTON, DC

Colonel SMITH. Yes, sir. Mr. Chairman and members of the subcommittee: I am Col. David Smith, Chief of Installations, Army National Guard, and I welcome the opportunity to appear before the subcommittee to speak about Army National Guard facilities. I am responsible for an infrastructure with a plant replacement value of over \$23 billion. The Army National Guard has over 21,000 facilities, more than 81 million square feet, that receive Federal funds for their operations and maintenance. These facilities support over 350,000 members of the Army National Guard, over 2,000 federally reimbursed State employees who operate and maintain the facilities, over 3 million man-days of use by other Department of Defense components, and citizens in over 2,700 communities in which the Army National Guard facilities are located.

Your Guard is manned with higher quality soldiers, trained and equipped to a higher degree of readiness, than ever before in its 360-year history. Our military construction program has a direct impact on our training and operational capabilities. Currently the Army National Guard facilities do not meet unit or Army standards. According to the Army's installation status report, the Army National Guard has a facility deficit of over \$19 billion and real property maintenance backlog of \$6.8 billion. 40 percent of the States are C-4 for facility quantity and 67 percent of the States are C-4 for facility quality. C-4 means that these facilities have major deficiencies that impair the mission performance of our units.

We are thankful for your generous support. The extra half billion dollars Congress provided in the last 3 years have helped the revitalization of the Army National Guard. Infrastructure requires constant reinvestment. Our annual reoccurring military construction requirements alone are in excess of \$600 million. Annual reoccurring real property maintenance requirements approach \$400 million.

The Army National Guard needs about a billion dollars annually. Because of a lack of investment funds, the infrastructure of the Army National Guard is starved, as the installation status report indicates.

I thank the subcommittee for their support and their interest in our facilities and will be happy to address any issues that the subcommittee might have.

[The prepared statement of Colonel Smith follows:]

PREPARED STATEMENT BY COL. DAVID SMITH, ARNG

Mr. Chairman and members of this Subcommittee, I am Col. David Smith, Chief of Installations, Army National Guard and I welcome the opportunity to appear before this subcommittee to speak about Army National Guard facilities.

I am responsible for an infrastructure with a plant replacement value of over \$23 billion. The Army National Guard has over 21,000 facilities, with more than 81 million square feet, that receive Federal funds for their operations and maintenance. These facilities support over 350,000 members of the Army National Guard, over 2,000 federally reimbursed State employees who operate and maintain the facilities, over 3 million mandays of use by other Department of Defense components, and citizens in the over 2,700 communities in which Army National Guard facilities are located.

Today, the Army National Guard has taken on new responsibilities. Your Guard is now manned with higher quality soldiers, who are trained and equipped to a higher degree of readiness than ever before in its over 360 year history. Our MILCON program has a direct impact on our training and operational capabilities.

We have an obligation to provide adequate, safe, and cost efficient facilities to support our personnel and units throughout the Nation, but we are struggling to do so. For example, a recent note from the Maine Construction and Facilities Management officer spoke of recent meeting of the Maine Facilities Board:

“We agreed that one of our prioritization criteria should be the impact on the drilling Guard soldier. The shame of even being seen in such a facility, let alone function, affects his or her ability to learn and maintain a military occupational skill. Lack of respect for an organization that can’t even keep its infrastructure sound affects the retention of those soldiers trying to maintain proficiency and certainly makes recruiting a greater challenge than it should be.”

Currently, Army National Guard facilities do not meet unit needs or Army standards. According to the Army’s Installations Status Report, the Army National Guard has a facility deficit of \$19 billion and real property maintenance backlog of \$6.8 billion. Forty percent of the States are C-4, Red, for facility quantity, and 67 percent of the States are C-4 for facility quality. This means that they have major deficiencies that significantly impair the mission performance of the units assigned there.

We certainly realize that we are not alone in the challenge to do the best we can within the DOD budget. We are part of the Army Facility Strategy, which, for the Army National Guard, currently emphasizes readiness centers, surface maintenance facilities, and classrooms.

Furthermore, we are very thankful for your generous support. The half billion dollars extra Congress has provided in the last 3 years have certainly helped the revitalization of the Army National Guard. Yet as large a sum of money as this is, it is literally a drop in the bucket. Infrastructure requires constant reinvestment. Our annual recurring MILCON requirements alone are in excess of \$600 million. The annual recurring Real Property Maintenance requirements approach \$400 million. In other words, just the Army National Guard alone needs about a billion dollars annually.

We don’t see ourselves as unique. Prudent facilities management is prudent facilities management no matter which component of the Defense Department we are talking about—or which agency of government at whatever level. Nonetheless, the Army National Guard is different, because the States either own our real property or operate it under a license from the Corps of Engineers or under a lease. The Army National Guard facilities program is a grant program, and the States manage it from the Military Department and are responsible for a far-flung operation, not one in a compact, concentrated area.

Because of a lack of investment funds, the infrastructure of the Army National Guard is in crisis, as the Installations Status Report numbers indicate. To show the

extent of the crisis, I would like to conclude with an extract from a typical note I received recently, this one from the Mississippi Construction and Facilities Management Officer:

"I sat in the Camp Shelby Engineers weekly staff meeting last week with all my department heads, roads and grounds, resources, mechanical, etc. and the one issue that was directed to me more than anything was the issue of resources, "Did I see any hope of increases?" on the horizon. . . . They are proud of Camp Shelby and the work they do but are tired of hearing that "more with less" rhetoric. Tightening up is one thing, starving the dog is another and this dog is starved. At this same meeting the staff reported over 1,000 outstanding work orders for this particular week. The mechanical/building supervisor had just received a boiler inspection from the state and laid (in addition to this previous 1,000 work orders) an additional 130+ work orders to boilers and hot water heaters alone from one simple and narrowly confined safety inspection. The meeting began with 1,000 outstanding work orders and when I left had 1,130. Just another day of crisis management at a large training site."

I thank the subcommittee for the your support for our facilities' progress, and I will be happy to address any issues that the subcommittee might have.

Senator INHOFE. Thank you.
Captain LoFaso.

STATEMENT OF CAPT. JOSEPH M. LOFASO, U.S. NAVY, DEPUTY CHIEF OF STAFF FOR SHORE INSTALLATION MANAGEMENT, COMMANDER, NAVAL RESERVE FORCES, NEW ORLEANS, LOUISIANA

Captain LOFASO. Yes, sir. Mr. Chairman, members of the subcommittee, I am Capt. Joe LoFaso and I am the Deputy Chief of Staff for Shore Installation Management for the Commander, Naval Reserve Force. We are headquartered out of New Orleans, Louisiana. I want to thank you for giving me to opportunity to talk with you today about our Reserve Force infrastructure and discuss some of the challenges and a few successes that we have had.

I want to particularly thank Congress. This year the Naval Reserve Force had a \$12 million military construction budget. I feel like the poor guy here because compared to others, they are a much larger infrastructure. But Congress gave us an additional \$44 million. So we almost quadrupled our military construction budget. That is pretty typical of the support we have received for many years, but this was a larger than normal donation, which we have gratefully received.

I would like to discuss very generally a few areas of concern—sustainment, restoration, and modernization (SRM), formerly called real property maintenance. You have heard from many of the others here. We share the same concerns. We have military installations with permanent military members that support our drilling reservists throughout the United States, so we share the similar quality of service, quality of life, and operational concerns for our squadrons and personnel that are stationed throughout the Reserve Forces, naval air stations, particularly in joint Reserve bases.

The average age of those facilities is about 42 years old, so that is about typical. We only have 1,200 Navy structures throughout the Naval Reserve Force and that is about less than half of what I think Fort Sill has. So you can see we are not real big.

In addition to the SRM shortfalls, though, which we see at the same level as the active component, we also have to pay the other bills that help run a base, whether it is the utilities, the security

forces, of course your child care centers. All those have been severely undercut over the years as a result of, of course, downsizings that have taken place.

We have of course participated with various outsourcing, privatization, regionalization, claimant consolidation, and all the other buzzwords that you have probably heard from the Navy, in order to try to become more efficient and cost effective.

In addition, a big part of our infrastructure, an important part of our infrastructure, is information technology. I think that is kind of an anomaly perhaps that you might be interested in hearing, because when you consider the widespread nature throughout the entire United States of the drilling reservists, how well we stay tuned in to those reservists and serve them, it is a quality of life issue as well as an operational issue for us to be able to get together with them, stay connected with them, pay them, as well as provide the orders and be able to stay in contact with them.

So I think that is a part that we have been trying to work very diligently on for quite some time, and dealing with the 20-year-old DOS technology out there that now needs to be brought up to the 21st century. That is a part of infrastructure that I think is very critical to us.

Joint use facilities. I would like to talk about some successes. I think joint probably serves the Reserve components perhaps better than any other components, in my opinion. In many cases we try to take advantage of that, and we have already joint Reserve centers by the definition with the Marine Corps. In many of our places we are joined with the Marine Corps. But of course we are seeking other opportunities wherever they are available with the other services and already in fact enjoy opportunities where we share facilities with them already throughout the United States. More can be done there.

Finally, I would like to talk about family housing very quickly. You would not think about that with the Reserves, but again we are enjoying a public-private venture in the New Orleans area. For us that is our largest housing area, so I just wanted to mention that. We will double our houses. Once again, of the \$23 million the Navy is sharing in that venture, \$17 million of that was a congressional add. Again, the sailors and marines of that area of course appreciate the quality of life increase there.

In summary, the Navy's ability today to tap into the Reserve Force is the reward of the prudent investment in the Naval Reserve people, equipment, its IT facilities, and training.

I want to thank you for allowing me the opportunity to speak to the subcommittee on this important issue.

[The prepared statement of Captain LoFaso follows:]

PREPARED STATEMENT BY CAPT. JOSEPH LOFASO, USN

Mr. Chairman, members of the subcommittee, I am Capt. Joe LoFaso, Deputy Chief of Staff for Shore Installation Management for the Commander, Naval Reserve Force, New Orleans, Louisiana. Thank you very much for giving me the opportunity today to talk to you about our Naval Reserve infrastructure and discuss some of the challenges and successes we are experiencing today force-wide. I have prepared a handout for distribution to you and the other members that gives you a general overview of the size and composition of the Reserve infrastructure. I do not intend to discuss that general information with you today, but wish to spend my short time highlighting for the subcommittee some specific areas that are challenging the

Naval Reserve's ability to provide our customers and sailors with the quality-of-service workplace that they expect and deserve while serving our great Nation.

The Naval Reserve, since its inception 86 years ago, has evolved into a battle-tested and skilled Naval Reserve Force that is the envy of the world. We are an integral part of today's Navy, but to continue providing service to the fleet we need the capability to properly administer and train our people, and to maintain and safely operate our equipment. Infrastructure is one of many vital components of that capability. Let me discuss very generally a few areas of concern we have in our attempts to maintain an aging infrastructure.

INFRASTRUCTURE CHALLENGES

RPM. At the end of fiscal year 2000, the Naval Reserve owned 1,280 structures with an average age of 42 years. The overall general readiness condition of our facilities is C-3. The corresponding Critical Backlog of Maintenance and Repair (BMAR), which has gradually increased over the past decade, is estimated to reach \$296 million by the end of fiscal year 2007. The Navy has determined that an RPM investment of at least 2 percent of Plant Replacement Value (PRV) would be required to provide adequate levels of facility maintenance. Over the FYDP, the Naval Reserve is funded at about 1.5 percent of PRV per year. Without additional funding, we cannot stop the continued growth in our critical backlog.

OBOS. During the past decade of downsizing, the Naval Reserve has fully participated in Navy's various outsourcing, privatization, regionalization, and claimancy consolidation initiatives designed to reduce the ownership costs of maintaining our Reserve infrastructure. We feel we have made great strides in running our installations in a most efficient and cost effective manner.

Information Technology Infrastructure. The Naval Reserve, an organization of more than 88,000 'citizen sailors' based across the country and deployed worldwide, is encumbered by an IT infrastructure based largely on 20-year-old DOS technology and methods. These antiquated systems are a barrier to conducting the organization's necessary day-to-day business and to meet fleet support requirements. The Naval Reserve's IT budget has been, and is inadequate today to support the maintenance of current legacy systems and to modernize and upgrade critical manpower, personnel, and training systems. Additional dedicated investment in O&MN funds is needed to enable the Naval Reserve to jump-start its IT modernization process and to maintain current operations.

Demolition. As Navy continues to reduce infrastructure and reduce costs, demolishing excess facilities has been emphasized as a way to reduce our maintenance footprint. In fiscal year 1996, Navy centralized demolition requirements into a separate program to more effectively focus O&MN resources, and in fiscal year 1999 created a separate Naval Reserve demolition program with initial funding of \$1 million per year across the FYDP. We will continue to pursue this program as an excellent means of eliminating obsolete facilities.

There are many success stories we could talk about over the past few years that have improved the overall condition of our facilities and enhanced morale among our sailors. I'd like to highlight two relatively new initiatives which are economically smart, and which also improve the way we do business.

INFRASTRUCTURE SUCCESSES

Joint-use Facilities. We fully support the Joint-use Reserve facilities concept. DOD directive 1225.7 tasks the services to participate in a Joint Service Reserve Component Facility Board to ensure maximum practical joint construction in each state. The initial result of this effort has been the joining of the Naval Reserve and Marine Corps Reserve with the Army and Army National Guard in a joint common-use facility located in Orlando, Florida. Construction has begun this fiscal year with full cooperation among all participating Reserve components. A second joint venture is the Armed Forces Reserve Center, NAS JRB New Orleans with construction contract award for Phase I scheduled later this year.

Family Housing. We fully support continued use of the Military Housing Privatization initiative. The Fiscal Year 1996 Defense Authorization Act established the Military Housing Privatization Initiative authorizing DOD to create partnerships with the private sector to revitalize existing family housing and/or build new military housing. The expectation is that Public/Private Venture (PPV) would enable Navy to meet housing requirements faster and at a lower cost, than from traditional construction of Navy-owned properties. In the New Orleans area, we have a very successful example of the value of PPV. Using the leveraging power of PPV, we are able to renovate 416 existing units, and construct an estimated 500 new units. The project is in the final stages of exclusive negotiations. We anticipate congressional

notification and award of this project this spring. Continued use of this program will help us provide our sailors the quality-of-service they deserve.

In summary, Mr. Chairman, Navy's ability today to tap into its Reserve Force is the reward of prudent investment in Naval Reserve people, equipment, IT, facilities, and training. However, as my active duty counterpart notes in his testimony, more funds will be needed to support the challenged Reserve programs I have just outlined so that we will be able to continue to provide essential day-to-day peacetime support to the fleet and preserve the capability to surge convincingly in time of war. Thank you again for allowing me the opportunity to speak to the subcommittee on this important issue.

I would be happy to answer any questions you may have.

Senator INHOFE. Thank you, Captain.
Colonel Dunkelberger.

STATEMENT OF COL. JAMES W. DUNKELBERGER, U.S. ARMY RESERVE, U.S. ARMY RESERVE ENGINEER, OFFICE OF THE CHIEF OF ARMY RESERVE, HEADQUARTERS, WASHINGTON, DC

Colonel DUNKELBERGER. Good morning, Mr. Chairman, Senator Akaka. Thank you for allowing me the opportunity to testify today on behalf of the thousands of men and women serving today in your Army Reserve, a ready, relevant, and essential part of the Army.

I am Col. James Dunkelberger, the Army Reserve Engineer. My community sustains two of the Army's major installations and 12 regional support commands with 45 million square feet of buildings. These regional commands function as virtual installations, with facilities in 1,300 communities across all 50 States, most U.S. territories, and in Europe.

My mission is to support readiness by providing and maintaining facilities in which Army Reserve units and soldiers are trained and of which they may be justifiably proud. Like the other services, we face the same facilities challenges, but in a little different setting.

Our primary facilities, the Army Reserve centers, are prominent symbols of the Army on "Main Street America." They often create the very first impression of the entire Army and present a permanent billboard for all Americans to see. Imagine, if you will, the impression that poorly maintained and seriously outmoded facilities leave on young men and women considering the military, on their mothers and fathers, on their neighbors in the community, and on the American taxpayer. Sad but true, this is the case today all across our Nation.

These factors alone provide a compelling reason for focused facility support. For today's Army Reserve soldiers, the impacts of poor facility conditions are even more acute. Overcrowded, inadequate, and poorly maintained facilities seriously degrade our ability to train and sustain units and decay soldier morale and esprit de corps.

This has grown significantly worse over time. For 8 of the past 10 years, we have been functioning on less than 40 percent of the required funding to sustain existing facilities and we are constructing on average only five to six new facilities per year, with 28 percent of the required funding. Couple these facts with the advancing age of the inventory, greater mission demand, and a shifting population; it is easy to see that we are in a facilities death spiral without immediate help.

Most of our facilities are 1950s-era structures that remain virtually the same as when they were constructed. They are sorely in need of modernization or, as in most cases, replacement.

Our theme is “building pride.” We try to do so primarily through major maintenance and repair projects, a new program called Full Facility Revitalization, similar to the Army’s whole barracks renewal program, and to a small degree new military construction. We are “building pride” at the rate of six or eight centers at a time, but it is not enough. We have developed an overall strategy to modernize our facilities by 2025, which is in concert with the Army’s facility strategy. Resources are the essential but elusive key to success. Our soldiers, who we proclaim as twice the citizen, deserve better.

We appreciate all your help in building Army Reserve pride. Thank you very much for this opportunity.

[The prepared statement of Colonel Dunkelberger follows:]

PREPARED STATEMENT BY COL. JAMES W. DUNKELBERGER, USAR

Good morning Mr. Chairman and distinguished members of the subcommittee. Thank you for the opportunity to testify on behalf of more than 360,000 men and women serving today in your Army Reserve—a ready, relevant, and essential part of THE ARMY.

I’m Col. James Dunkelberger, the Army Reserve Engineer. I represent the Army Reserve installation community that proudly sustains 2 of the Army’s major installations and 12 regional support commands. These regional commands function as “virtual installations” with facilities in 1,300 communities across all 50 States, most U.S. territories, and in Europe.

On any given day some 2,200 Army Reserve soldiers are engaged around the world in support of the Army or one of our warfighting commands. In fiscal year 2000, this amounted to about 3½ million man-days of support from your Army Reserve. That’s equivalent to an active division, plus some.

The Army Reserve brings tens of thousands of professionals from the civilian world to the Army with skills and abilities the Army may not have or cannot afford to develop. Many are leaders and experts in their chosen fields. To train these “citizen soldiers,” we utilize more than 45,000,000 SF of widely dispersed Reserve centers and support facilities worldwide. This equates to more square footage than Forts Hood and Sill combined, with Fort Belvoir thrown in for good measure. Like these posts, we experience inherently the same challenges, but in a little different setting.

My mission is to support readiness by providing and maintaining facilities in which Army Reserve units and soldiers may train, and of which they may be justifiably proud. Therein lies my challenge today.

Our primary facilities, Army Reserve centers, are prominent symbols of the Army on “Main Street America.” They often create the very first impressions of the entire Army and present a permanent “billboard” for all Americans to see. Imagine, if you will, the impression that poorly maintained and seriously outmoded facilities leave on young men and women considering the military; on their mothers and fathers; on our neighbors in the community; and on the American taxpayer. Sad but true, this is the case today all across our Nation. These factors alone provide a compelling reason for focused facilities support.

For today’s Army Reserve soldiers, the impacts of poor facility conditions are even more acute. Overcrowded, inadequate, and poorly maintained facilities seriously degrade our ability to train and sustain units and decay soldier morale and esprit de corps. This situation stems from a lack of adequate resources to address these conditions over time. For 8 of the past 10 years, we’ve been functioning on less than 40 percent of required funding to sustain existing facilities and we’re constructing on average only 5–6 new facilities per year with 28 percent of required funding. Couple these facts with the advancing age of the inventory, greater mission demands, and a shifting population, it’s easy to see that we are in a facilities death spiral without immediate help.

Most Army Reserve facilities consist of 1950s era, red brick, flat roofed, tired looking structures that remain virtually the same as when they were constructed. They’re sorely in need of modernization or, as in most cases, replacement.

We have hundreds of deplorable facilities. They siphon off an inordinate amount of our maintenance and repair dollar. Given current Real Property Maintenance funding, we're unable to break free from sustainment let alone improve our facilities.

The Army Reserve engineer theme is "Building Pride." We try to do so in many ways, but primarily through major maintenance and repair projects, full facility revitalization, and, to a small degree, new military construction. With respect to our Full Facility Revitalization Program, if we were to receive on average of \$2 million per facility, we could completely modernize many of our existing and enduring locations into state-of-the-art and space efficient facilities our soldiers will train in and be proud for the next 25–30 years. This is a cost effective and practical way to meet our mission.

We're "Building Pride" at the rate of six or eight centers at a time, but it's not enough. We've developed an overall Pride Builder Strategy to modernize our Army Reserve facility inventory by 2025. It is in concert with the Army's Facility Strategy. We have the will to succeed, but resources are the essential but elusive key to success. Our soldiers, whom we proudly proclaim as the "twice citizen," deserve better. We appreciate your help in building Army Reserve Pride. Thank you very much.

Senator INHOFE. Thank you, Colonel.

We have been joined by Senator Cleland. Senator Cleland, we have already disposed of the first panel of the regular services. This is the Reserve and the Guard component on facilities problems. Is there any statement you would like to make prior to continuing?

STATEMENT OF SENATOR MAX CLELAND

Senator CLELAND. Yes, sir, Mr. Chairman, just real quickly. I have an opening statement I would like to enter into the record if there is no objection.

Senator INHOFE. No objection, and following your statement, I enter into the record Senator Bunning's opening statement.

Senator CLELAND. Good to have Mr. Culpepper here from Warner Robins and I look forward to his testimony. I thank all of you for your service to our country.

I happen to be a big advocate of boosting our defense and boosting our defense infrastructure. There are some 13 military bases in Georgia and we have a lot of needs there. I just want to thank the chairman for calling this hearing because it does focus on the need for infrastructure to support our forces in a manner that they deserve to be supported. So I just want to applaud the chairman and the ranking member for having the hearing. It is an honor to be here.

Thank you, Mr. Chairman.

[The prepared statements of Senator Cleland and Senator Bunning follow:]

PREPARED STATEMENT BY SENATOR MAX CLELAND

Thank you, Mr. Chairman, and you, Senator Akaka, for holding this important hearing.

I would also like to thank our witnesses, the officers, enlisted, and civil engineers and managers who have come to talk to us on the nature of the problems that they are facing on a daily basis, around the country. They get to deliver the good news on a new project or repair that has just been completed, they also know the hundreds of other repairs and maintenance projects that are still awaiting attention. We appreciate their hard work and dedicated service.

The problem of maintaining our military infrastructure is real and is not getting any better. GAO reported that DOD and the service's management of the backlog in real property maintenance began as far back as the 1950s. The current backlog of such maintenance is estimated at \$16 billion—that's BILLION not million. And this number has grown from \$8.9 billion in 1992 and \$14.6 billion in 1998. In 2000,

the Pentagon reported to Congress that it found 60 percent of military bases rated as C-3 or C-4. Neither the Department of Defense nor the services have a uniform system or strategy for maintaining real property.

Georgia has 13 military installations representing each branch of the military. The missions of our bases in Georgia are strong and more relevant than ever. Some of these bases need attention when it comes to base facilities and infrastructure. For example, at Fort Gordon, the Consolidated Communications Facility at Fort Gordon—which houses all of the incoming and out going communications equipment—leaks so badly during rain that plastic sheets are placed strategically to divert water from damaging the equipment.

Fort Stewart, Warner Robins, Fort Benning, and others are also on the list of installations with major infrastructure challenges. The problem is significant. In the face of these challenges, some say the answer is to close bases, but I believe that hastily closing bases and cutting capabilities before we understand future requirements is neither wise nor efficient. I think we can manage our infrastructure better, selectively replacing older and inefficient structures with newer ones, while streamlining our overseas bases—a step that is supported by the commanders in chief of European Command and U.S. Forces Korea. I believe we should take these steps, and assess the results of our ongoing base closure actions, before we commit to further cuts.

I look forward to hearing from the witnesses and look forward to working with the members of this subcommittee to address this critical issue.

PREPARED STATEMENT BY SENATOR JIM BUNNING

Readiness is something that this subcommittee struggles with as you all do. Sometimes, we on this subcommittee have felt that we have not always received candid answers about the state of any and all aspects of readiness issues.

I've expressed my frustration before about our military's chain-of-command system. It is tough to get the truth and expertise that we need on these issues because of the chain-of-command.

We know the President is the commander in chief. Whatever his policy is, you have to salute and come over here and do it. I understand that. But it makes it very frustrating for us because we need to hear your expertise. Because you are the experts and the guys out in the field.

This subcommittee is trying to work with you to be helpful. If we don't get candid answers from you all, then we simply can't do our jobs. Therefore, you can't do your job the way you'd like to do it. So we would appreciate candor.

I am concerned about the effect crumbling infrastructure and substandard housing have on morale, recruiting, and retention. This can lead to problems executing missions effectively and efficiently. The task in all this is to link these signs of hollowness together so we can better understand the current state of readiness.

I hope we can bury the notion from the Defense Department over the last few years that excessive infrastructure spending was creating short falls elsewhere in the budget—especially in modernization and mission readiness accounts.

It is clear that infrastructure investment has been chronically underfunded by the last administration, and were it not for Congress upping the ante, thousands of military personnel and their families would be living in poorer conditions and working in far worse conditions.

The Defense Department and the military services cannot keep putting things off for another year hoping that the problem can be resolved on someone else's watch.

Congress alone cannot solve the problem. We must work together. I'm gratified that our new president acknowledges the problem. I hope that more resources in fiscal year 2002 defense programs will go directly to meet some of the critical infrastructure shortfalls which can no longer be ignored. We have dug ourselves into a hole and I think it's time that we begin to dig out.

Again, give us your candor now. I don't want your candor as soon as you retire and put on a suit. I'm always amazed how many, as soon as they put on a suit, say—"now let me tell you how it really is."

Senator INHOFE. Thank you, Senator Cleland.
Colonel Stritzinger.

**STATEMENT OF COL. JANICE M. STRITZINGER, AIR NATIONAL
GUARD, CIVIL ENGINEER FOR THE AIR NATIONAL GUARD,
ANDREWS AIR FORCE BASE, MARYLAND**

Colonel STRITZINGER. Mr. Chairman and members of the subcommittee: Good morning and thank you for the opportunity to appear before you today to discuss the readiness of Air National Guard Forces in relation to our facilities. I am Col. Janice Stritzinger, the Civil Engineer for the Air National Guard. I lead an organization that operates \$12.6 billion in facilities supporting Air National Guard missions and our 108,000 Air National Guard men and women. This infrastructure of over 4,800 facilities is spread across 170 locations in all 50 States, three territories, and the District of Columbia. We also partner with 67 civilian airports that provide us access to an additional \$4.4 billion in airfield infrastructure at a fraction of what it would cost us to own and operate it ourselves.

We have concerns about the degraded condition of some of our facilities, about the limited resources to address these shortfalls, and the impact this has on our readiness, retention, and recruiting. At the same time, we are very proud of our achievements in maximizing the limited funds we have been given.

The Air National Guard civil engineers I lead make up 30 to 40 percent of the Air Force contingency engineering capability. Last summer our units were actively involved in fighting the devastating fires in the west. Members of your committee visited our unit from Anchorage, Alaska, while they were deployed in Ecuador. Less glamorous, but equally important, are our routine training exercises performed here in the United States.

Unfortunately, 18 of our Red Horse engineering troops died in a plane crash while returning from such a training project in Florida. In visiting with the family, friends, and employers of these dedicated citizen airmen, I was encouraged by their continuing commitment to the mission. As senior leaders, we owe these troops the best possible resources to perform their jobs.

One of the key resources is the installations they operate and train from. Facilities in the Guard today run the gamut between deplorable and those which have won design and construction awards. As a direct result of your tremendous congressional support, nearly 50 percent of the Air National Guard facilities are adequate. We know that, given the right level of funding, we can produce right-sized, efficient, quality workplaces for our airmen.

However, there are three barriers that stand in our way: an aging infrastructure, lack of sufficient funding, and the impact of new mission conversions. Recruiting and retention are critical to all components, including the Guard and Reserve. For potential recruits, the face of the Guard is our installation facilities. If this space is a double-wide trailer, old, run-down, and in a state of disrepair, it will not entice the type of young person we need in our service today.

This aspect of the link between quality facilities and readiness should not be underestimated. In 1994 we began the beddown of the B-1 at Robins Air Force Base in Georgia by using temporary facilities and facilities slated for demolition. As of today, we still have \$30 million of unfunded requirements, with a current projec-

tion for completion some time after fiscal year 2004. Ten years is too long to be in condemned facilities.

In conclusion, Mr. Chairman, I want to thank the subcommittee for the opportunity to meet with you today. We do face some significant challenges in our attempts to support the Air National Guard's varied missions and readiness with adequate facilities.

I have a written statement for the record that provides additional information on our issues of aging infrastructure, low projected budgets, and a large new mission beddown bill. Your tremendous support has been critical to our program and has touched virtually every person in our organization in one way or another. We continue to take steps that maximize the effectiveness of our dollars we do receive.

Again, thank you for your support and for this opportunity to present my views.

[The prepared statement of Colonel Stritzinger follows:]

PREPARED STATEMENT BY COL. JANICE M. STRITZINGER, ANG

Mr. Chairman and members of the subcommittee, good morning and thank you for the opportunity to appear before you today to discuss the readiness of Air National Guard forces in relation to our facilities. I am Col. Janice Stritzinger, the Civil Engineer for the Air National Guard. I lead an organization that operates \$12.6 billion in facilities supporting Air National Guard missions while protecting our forces and the environment. We develop policies and program resources to support nearly 108,000 Air National Guard men and women performing missions in support of the Air Force from over 170 locations.

We have concerns about the degraded condition of some of our facilities, about the limited resources to address these shortfalls, and the impact this has on our readiness, retention, and recruiting. At the same time, we are very proud of our achievements in maximizing the limited funds we have been given and I would like to share these successes with you as well.

OVERVIEW

The Air National Guard is a constitutionally unique military organization with roots dating back to the very beginnings of our country and its militia. Our State and Federal missions are accomplished by 88 flying wings and 1,600 support units located at 173 locations in all 50 States, 3 territories and the District of Columbia. The plant value of Air National Guard-managed real estate exceeds \$12.6 billion with over 4,800 facilities comprising in excess of 32 million square feet. We partner with 67 civilian airports that provide access to an additional \$4.4 billion in airfield infrastructure at a fraction of what it would cost us to own and operate it ourselves.

These facilities support a total force capability that is unrivaled in the world today. While comprising roughly 34 percent of the Air Force's mission capability, the Air National Guard specifically provides 100 percent of the Nation's air defense and 45 percent of the theater airlift mission to name a few. In addition to high visibility missions like last year's flight to the South Pole to rescue Dr. Gerri Nielsen, the Air Guard is a significant player in the Aerospace Expeditionary Force.

Air National Guard civil engineers make up 30 to 40 percent of the Air Force contingency engineering capability performing a variety of missions. Last summer, our units were actively involved in fighting the devastating fires in the west. Members of your committee visited our unit from Anchorage, Alaska while they were deployed in Equador. Less glamorous, but equally important, are routine training exercises performed here in the U.S. Unfortunately, 18 of our Red Horse engineering troops died in a plane crash while returning from such a training project in Florida. In visiting with the families, friends, and employers of these dedicated citizen airmen, I was encouraged by their continuing commitment to the mission. As senior leaders, we owe these troops the best possible resources to perform their jobs. One of those key resources is the installation they operate and train from.

Facilities in the Guard today run the gamut between deplorable and those which have won design and construction awards. As a direct result of congressional support nearly 50 percent of the Air National Guard facilities are adequate. We know that given the funding, we can produce right-sized, efficient, quality work places for

our airmen. However, there are three barriers that stand in our way—an aging infrastructure, lack of sufficient funding, and the impact of new mission conversions.

AGING INFRASTRUCTURE

The average age of an Air National Guard facility is 26 years. Our pavements are significantly older. Given the limited funding for real property maintenance, most of these facilities have had little regular maintenance. Imagine your house after 26 years with no new paint or carpet. The industry standard for replacement of facilities, otherwise known as the recapitalization rate, is 50 years. Our recapitalization rate is more than four times the industry standard. The Air National Guard has 1,460 facilities greater than 50 years old with a combined plant replacement value in excess of \$2.1 billion.

Other metrics used to describe the state of our facilities include the recently published installation readiness report. This report attempts to put a face on the relationship between facilities and unit readiness. It is a relatively new product and is still being refined, but the initial review of Air National Guard facilities is disturbing. It confirms our opinion that limited funding is resulting in facility system failures.

LACK OF SUFFICIENT FUNDS

The Air National Guard currently comprises 7 percent of the total Air Force plant replacement value (excluding the value of infrastructure at civilian airfields). Given projected funding each flying wing can expect one MILCON project every 22 years. This is simply insufficient to support our current facilities and cannot begin to address the many new mission requirements.

Our real property maintenance account is similarly stressed. With current funding allocations consisting of just one percent of the plant replacement value, each unit can expect to receive on average \$690,000 per year to maintain, repair, and upgrade all facilities and infrastructure on the installation. A typical Guard base has 325,000 square feet of facilities and 125,000 square yards of pavement. Back to my example of your home, it would be difficult to maintain aged residential construction, much less an aircraft maintenance hangar, at only \$1 per square foot.

Some Air Force funding is targeted to replace “quality of life” facilities like dormitories and fitness centers. This is an important focus, but does not translate well into the Air National Guard. Our traditional guardsmen work for their civilian employers during the week, and dedicate their weekends and free time to serving the Air National Guard and our Nation. For them, quality of life is a quality workplace to train in and operate from. This translates into readiness. There is no accommodation for this “quality of life” so portions of the Air Force budget exclude the Air National Guard and do not benefit our military members.

At the 67 civilian airports we occupy, we occasionally participate in joint projects with the airport and the Federal Aviation Administration. These projects, referred to as military construction cooperative agreements, allow us to spend appropriated funds on non-Federal property. This program is mutually beneficial to the airport, the Federal Aviation Administration, the Guard and the taxpayer, as it ultimately saves money for all parties. The difficulty lies in ownership of the real estate. Air Force funding is based on owned and leased real estate and facilities. All Air National Guard funds spent on these joint airport projects come from a program, which is sized to support only the real estate we own or lease. As a result, every dollar spent on an airport is one dollar less available to fix our own failing infrastructure.

The bright spot in all these dire budget issues is the great support we have received from Congress. Assistance from Congress has accounted for over 70 percent of the Air National Guard MILCON program in the last several years. This support has ensured that critical current mission requirements are being addressed. It has allowed us to replace outdated, inefficient, and unsafe facilities with modern quality facilities at a rate of 4 to 1. This means that for each new facility constructed, we have demolished four old facilities that were draining our resources.

NEW MISSION BEDDOWNS

We are currently programming and executing major new mission beddowns at five locations. Beddown construction is critical to reaching initial operational capability for the new weapon system, but the limited funding is making most facility projects “late to need.” The beddown of our B-1 bomber unit at Robins Air Force Base, Georgia was started in 1994. We anticipate the final facility projects will not be complete until after fiscal year 2004 at best. We are using temporary trailers and facilities previously scheduled for demolition by Robins officials. Ten years to beddown a new mission is too long for personnel to train in borrowed and condemned facilities.

Additionally, future new missions have the potential to overwhelm our program. Given the historic funding of three to four projects per year our entire President's budget could be strictly new mission projects. Repair, upgrade, and replacement of existing facilities will be delayed for many years.

Recruiting and retention are critical to all components, including the Guard and Reserve. For potential recruits, the face of the Guard is our installation facilities. If this face is a double-wide trailer, old, run down and in a state of disrepair, it will not entice the type of young person we need in our service today. This aspect of the link between quality facilities and readiness should not be underestimated.

MAXIMIZING THE FUNDS IN OUR PROGRAM

The challenge of maintaining facilities and readiness have also provided opportunities to excel. We have undertaken several initiatives within the Guard to get the most out of every dollar. We continue to pursue joint projects at every opportunity, have improved our execution strategies, and aggressively manage our funds to provide for reprogramming actions.

JOINT PROJECTS

The scoring process used to allocate limited Air Force MILCON funds does not readily support matching fiscal years on joint projects between components. To better achieve our joint goals, we worked with the Air Force Reserve to outline an extensive program of joint projects including dining halls, medical training facilities, troop quarters, and headquarters facilities. To facilitate advocacy, the Air National Guard was carrying the full scope for the project in our future years defense program. Language included in the fiscal year 2001 SASC MILCON report 106-292 removed our ability to report unfunded requirements and, consequently, our ability to show this joint project agenda. We are continuing to pursue the projects, but you will find pieces in each of our MILCON programs now.

IMPROVED EXECUTION STRATEGIES

Since the large majority of our program comes through budget year decisions, we do not have the normal lead time for design and construction. We have taken steps to ensure projects are awarded in the first year of the appropriation so our people enjoy the benefit of their new facilities as quickly as possible. Our execution has improved dramatically in recent years.

AGGRESSIVE MANAGEMENT OF OUR FUNDS

The generous support of Congress has also created a shortfall in planning and design funding. We have been successfully identifying savings in the construction program and gaining the requisite congressional approval to apply them to these design needs. In addition, we have completed a \$12 million reprogramming action to buy out a large part of the backlog in unspecified minor construction. These relatively small projects are often the most beneficial to units executing a conversion. They can be executed more quickly than MILCON projects and tend to address the immediate needs of a unit. We are gradually increasing the baseline funding in this account, but need additional savings and congressional approvals to sustain this program. Savings that had been earmarked for this account in fiscal year 2001 were taken to pay the congressionally mandated \$100 million rescission.

CONCLUSION

In conclusion, Mr. Chairman, I want to thank the subcommittee for the opportunity to meet with you today. We do face some significant challenges in our attempts to support the Air National Guard's varied missions and readiness with adequate facilities. An aging infrastructure, low projected budgets, and large new mission beddown bills will continue to challenge us. Your tremendous support has been critical to our program and has touched virtually every person in our organization in one way or another. We will continue to take steps that maximize the effectiveness of the dollars we do receive. Again, thank you for this opportunity to present my views.

SASC HEARING HANDOUTS

COLONEL JANICE M. STRITZINGER
THE CIVIL ENGINEER
AIR NATIONAL GUARD



McEntire ANG Station, SC Water System

Problem

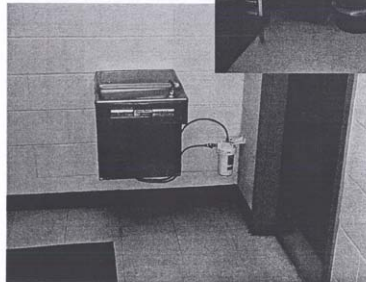
- Unsafe drinking water due to deteriorated piping system
- Low Chlorine, discoloration and odor

Impact

- Continuous flushing (\$10,000/yr)
- Installation & repair of filters (\$ 900/yr)
- Purchase drinking water (\$16,000/yr)

Solution

- Study in progress
- Estimated fix \$3.0M to replace piping





Channel Island, CA Airfield Pavements

Problem

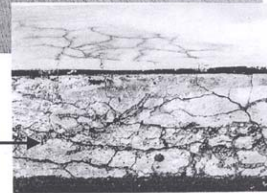
- 94,000 SY of failing pavement
- Surface cracking
- Full depth of pavement has failed

Impact

- Very high maintenance costs
- High potential of aircraft tire and engine damage from pavement debris

Solution

- Repair Aircraft Parking Ramp, \$9.8M



Cross section of failed pavement



Gabreski ANG Station, NY Antiquated Facilities

Problem

- An old base with old facilities -1950s
- Poor insulation, old systems, structural failures
- Insufficient space for the mission requirements

Impact

- Unsafe working conditions
- Some walls braced against wind - structural failures
- Low productivity due to low shop temperatures
- Parachute packing risky - room is not as long as the chutes

Solution

- Composite Support Complex, \$19.0M
- Demolishes 13 old, expensive facilities (60,000 SF) and replaces them with an efficient new complex



Note: This is the rescue unit portrayed in the movie "The Perfect Storm"



Pittsburgh International Airport, PA Vehicle Maintenance Facility

Problem

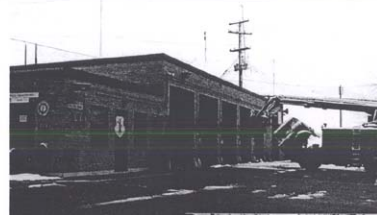
- Bays too small to accommodate vehicles
- Insufficient work/storage space
- Inefficient mechanical/electric systems

Impact

- Vehicle maintenance done outside
- sun, rain or snow
- Maintenance hampered by interior columns

Solution

- Squad Ops/Support Facilities, \$10M
- Demolishes 5 old buildings, 4800 sf



Quonset State Airport R.I. C-130 Maintenance Hangar

Problem

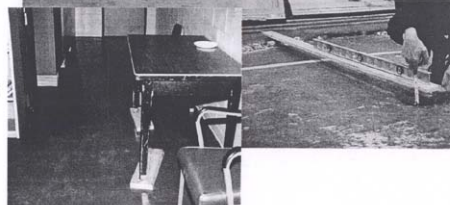
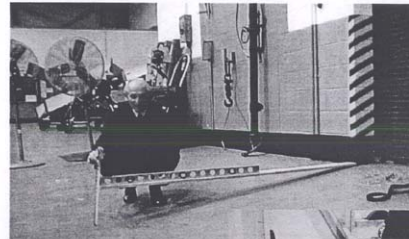
- Antiquated maintenance facility
- Differential settling of hangar floor

Impact

- Aircraft and equipment at risk
- Furniture blocked to level it
- Structural failure is imminent

Solution

- C-130J Composite Maintenance Shops
- Phase I funded in FY01
- Phase II is \$9.8M





Savannah International Airport, GA Joint Use Fire Station

Problem

- Metal building with poor admin space
- Disjointed operations



Solution

- Joint Fire Station Complex built in 1997
 - ANG Funding (\$961,000)
 - Airport Funding (\$864,900)
 - FAA Funding (\$96,100)

Maximizing Available Dollars!



Senator INHOFE. Thank you, Colonel. I would suggest that when you said 50 percent of your installations are adequate, that means 50 percent are inadequate.

Colonel STRITZINGER. Yes, sir.

Senator INHOFE. Mr. Culpepper, nice to have you with us.

STATEMENT OF HILTON F. CULPEPPER, ASSISTANT CIVIL ENGINEER, HEADQUARTERS, AIR FORCE RESERVE COMMAND, ROBINS AIR FORCE BASE, GEORGIA

Mr. CULPEPPER. Mr. Chairman, members of the subcommittee, good morning. I am Hilton Culpepper, the Assistant Civil Engineer, Air Force Reserve Command. I appreciate the opportunity to appear before you today to discuss the impact that reduced military construction and sustainment, restoration, and modernization (SRM), formerly called real property maintenance (RPM) funding, has on the 74,000 men and women who proudly serve in the Air Force Reserve.

The Air Force Reserve owns and operates 12 installations, consisting of over 10,000 acres, 1,000 buildings, and 12 million square feet of facilities. The plant replacement value of these installations is \$4.5 billion. From these 12 installations and 55 other locations we operate, the men and women of the Air Force Reserve provide 20 percent of the total across the board Air Force capability at a cost of 4 percent of the Air Force budget.

The Air Force Reserve military construction requirements are over \$683 million. But at the current Air Force MILCON funding levels, the Air Force Reserve Command receives on average less than two projects per year. At this rate, our facilities can be replaced only every 314 years.

SRM funding for the Air Force is based on 1 percent of plant replacement value (PRV). At 1 percent, the Air Force Reserve Command can do little more than breakdown maintenance. Yet we must make our facilities last 314 years.

Over the past several years, the Air Force has stressed quality of life facilities. For the men and women of the Air Force Reserve, their quality of life facilities are where they train and work. When they are constantly faced with inadequate facilities that we cannot maintain, it eventually takes its toll on recruitment, retention, and mission accomplishments.

The Air Force Reserve has benefited greatly from congressional interest in our people and missions across America. Because of this interest, we have many fine facilities. However, these facilities must be maintained or they will rapidly deteriorate. For every good facility, we have one that is seriously degraded.

The average age of our facilities is 29 years and growing. You can paint an old building and it looks great, but it is still an old building.

Mr. Chairman and subcommittee members, I ask for your assistance and I ask for your continued support of the MILCON program and SRM funding. I thank you for your continued interest in the men and women of the Air Force Reserve and in the investment that you have made in their future.

[The prepared statement of Mr. Culpepper follows:]

PREPARED STATEMENT BY HILTON F. CULPEPPER

Mr. Chairman and members of the subcommittee, good morning, I appreciate the opportunity to appear before you today to discuss the impact that reduced military construction and real property maintenance funding has on the 74,000 men and women who proudly serve in the Air Force Reserve.

The Air Force Reserve owns and operates 12 installations consisting of over 10,000 acres, 1,000 buildings, and 11 million square feet of facilities. The plant replacement value of these installations is \$4.5 billion. From these 12 installations and the 55 other locations we operate from, the men and women of the Air Force Reserve provide 20 percent of the total, across the board, Air Force capability. In the past 10 years, we have engaged in full and equal partnership with the Air National Guard and active Air Force in responding to over 50 contingency and real world operations. This is a five-fold increase over the previous 40 years.

The Air Force Reserve military construction requirements are over \$683 million. These requirements are merged with the priorities of the active Air Force and Air National Guard to produce an integrated MILCON program. As a whole, the Air Force MILCON funding requirements compete against the most serious needs of our business. The Air Force Reserve military construction program has consistently focused on sustaining what we own, bedding down new missions, upholding quality of life, reducing infrastructure, and continued environmental leadership. We have also established a lodging master plan and are working to build a fitness center facility improvement plan. The Air Force Reserve military construction program has benefited greatly from the congressional interest in the Air Force Reserve people and missions across America. Being good stewards of the taxpayer's dollars, we are proud to report for fiscal years 1998, 1999, and 2000, we have awarded 100 percent of our MILCON projects in the year of appropriation. We believe no other component has matched that performance and this is indicative of our aggressive effort to provide the best facilities we can.

The Air Force Reserve real property maintenance budget presents challenges similar to the MILCON program. We currently have over \$308 million in facility investment requirements identified. The limited funding forces the field to balance their aging infrastructure, force protection requirements, quality of life in the workplace, airfield systems and environmental requirements. The real property maintenance budget competes with all other requirements in the day-to-day operations of Air Force installations. Although our focus is on recapitalizing the physical plant, the level of funding allows us to only maintain or sustain critical systems such as

heating and air conditioning systems, water lines and valves, electrical systems and substations, streets, and airfield lighting and pavements. This results in a pattern of fixing only what breaks and saving the remaining money for the next breakage to occur. We continue to only fund our most urgent needs in the real property maintenance budget. We cannot continue to mortgage the Air Force infrastructure without significant, long-term negative effects on morale, retention, and readiness. In my opinion, the Air Force has routinely had to trade off infrastructure and modernization to shore up near-term readiness causing a steady deterioration of our physical plant.

In conclusion, Mr. Chairman, I want to thank the subcommittee for its continued strong support to the men and women of the Air Force Reserve and investment in their futures. I will be glad to address any questions at this time.

Senator INHOFE. Thank you, Mr. Culpepper.
Colonel Boles.

STATEMENT OF COL. KENNETH L. BOLES, UNITED STATES MARINE CORPS RESERVE, ASSISTANT CHIEF OF STAFF FOR FACILITIES, MARINE FORCES RESERVE, NEW ORLEANS, LOUISIANA

Colonel BOLES. Thank you, Mr. Chairman, distinguished members. I am Col. Ken Boles, stationed as the Assistant Chief of Staff for Facilities for Marine Forces Reserve, also located in New Orleans, Louisiana. I appreciate this opportunity to appear before you this morning and would like to submit my full statement and a package of what I call my ugly duckling book for the record.

I would like to point out one typographical error that is contained in my package on page 3, where it starts to talk about the funding level for SRM. I am a little bit dismayed. I wish I had the \$400 million plus figure that is listed there. Unfortunately, it is only \$10 million, sir.

Marine Forces Reserve is made up of 185 sites located currently in 47 States, soon to be 48, the District of Columbia, and the Commonwealth of Puerto Rico. These Reserve centers are a work place for more than 37,000 active, active Reserve, Marine Corps Reserve, and sailors. Over 75 percent of our Reserve centers are more than 30 years old and of those about 35 percent are over 50 years old. Across the board, the average age is a little bit more than 38 years.

As you can imagine, the cost to repair each one of those or upgrade them for new equipment can be substantial. I have two programs that I use to address my requirements. One for replacement programs is the military construction Naval Reserve, or MCNR program; and the second one, the operations and maintenance, Marine Corps Reserve, O&MMCR program. The SRM program is used generally for repair.

Our present MCNR backlog is \$205 million. The average presidential budget for MCNR from 1993 to 2001 was \$3.8 million. Through plus-ups and assistance from Congress, that has actually averaged \$10.7 million during that same time frame. However, even with that funding level of \$10.7 million, it would take us almost 20 years to eliminate my backlog. Unfortunately, it also means during that 20 years I cannot add any new projects to that backlog.

Our real property maintenance backlog is a little more than \$20 million, made up of a BMAR of nearly \$10 million and a \$10.3 million minor construction backlog. Keep in mind, though, please, that those numbers are very fluid. As I am sure most panel members

will also agree, that number changes, and unfortunately both of them go up.

Congressional quality of life for defense funding enhancements that Marine Forces Reserve received in fiscal year 1997 and 1999 were particularly helpful and gave us a substantial boost to reduce our SRM backlog. A couple different programs that we have jumped on with enthusiasm. In 1999, the commanding officers readiness reporting system, or CORRS, came on line at the direction of the Department of Defense. In fiscal year 2000 we finished an evaluation of the sites that we have full funding responsibility for.

The first phase during that particular CORRS evaluation showed and identified approximately \$57 million worth of repair and replacement requirements. More telling was the fact that our administrative supply and maintenance production facilities, the places where we actually repair and maintain equipment, had a shortfall of 186,000 square feet. This year's CORRS report phase two will evaluate the remaining sites and so far the preliminary data also shows that we will be increasing both our SRM and MCNR backlog as a result.

Lastly, another useful program that we are huge advocates for and take advantage of is the Joint Service Reserve Component Facility Board, which meets annually in each one of the States throughout the United States. This board coordinates the efforts of each service's Reserve new construction initiatives and, although individual Reserve centers are possible as a result of that board, in more and more cases Marine Forces Reserve are joining our other services in joint facilities, all because of that single board.

In conclusion, Mr. Chairman, I would like to say once again I appreciate the opportunity to be here and discuss these issues with yourself and your fellow subcommittee members. It is an important topic, one that has a direct improvement in readiness and quality of life if addressed adequately.

Mr. Chairman, this concludes my comments. I would be happy to answer any questions you may have.

[The prepared statement of Colonel Boles follows:]

PREPARED STATEMENT BY COL. KENNETH L. BOLES, USMCR

Mr. Chairman, distinguished members of the subcommittee: I am Col. Ken Boles, the Assistant Chief of Staff for Facilities for Marine Forces Reserve, headquartered in New Orleans, Louisiana. I appreciate this opportunity to come before you today to discuss the status and concerns that we have within Marine Forces Reserve in the areas of installation readiness and infrastructure. My intent today is to provide you the most current information and status on the Reserve installations that I manage on a daily basis. I also hope to impart to each of you the challenges we face and needs that we have within the Marine Corps Reserve in our attempts to provide our Marines and assigned sailors the very best facilities we can to accomplish their day-to-day missions.

Briefly, Marine Forces Reserve is made up of 185 sites. We're currently located in 47 states, the District of Columbia, and the Commonwealth of Puerto Rico. We have full funding responsibility for 41 of those sites. At the remaining 144 sites, we are tenants. As tenants we provide a representative portion of the expenses the host incurs to operate each center. These Reserve centers are the workplace for more than 5,200 active duty and active Reserve Marines and sailors as well as 32,702 Selected Marine Corps Reserve, SMCR Marines, better known as drilling reservists.

My challenge as the Facility Manager for Marine Forces Reserve is how to use the limited dollars that I receive to maintain, repair, enlarge, and, eventually, replace our aging buildings and infrastructure.

Over 75 percent of the Reserve centers we are in are more than 30 years old, and of these, about 35 percent are over 50 years old. The average age across the board is 38. The cost to repair, maintain, and upgrade these aging facilities increases annually and can be substantial. Since these Reserve centers were built, construction techniques, methods, and materials have changed. In addition, the equipment that we have fielded to our units over the years has changed. The equipment is bigger, heavier, wider, and longer. Most require appropriately constructed or modified maintenance facilities as well as adequate electrical power and other support infrastructure upgrades to maintain their combat readiness. Even in our administrative spaces, the increased use of computers, fax and answering machines, televisions, VCRs, projection systems, copiers, simulators, and the like have placed a huge electrical demand on our facilities. Facilities that were built for manual typewriters and the M151 jeep, of World War II fame, are now inadequate for the equipment our modern Marine Corps uses. When we renovate a Reserve center we must address each of these shortfalls. Where found, we must also remove materials that were once commonly used, such as asbestos and lead based paint, materials, which we now know, have detrimental health effects. This can push up the renovation cost significantly as it takes specially trained and equipped personnel to remove and dispose of these materials. Additionally, meeting current building codes in our various states we reside in for electrical, plumbing, and other disciplines is expensive. You may see a similar situation when you have an accident in your car. The car you purchased for \$20,000 from General Motors or Ford, might take \$35,000 in parts and labor at Joe's Body Shop to make it whole again. When that happens in an auto accident your car is totaled and replaced. We frequently find this to be true when we do work up renovation estimates. We frequently find it cheaper to build a new Reserve center than it is to repair and upgrade an existing one. Unfortunately, Marine Forces Reserve is not funded sufficiently enough to do this. Hence we repair or renovate a Reserve center when it would really be better to build a modern, energy efficient Reserve center from the ground up.

The tools at my disposal to address Reserve center replacement and repair are the Military Construction, Naval Reserve (MCNR) program and the Operations and Maintenance, Marine Corps Reserve (O&MMCR) program. Our present MCNR Backlog is \$205 million. Our Real Property Maintenance (RPM) Backlog is \$20.2 million, consisting of a \$9.9 million Backlog of Maintenance and Repair (BMAR) and a \$10.3 million Backlog of Minor Construction, called MCON.

The average President's budget funding level for the MCNR program, Marine Corps Exclusive, for fiscal years 1993 to 2001 is \$3.8 million, not including Planning and Design. The average appropriated funding level for the program during the same period is \$10.7 million, again, not including Planning and Design. However, even at an annual funding level of \$10.7 million, it would still take nearly 20 years to reduce the current backlog. It also requires making the unrealistic assumption that no new projects are identified during the same period.

The funding level for RPM, including Quality of Life, Defense (QOL,D) enhancements, has averaged \$410 million during fiscal years 1995 through 2001. The Congressional Quality of Life, Defense funding provided to Marine Forces Reserve has provided a substantial boost to our RPM program during this period. In fact, slightly less than one-fourth of our RPM funding has come from this Quality of Life funding source. These funds are particularly beneficial because they are allocated specifically for RPM shortfalls. We direct our RPM funds toward correcting critical facility repairs that could result in self-aggravating facility damage, health impacts as identified by facility inspections, or command directed safety and mission essential projects. The second effort is to fund non-critical facility repairs and renovations or mission enhancing minor construction projects. Lastly, facility enhancing aesthetic repairs or minor construction projects will be accomplished. During this past fiscal year, five whole-center repairs were funded at Wyoming, PA; Lynchburg, VA; Brooklyn, NY; Brookpark, OH; and Pico Rivera, CA. These projects have substantially improved the working conditions for our marines and assigned sailors and improved units' abilities to accomplish their respective missions. At the same time, aesthetic improvements not only enhance the physical appearance of the center but the surrounding communities as well.

The MCNR and RPM programs are closely related. The age and current condition of facilities dictate a temporary, short-term RPM fix until a project goes through the MCNR process for approval and funding. The normal process for projects that have a high command priority takes 3 to 5 years from the time a project is identified on the MCNR list until it receives funding. During this period, RPM funds are used to address temporary, short-term fixes. These RPM projects only address health, safety, and self-aggravating facility issues.

In 1999, the Department of Defense directed the implementation of the Commanding Officer's Readiness Reporting System (CORRS). We strongly support this effort because it standardizes individual service requirements. It has become one of the most important tools we use during our planning process. Combining CORRS with our property management procedures has enabled us to examine the numerous maintenance, repair, and construction projects and formulate our Facilities Master Plan objectives. In fiscal year 2000, we completed CORRS data collection on all 41 sites for which Marine Forces Reserve has 100 percent funding responsibility. We are currently developing projects from this CORRS information that will further increase our RPM and MCNR backlogs. This report identified \$57 million worth of repairs and new construction. The new construction was needed to address a space shortage of 186,000 square feet identified throughout the 41 sites.

The main shortages of space were found within the equipment maintenance, administrative, and supply areas. For the fiscal year 2001 CORRS data collection, our focus has been on the remaining 144 sites where Marine Forces Reserve occupies marine exclusive space at joint and tenant Reserve centers. This year's CORRS report will cost Marine Forces Reserve over \$500,000. The tough decision this fiscal year was whether to spend lean RPM funds to gather the CORRS information or fund maintenance and repair projects. We chose to fund the remaining CORRS data collection effort. We anticipate the CORRS data for joint and tenant spaces will have similar results as last year and future projects will be developed and placed on the RPM and MCNR project lists, further increasing the backlog of both programs.

Another useful program that we actively participate in is the Joint Service Reserve Component Facility Boards, which meet annually throughout the United States. These boards successfully coordinate the efforts of each service's Reserve new construction initiatives. Although unilateral Reserve centers are possible we are seeing more and more joint Reserve centers as a result of this service-wide Reserve coordination.

The overall condition of Marine Corps Reserve facilities presents a daunting task. It will continue to demand a sustaining, combined effort of innovative RPM management, a pro-active exploration of and participation in joint facility projects, and a well targeted use of the MCNR program that will allow the Marine Reserves to reduce both the MCNR and RPM backlogs.

In conclusion, Mr. Chairman, I would like to say once again that I appreciate the opportunity to meet with you and your subcommittee members on such an important topic. The condition of our Reserve centers is of paramount importance to the Marine Corps. Better facilities mean improved readiness and quality of life. I sincerely hope that the information that I have provided today will help you determine how best to allocate funds to improve installation and infrastructure readiness.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you may have.

Senator INHOFE. Thank you, Colonel.

Colonel Smith, when you gave your statement you alluded to 67 percent of your facilities were rated C-4. I think each service has a different way of rating them. However, identifying these deficiencies does not really do any good unless something follows that in terms of correcting the problem.

So I would like to ask each one of you, in your views do the installation status reports have a direct impact on the real property maintenance or military construction funding allocations in your components, Colonel?

Colonel SMITH. Yes, sir, they do. We tried to adhere very strictly to that report and we plan accordingly. The military construction is followed by that report. We have a ranking order from 1 to 1,305 projects and the Real Property Maintenance (RPM) which we now call sustainment, restoration, and modernization (SRM) is allocated according to equal use among the States and by need.

Senator INHOFE. Captain LoFaso.

Captain LOFASO. The reporting system absolutely does have an impact on the level of funding. So again, the expectation is if the

facilities are C-3, for instance, you would get more funding than if they were C-2. That's true.

Senator INHOFE. Colonel Dunkelberger.

Colonel DUNKELBERGER. Although we are in the process, I have not really seen any tangible result yet to come out of the reports.

Senator INHOFE. Colonel.

Colonel STRITZINGER. Sir, that is probably also true for the Air National Guard. It is still a new report that the Air Force is using for the installation and readiness report. At this time we feel as though it does accurately represent the readiness impact of our facility conditions. But as usual, there are more problems that need to be fixed than there are resources to align to those problems.

Senator INHOFE. I am sure that is true.

Mr. Culpepper.

Mr. CULPEPPER. Yes, sir, it does impact. We use the numbers in our ranking on our facilities projects.

Senator INHOFE. Colonel Boles.

Colonel BOLES. Sir, I would like to concur also that the CORRS system and what we are using for an equivalent type system does provide a readiness rating. The supply and admin facilities that we have in our own sites were C-4 and the maintenance and production facilities were C-3 this year. But I would also like to say that you generally create more projects than you have resources to address.

Senator INHOFE. I would like to ask each one of you to identify your most serious facility issue. Let us start with you, Colonel Smith. I know there is a lot of competition for that title.

Colonel SMITH. Yes, sir. Our readiness centers are a variety of ages and they are where our soldiers work and train and live while they are doing their drill duty. I have recently toured two facilities in Utah and Oregon where the kitchens were inoperable. They had been condemned, not for lack of equipment, but because of the ability to renovate those facilities to bring them up to standard. This is for our readiness facilities and also our maintenance facilities.

Senator INHOFE. Greatest challenge.

Captain LOFASO. Just overall, I would say that the growing critical backlog of maintenance is the most serious of problems. There is a variety of problems, but we see it growing at approximately 15 to 20 percent a year and we cannot stop it.

Senator INHOFE. Do you agree with that, Colonel.

Colonel DUNKELBERGER. Yes, sir, focused SRM. It has been too little and too late.

Colonel STRITZINGER. Sir, in addition, I concur with the previous two witnesses that SRM is definitely a problem for the Air National Guard. It is a death spiral that we are in, because as soon as you get one project taken care of there is two to replace it.

But we also in the Air National Guard have a problem with our new missions and mission conversions, trying to bring those on line. I currently have \$200 million that are waiting for funding for missions that have already been announced, let alone the missions that are coming down the line when new weapons systems come on line for the Air Force with the F-22 and the C-17.

Mr. CULPEPPER. Sir, we provided you some photos of some of our facilities. A lot of those problems you will notice are what I call

roof-related. We have serious problems across the command with our roofing situation. We are continually repairing buildings. They leak through and we just never seem to get there.

Colonel BOLES. Sir, I would like to also agree, inadequate SRM funds to address the growing backlog. When you generally have your backlog grow about \$10 million a year and you generally average anywhere from \$7 to \$10 million a year from funding, it is virtually impossible to catch up. But at the same time, we are getting inadequate increases in base support and contract type support funding as well. Annually since 1995, we have experienced about a 10 percent per year increase in those contract costs. Of course, this year probably the largest one would be utilities that are hitting us.

Senator INHOFE. Senator Akaka.

Senator AKAKA. Thank you very much, Mr. Chairman.

I would like to ask you whether you are able to build a long-range plan for addressing the needs of the facilities and be able to stick to that. Do you have the funding necessary to carry out a meaningful long-range plan? That is the question.

Colonel SMITH. Sir, we have built a long-range plan and we are attempting to stick to it. The question is are we able to fund those facilities at a reasonable rate, and the answer is no, sir. I would echo what was said earlier. Our building rate for replacement is about 300 years. Our RPM runs about 100 years for facilities maintenance.

Senator AKAKA. Captain.

Captain LOFASO. If we had a plan, we would not have the money to carry it out. So I am not sure that the plan would be useful even if it really was there. We have some plans, but of little use.

Colonel DUNKELBERGER. Sir, the Army has what we call the Army facilities strategy and we are a player in that facilities strategy. It is over a very long period of time. Resourcing it will be a challenge. There are work-arounds that we will have to do, but we intend on working as hard as we can to do that.

Colonel STRITZINGER. Sir, the Air National Guard has a well-developed master plan across all the Air National Guard, where each unit has an active plan for not only short-range, but also their long-range upgrades. Given the stability of the Guard force, these plans are well known and we utilize them. All program documents, all 1391s that come forward for funding, always include a statement that the projects are in compliance with those master plans. Whether or not the resources are there to be able to take the projects and implement them, sir, is another story.

Mr. CULPEPPER. Sir, we have a great plan. We send teams out all over the command to identify facilities projects and to rack and stack them in the order in which they need to be done. Unfortunately, the money situation is such that we do not get very deep into it. As I stated earlier, we do a lot of breakdown maintenance. You have a plan, but something breaks, and you have to go fix that. But we do have a plan.

Colonel BOLES. Sir, we have a facilities master plan that we completely review every 2 years and every other year we do an update to that. As my colleague said, it is a great plan, but rarely executed to the word.

I would say that the MCNR portion of our master plan is generally more executable than our SRM-related repairs and upgrades to the facilities, simply because of inadequate funding.

Senator AKAKA. Colonel Dunkelberger, you did mention in your statement about your deplorable facilities and that money is often siphoned off of maintenance and repair. So there is a problem with the focus of the money. My question to all of you is do the people in the Guard and Reserve believe that they get a fair share of the available military construction dollars? I think I know the answer, but I want to hear it for the record.

Colonel DUNKELBERGER. Sir, we support the Army facilities strategy. It is a good strategy, and that relates to your question. It will provide us with a foundation for building our facilities. With the Army emphasis on barracks and readiness, in the near years there is little for the Reserve components. We would certainly emphasize that we could use more.

Captain LOFASO. Sir, I am at the headquarters, so I cannot say that I speak to the personal reservists. I am an active duty military member. But I can say that that has not always been true in the past, that they would have felt they were receiving their fair share. But I would say we have reached comparability now with the active component as far as the funding levels.

Colonel DUNKELBERGER. Sir, with respect to SRM, sustainment, restoration, and modernization, in the Army Reserve, as with the Army, we use a model called AIM-HI that basically talks about requirements. We believe it is a pretty fair depiction of what is required.

In terms of getting SRM funding, we are all kind of down in the barrel, if you will, throughout the Army. So in that regard, I feel we do. With respect to the military construction, however, I think that the strategy is a little ambitious and I do not believe we are getting quite our fair share.

Colonel STRITZINGER. Sir, I would have to say from the total force for the Air Force active duty, Guard, and Reserve that ultimately they do not get enough to start off with, and when you start fracturing that down to the Reserve components and the Guard on the military construction funding, our share of the Air Force funding is based on our percent of the plant replacement value, which only equates to 7 percent of the Air Force military construction program. Ultimately, that gives the Air National Guard three to four military construction projects a year in the President's budget, and that ultimately translates into each wing only receiving a project about every 22 years.

In addition to that, previously I had stated about the \$200 million in new mission beddown requirements that are waiting for funds, and with new missions taking up our three to four projects in the President's budget there isn't any chance of any current mission projects or needs to even enter into the President's budget.

On the SRM side in the house, we are in a similar situation. Our baseline is 1 percent of our plant replacement value, which only gives us about \$100 million per year. The industry standard is 2 to 4 percent of your plant replacement value and we are only getting 1 percent. That further breaks down into only about \$700,000 per year per base, which is roughly about a dollar per square foot.

Mr. CULPEPPER. Sir, when you are not getting much money, you obviously do not think the system is fair. However, probably the overall system itself is OK. The MILCON funding across the board has greatly decreased for everybody. When there was a billion dollars or so in the program, we competed very well. Being a small command, we could compete. But as the number of dollars in the overall program has gone down, obviously we are competing for a smaller and smaller share.

But the system is OK.

Colonel BOLES. I would say, like our active duty brethren, when they hurt, we hurt. When life is good, life is good for the Reserves as well. As Mr. Culpepper said, we compete very well. A picture is worth a thousand words. When you look at the various pictures of the sites that we are in right now, the owned versus actual placement of our particular units, it is very fortunate that we do in fact have the interest of Congress to help increase our military construction budget, almost tripling it. The reality of the situation is that if we had stayed at \$3.8 million you would have to wait every 2 years to replace one site, and that would be very difficult.

Senator AKAKA. Mr. Chairman, my time is up. Let me make a request here. I would like to ask each of you to provide for the subcommittee's records the backlog of maintenance and repair for your service compared to the amount you actually get each year to spend on repairs. Thank you.

Senator INHOFE. You might include also in that, based on that, if there is no change how many years would it take you to get there. Is that all right?

Senator AKAKA. Please add that to the request.

[The information referred to follows:]

Colonel DUNKELBERGER. The SRM backlog for the USAR is \$1.3 billion. We annually receive approximately \$130 million. We are funded at less than 100 percent of what is required to merely stem the daily deterioration of facilities. Therefore, we can never reduce the Army Reserve facilities' backlog of maintenance and repair. Valuable and scarce operations and maintenance funds have been targeted at bringing our most critical training centers to C-1 at the expense of other facilities. In essence, we chose to target our funds to achieve the maximum return on investment.

It's difficult to ignore maintenance and repair of selected facilities. But, to do otherwise places us in a death spiral where ALL facilities must become worse, before they are repaired. Our approach has been successful to date, due in part because of our never-ending search for better tools to maintain and repair our facilities. We leveraged the base realignment and closure to trade up many of our worst facilities for better facilities. We have developed our Full Facility Revitalization program that directly links into the Army Facility Strategy concept of facility modernization. We have a Commander's Lease Initiative that moves soldiers from our worst facilities to C-1 leased facilities. Each new lease has an exit strategy developed prior to execution of a lease. We have a very innovative Real Estate Exchange program. Basically, we enter into negotiated agreements with states, local governments, or private industry to leverage the value of our property to them. It allows us to replace poor facilities with newer facilities funded by the exchange of our property.

All of these tools are integrated into a single Master Plan with a goal to achieve a C-1 level. I've deliberately left off the date we hope to achieve that goal. With current funding levels we never will. But without developing the plan, I would not know how much is required to achieve the goal. We can have all Army Reserve facilities C-1 if the Army Reserve is provided 100 percent of our sustaining costs—\$185 million per annum—in 60 years. Through a combination of 100 percent sustainment funding, military construction and full facility revitalization funds—\$250 million per annum—the Army Reserve could reach C-1 in 25 years. However, our SRM funding is seriously inadequate. If not increased, no matter how innovative

we are in our fund execution and planning, the backlog will consume our mission capable facilities as well.

Colonel BOLES. The fiscal year 2000 actual Backlog of Maintenance and Repair (BMAR) for Marine Forces Reserve was \$7.9 million. Since fiscal year 1995, the annual Marine Forces Reserve BMAR has averaged approximately \$7.2 million. It is important to note that the BMAR figure is fluid, and it is constantly changing as a result of on-going facility inspections that identify new maintenance and repair projects. Furthermore, as the results of the Commanding Officers Readiness Reporting System (CORRS) inspections at each of our 185 manned sites are reviewed and documented, the Marine Forces Reserve expects the BMAR to increase.

The Marine Forces Reserve annual RPM funding level has averaged approximately \$7.2 million. Since fiscal year 1995, the Marine Reserves yearly RPM funding level, including additional Quality of Life, Defense funds in fiscal year 1997 and fiscal year 1999, has ranged from a low of \$5.7 million to a high of \$15.9 million. The receipt of these QOL-D funds during fiscal year 1997 and fiscal year 1999 was critical in allowing Marine Forces Reserve to stabilize its BMAR growth. Based on the current funding level and BMAR assumptions, the Marine Forces Reserve will be severely challenged to limit near term BMAR growth.

Based upon the current funding level, it will take approximately 9 to 10 years to reduce the BMAR to zero.

Colonel DUNKELBERGER. If I could, I would like to clarify what I stated before about not receiving a fair share. The Army for the past several years now has been working very hard on the whole barracks renewal program, on infrastructure replacement, and on the RCI and things such as that. A lot of military construction dollars go to that.

To clarify what I stated, when I say not my fair share, we do not play in that. So it is kind of hard to get an equivalent percentage, if you will, if you have a large piece off the top for those initiatives.

Senator AKAKA. Thank you, Mr. Chairman.

Senator INHOFE. Senator Cleland.

Senator CLELAND. Thank you very much, Mr. Chairman.

Mr. Culpepper, the 314 years as a cycle for replacing facilities, was that Warner Robins or was that the Reserve component in the Air Force?

Mr. CULPEPPER. That is across the command, sir. That is the Air Force Reserve component.

Senator CLELAND. That means your backlog is pretty severe, it seems to me.

Mr. CULPEPPER. Yes, sir.

Senator CLELAND. That is a long time, 314 years. What would you say would be the greatest threat to readiness of the Air Force Reserve with this incredible backlog of unmet needs?

Mr. CULPEPPER. Probably the greatest threat is our readiness posture and retention. People come in to work and you plug in your coffee pot and you blow 20 computers down the hall, those sort of things. Our facilities are getting old. They are not wired properly. Some of them, they leak on top of you. You look up and your drop ceiling is gone.

They just feel like they are working in a lot of instances in second class facilities.

Senator CLELAND. I am glad the Air Force still has the same priorities I had when I was in the Army, that the coffee pot is more important than the computers. Now that we have our priorities straight, Mr. Chairman, we can move on. [Laughter.]

What would you say would be the situation at Warner Robins itself, the command there?

Mr. CULPEPPER. Speaking for the Reserve command at Warner Robins, we have two headquarters facilities there. One of the facilities is very nice. We just renovated it about 3 years ago. We are in the process of trying to renovate the other one. I happen to be in the renovated facility. CE looks after its own, sir, and it is a very nice facility. You like to come to work. It is bright, it is cheery. You have a little bit of space.

You go to the old facility and the people that work there, as I once did, in that facility you get used to it. You are used to coming in to a dreary location and I guess you become acclimated. But now that you see the good versus the bad, the people over there, it has a depressing effect upon them.

Of course, we are trying to get that facility renovated also, to match up.

Senator CLELAND. Just for the record, could you submit the list of unmet needs for the Air Force Reserve Command Headquarters component at Warner Robins? I would be interested in knowing that.

Mr. CULPEPPER. Yes, sir.

[The information referred to follows:]

The final phase of the Add/Alter AFRC Headquarters Facility that was funded in the fiscal year 2001 MILCON program completes this project. We have no other MILCON requirements for our facilities at Robins AFB at this time.

Senator CLELAND. I want to thank all of you for participating today. I am on the Personnel Subcommittee. It is obvious that what you are dealing with here is not just bricks and mortar, but the quality of life and the ability to recruit and retain young service men and women for any mission for which they might be trained and ready. That is the bottom line. We understand the linkage there.

Mr. Chairman, again thank you for having this hearing.

Mr. Culpepper, thank you.

Mr. CULPEPPER. Thank you, sir.

Senator INHOFE. Senator Cleland, you mentioned the quality of life and retention. Retention is a huge problem right now, as you all know. My concern has been that if something should happen—I will share a story with you. At the 21st TACOM over in Germany that is responsible for the ground logistics in areas in the Balkans all the way down to the Persian Gulf, because of these deployments that are dramatically affecting you guys, they said that they are at about 100 percent capacity in terms of ground logistics.

So the question I asked there—and this is between getting involved in Bosnia and before Kosovo—was at this level, if something should happen in the Persian Gulf, what would you do? The answer was: We would be totally dependent on Guard and Reserve.

Consequently, we concentrate on the quality of life, but moreso I think in the services than in the Reserve and Guard components. The quality of life programs, such as the barracks and the family housing, are receiving increased attention. What are the quality of life issues as they relate to your components? What are the funding levels associated with those quality of life programs?

I ask this question because you have the same problem in critical MOSs in the Reserve and Guard components that they do in the regular services. Anyone want to answer?

Colonel SMITH. Yes, sir. The quality of life issues from our perspective center around our armories. Our armories are the facilities where we train and live. They are community organizations that the families tend to congregate around. We also have a family support services that has been in existence now for several years and is starting to provide the support to those families that live, not on post, but in their own homes.

Senator INHOFE. Captain.

Captain LOFASO. Again, I heard somebody say it earlier. For many in the United States, the Reserve center is the Department of Defense, and when they look at that Reserve center and it is a second- or third-class facility what kind of impression does that give them of the military? So there is a retention and a recruitment problem right there.

In addition, if those facilities again are not properly maintained and the reservist must come to those facilities and be trained, if you will, and receive the services that he or she needs and those facilities obviously cannot support that function, then again retention becomes an issue for the Reserve that comes there.

In addition, again I mentioned IT because it is a big part of our infrastructure and how will we stay connected with our reservists, whether it is directly for order-writing, for payment purposes, the long distance learning—we are not always at the fleet concentration area. It is all technology today that is helping to make that more viable, cost effective, etcetera.

Senator INHOFE. In addressing the retention problem, where do you rank facility conditions in terms of as far as what affects our retention problem?

Captain LOFASO. Again, I do not have a statistic on that.

Senator INHOFE. Any of the rest of you?

Mr. CULPEPPER. I think I would rank facilities as pretty high on the list across the board. We do not have a lot of quality of life facilities in the Reserve command. We do not have the child care centers, barracks per se, things of that nature. So when money is set aside to fund those issues, we do not generally get to play in that.

So like I said earlier, our quality of life facilities, we would like to see a little bit more money put into that area.

Colonel STRITZINGER. Yes, sir. I would have to agree with that statement. Definitely, for the Air National Guard quality of life is the quality of the workplace, and that is our recruiting tool. Part of the problem that we have is that when it has been directed down from the Chief of Staff of the Air Force, the Air Force budget will take \$100 million off the top to focus towards dorms. Then that is almost a fifth of the program that the Air National Guard is not a player in trying to get those resources to take care of some of our needs. So there is no benefit to the Air National Guard. Not to take that away from our active duty counterparts, because I know it is very important and critical to them and it is a quality of life issue to have the dorms and the fitness centers and the child care centers.

But the few times that the Air National Guard has been given quality of life funds within the budget process, it has been very sporadic. We received some funds back in 1997 to the tune of about \$44 million and then again in 1999 we received another \$10 mil-

lion. But it is hard to build a program to address issues when you do not know when funding is coming and there is no consistency to the funding stream.

On top of that, sir, if we had some less restrictive rules on how we executed those funds, because our quality of life is so different than the Air Force's.

Senator INHOFE. Any other comments on that?

Colonel SMITH. Yes, sir, if I may. I received a comment from the Maine Construction Facilities Management Officer and his quote is that, "The shame of being seen in these facilities, let alone function, affects his or her, the soldier's, ability to learn and maintain a military occupational skill. Lack of respect for an organization that cannot even keep its infrastructure sound affects retention of those soldiers trying to maintain proficiency. This makes recruiting a greater challenge than it should be."

Colonel DUNKELBERGER. This is an insidious thing. It strikes at your self-esteem. We are asked to do a lot. We are asked to do a lot more now, and when you have to go out there and work in a facility and do these things it is a struggle. You strike at self-esteem and strike at pride. This is tough stuff when you have a civilian job as well.

Senator INHOFE. Thank you very much.

Senator AKAKA.

Senator AKAKA. Mr. Chairman, I have a last question here to ask. We know of the well known phrase "pay me now or pay me later," which was applied usually to our cars. But clearly, it applies to maintaining our buildings as well. I would like to ask any of you who want to respond to this whether you are generally able to get money to fix things before they completely break, or do you let things go until they fail and pay a lot more to repair or replace them?

I know we have different systems and you use systems, too. The question is, is our system for dealing with building maintenance working?

Colonel SMITH. Yes, sir, I would like to start if I may.

Senator AKAKA. Colonel Smith.

Colonel SMITH. Our system is broken. I have numerous examples of that, but I will share one with you. The Jersey City, New Jersey, armory was built in 1929. It has not aged gracefully. There are large barrel-type fuses and large long-handled throw switches that appear as though it would take two men to move them. The only thing missing is the electric arc jumping from pole to pole. A goodly number of quaint little fuse boxes containing six to eight porcelain and glass-encased 15-amp fuses are sprinkled throughout the building walls. The steam boilers that provide heat to the cavernous facility of more than 146,000 square feet are more than 40 years old, but look like they are twice the age.

Sir, that is not untypical of some of our facilities.

Captain LOFASO. When you have a growing critical backlog, all the money that you have is to fix the things that are broken. We do preventive maintenance, but I am going to say that the majority of the money goes to fix what is already broken.

Colonel DUNKELBERGER. Preventive maintenance is an idea, not a fact. That pretty much sums it up.

Colonel STRITZINGER. Sir, within the Air National Guard we are definitely operating our buildings and systems longer, with inadequate maintenance. The risk that you accept on that is the risk of fire, dangerous indoor air qualities, inadequate utility systems across the board.

Just recently, with the airfield pavements problem that we had, we just damaged some aircraft engines in Atlantic City and we were forced to shut down operations due to the failing pavements that we have.

Mr. CULPEPPER. More patching. I find it interesting that we can get a few bucks to go out and maybe patch a pothole in a runway and then we turn right around—because we cannot replace the entire slab or whatever—and break a million dollar engine. So it is the same thing.

Colonel BOLES. Sir, I had a great dream last night. I woke up in the middle of the night and I had all the money I needed to be proactive and plan ahead. But when I came out of the fog, I realized the reality is that you are in a reactive mode. You are correcting things that have already broke. In most cases, a roof leaked or an electrical panel is blown and you have to repair that. You cannot go and upgrade. You just are insufficiently funded.

Senator AKAKA. Thank you very much for your responses.

Thank you, Mr. Chairman.

Senator INHOFE. I think that is a good question to ask, Senator Akaka. I always use the example of the M-15/915 trucks over in Germany, that we determined we could replace each one for the amount we maintain them over a 3-year period. That is somewhat of an accounting problem. As we get into a rebuilding mode here, we are going to try to do a better job for you folks.

I appreciate very much your coming and sharing very bluntly with us the reality that we are facing today. Thank you, we are adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

1. Senator INHOFE. Please give some specific examples on things that are being done to make installations look good when it is covering up a disaster.

Colonel PHILLIPS. Many buildings at Camp Lejeune are now approaching 60 years of age. In repairing a few of our older facilities, we have found numerous situations where metal and wood stud walls have totally deteriorated and were basically held up by plaster surfaces and brick veneer. The maintenance solution is to completely replace these walls. However, due to lack of funding, the most we can afford to do in a majority of these buildings is cosmetic—mostly patching and painting rather than fix the systemic problem. In these same facilities, we still have the original plumbing and mechanical systems. These systems need to be replaced with modern systems that meet current code requirements. Again, due to lack of adequate funding, we concentrate our efforts on keeping these systems operational through a patchwork approach. Another example is roofs. We are constantly patching leaking roofs that have exceeded their useful life. This is a band-aid approach because, in most cases, we cannot afford to completely replace the roofs.

Sergeant LOTT. One example would be the rupturing of the high-pressure lines within hangars 2 and 5 at MCAS Miramar. With no funds allocated for maintenance and repair of these systems, funds had to be diverted from other MRP projects to effect repairs. The heating system within the older style barracks, like the above-mentioned pipes were neglected for some time causing our marines and sailors to go without heat. We purchased energy saving heaters for those occupants that needed them.

Colonel DUNKELBERGER. The Army Reserve maintains a 5-year Corporate Sustainment, Restoration, and Modernization Plan. In addition we have a line item detailed Facilities Annual Management Plan. The development of these plans begins with the Chief, Army Reserve's guidance that is distributed to the field. The field develops and documents their requirements. The Army Reserve Engineer staff validates those requirements, developing an integrated, prioritized execution plan.

Since the Army Reserve gained control of our own facilities' destiny in 1992, none of our efforts were in any way focused on a cosmetic solution to hide potentially disastrous conditions, such as failing electrical or vehicle exhaust systems. Therefore, the Army Reserve can provide no examples of cosmetic projects being accomplished that hide failing facility components. The Army Reserve, in fact, targets its resources toward repair of failed or failing components.

We developed our strategy in fiscal year 1996 to bring our facilities to a C-1 level even though we knew sufficient funds were not available to achieve the C-1 goal in any reasonable time. The strategy was developed to focus efforts, determine funding requirements to achieve C-1 standards, and breed success. We recognized that without a strategy no success was possible.

The strategy began as "Just Say No to Worst First." We recognized that the continued policy of funding the worst facilities first ensures that all facilities become "worst" before they were repaired. We also recognized that we could not repair all facilities.

Therefore, we chose to target funding to our USAR Centers, the home of our Army Reserve soldiers. We developed corporate priorities approved by the Chief, Army Reserve. Our highest priority projects are the correction of life, safety, and health deficiencies. The lowest is maintenance of finished surfaces.

The strategy now is to eliminate all non-mission capable facilities through an effort called "Get the Red Out". The Army Reserve has a business process that begins with identification of the current condition, both from the soldier (customer) and engineer community (landlord) perspectives. Those facilities that are C-1 have funds focused to maintain the C-1 level. Those facilities that are C-2 are targeted for repair. Those facilities that are C-3 are put through an analysis that determines how to best exit that "red" facility.

The result of the above analysis is the Army Reserve's Corporate Master Plan. This Master Plan displays the current condition, the tool by which we will bring the facility to C-1 standard, and the cost to bring the facility to C-1. The Master Plan integrates all tools to maximize bringing facilities to C-1 standard while continuing to support the training and readiness of the units and soldiers assigned to each facility.

The various tools currently at our disposal are:

1. Military Construction, Army Reserve (MCAR)—We utilize MCAR to replace our worst and uneconomically repairable facilities.

2. Our Operations and Maintenance, Army Reserve funds are used to maintain C-1 facilities at the C-1 standard and drive C-2 facilities to C-1. We create a Corporate Property Maintenance and Facilities Annual Management Plan that assures the expenditure of these funds in support of the strategy.

3. We have a Commander's Lease Initiative that moves soldiers from our worst facilities to C-1 leased facilities. Each new lease has an exit strategy developed prior to execution of the lease.

4. We've developed our Full Facility Revitalization program that directly links into the Army Facility Strategy concept of facility modernization. We have funded pilot projects to refine this program's business process, develop facility modernization standards, and obtain good cost models. Using information from the pilot projects we refine our Full Facility Revitalization prioritized project list.

5. We have leveraged the Base Realignment and Closure to trade up many of our worst facilities for better facilities. This is often a no cost upgrade.

6. We have a very innovative Real Estate Exchange program. Basically, we enter into negotiated agreements with states, local governments, or private industries that desire our facilities or property in exchange for new facilities situated elsewhere.

In essence we have chosen to target our funds to achieve the maximum return on our investment. Let me tell you it is a hard decision to ignore the maintenance and repair of selected facilities. But, to do otherwise places us in a downward spiral where all facilities must become worse, before they are repaired.

Our approach has been successful to date primarily due to our never-ending search for better tools to maintain and repair our facilities. In addition to the Commander's Lease Initiative, Real Estate Exchanges, and Base Realignment and Closure, we've utilized contracting tools, such as the Energy Savings Performance Contracts, to maximize the amount of maintenance and repair we can accomplish today.

This deliberate, integrated, and prioritized implementation of the Army Reserve's strategy to obtain a C-1 facility inventory assures that only projects that improve facility conditions are accomplished. The various plans that implement the Corporate Master Plan are the management controls that assure we properly repair failed or failing components. The Army Reserve strategic goal to obtain a C-1 rating for all facilities is only limited by resources received.

2. Senator INHOFE. How would you rate the existing barracks with those that you lived in and what is the direct benefit of going to a one plus one standard?

Colonel PHILLIPS. I have not lived in the Bachelor Enlisted Quarters (BEQ), but my experience as a commander and a facility officer has given me a wealth of knowledge about these buildings. Generally, the structural aspects of our newer barracks are good. However, our backlog of maintenance and repair has created barracks problems such as mildew, heating, ventilation, and air conditioning (HVAC) failures, door lock problems, rusting exterior metal wall panels, etc. From a design perspective, our older BEQs are considered lacking in areas such as sufficient laundry facilities, individual storage areas, and provisions for electrical and communications outlets (stereos, internet access, etc.).

The Marine Corps received a waiver from the Department of the Navy to construct 2XO rooms vice 1+1. The 2XO room includes 180 net square feet of living/sleeping area and a bathroom. The Marine Corps will assign two junior enlisted personnel or one non-commissioned officer (NCO) per room. This configuration supports our tenets of unit cohesion and team building while also rewarding the achievements of our NCOs, and will allow us to more quickly eliminate inadequate barracks.

Sergeant LOTT. The barracks (squadbays) that I lived in as a troop offered more security in the form of the firewatch; offered more camaraderie in the form of being able to readily talk to your bunkmate or neighbor; offered a heightened sense of teamwork in the form of clean up details; and more importantly it offered the sense of belonging because this was everyone's home. These are part of the foundations that we marines practice and live by.

The benefit of the one plus one barracks is to the individual, not the institution. They have security, yet there is no one that they can turn to and trust to watch their belongings. They have privacy, yet there is no one to turn to share an idea or seek advice. There are not another set of eyes to assist in the ensuring field day cleanliness is accomplished properly. The biggest problem that I've heard from the marines that live in the one by ones is that they lack camaraderie. Once you close your door you are alone much like an inmate.

Whether we go back to squadbays or continue to have a minimum of two to a room, the bottom line is that we are entrusted with the safety of our marines both physically and mentally. One plus one barracks hamper our abilities to adequately care for our marines.

3. Senator INHOFE. Recognizing that over 50 percent of our personnel are now married personnel, tell me the most common criticism of family housing in your command.

Colonel PHILLIPS. The most common criticisms of family housing are:

a. Condition of existing housing—many units are 40–50 years old and in need of major renovation.

b. Long waiting lists to get in family housing—running up to 9–12 months for our enlisted personnel.

c. Military families living out in town—paying approximately 15 percent of their housing expenses “out of pocket.” The added expense of living out in town coupled with the distance that families must travel to utilize medical and commissary benefits causes a strain on many of our families.

Sergeant LOTT. The most common criticism of family housing aboard MCAS Miramar, is simply the lack of it. With a less than 1 percent vacancy rate it's a landlord's market. Marines who are on short-term leases, because they are on a 18 month to 24 month waiting list for military housing, are paying higher rents than if they were on long-term leases. Additionally, the partners we had in the Domestic Leasing Program are opting not to renew the lease, because they can rent to civilians for a higher price, which will put many families at the mercy of the local market.

Marines and sailors aboard MCAS Miramar are forced to make a choice between living close to base and paying higher rents and low mileage on their vehicles or moving well over 30 miles away for lower rents but incurring longer commutes and more wear and tear on their vehicles. In 2000, close to 800 marines and sailors in the pay grades of E-1 to E-5 aboard MCAS Miramar received over one half million

dollars in loans for vehicle maintenance, household start-up fees, and/or food for their families.

San Diego presently has a Public Private Venture program in the works. This program, and more like it, needs to be accelerated. With 9,000 military family housing units available and close to 6,000 already on the waiting list, our situation is desperate. With the arrival of another aircraft carrier and escorts, within the next few years, demand for family housing will increase dramatically.

QUESTIONS SUBMITTED BY SENATOR RICK SANTORUM

4. Senator SANTORUM. Two weeks ago members of my staff traveled to the Norfolk Naval Shipyard Detachment—Naval Foundry and Propeller Center (NFPC), Philadelphia, Pennsylvania, to see first-hand the unique capabilities of this installation and its workforce. As you undoubtedly know, this facility is the Navy's only supplier for cost-effective manufacturing design, production, and repair of the most technologically advanced propellers. You should know that my staff was greatly impressed with both the operations ongoing at the NFPC and with the highly-skilled workforce that proudly help this Nation meet its national security requirements. The capabilities found at this installation are truly one-of-a-kind.

You may recall that foundry and propeller work that had been performed on the West Coast was consolidated at the NFPC in the late 1990s. My staff could not help but notice that some of the buildings the NFPC took over after this consolidation were in poor condition.

What commitment can you give me that the Navy will give strong consideration to making improvements in the physical structure of the NFPC and that it will give top priority to the modernization (i.e. MILCON) needs of the installation?

Captain JOHNSON. The Navy has spent \$31.8 million in military construction funds since 1995 to improve and modernize the Naval Foundry and Propeller Center. Further investment in the Center will be addressed during the Navy's budget preparation. Additional investment requirements can be seen in Navy's March 29, 2001, response to Senate Armed Services Committee Report 106-292 that directed the Navy to provide to the congressional defense committees a report which analyzes the facility, equipment, staffing and projected funding requirements of the Naval Foundry and Propeller Center, Philadelphia, PA.

5. Senator SANTORUM. Should a core capability such as the NFPC be adequately resourced to meet national security requirements? That is, shouldn't a one-of-a-kind asset like the NFPC be resourced accordingly?

Captain JOHNSON. Yes, a core capability such as the NFPC should be provided with adequate resources to meet national security requirements. Facility upgrades will be addressed during the Navy's budget preparation. Most equipment will be funded through the Navy Working Capital Fund Capital Purchase Program, while other funding alternatives that can provide NFPC with the flexibility to rapidly procure the most efficient and technically superior equipment are still being explored. However, in light of competing priorities for resources, the President's budget represents the best balance of resources and requirements.

6. Senator SANTORUM. I have seen anecdotal evidence that many of our Air National Guard installations are suffering from a backlog of repair needs and desperately needed improvements. In many cases, I have heard that water distribution systems are outdated; that power distribution systems are prone to failure; and that many Air National Guard installations have sanitary sewage systems that are broken.

In addition, I have also heard that many Air National Guard installations lack appropriate hangars necessary to provide maintenance to key platforms. Furthermore, many installations suffer from inadequate space and that temporary facilities—constructed as a stopgap—are still in use decades later. Reports are that Air Guard personnel spend far too much time addressing installation shortfalls and work-arounds at the expense of important mission training.

Are these reports that I am hearing consistent with your experience with the installation needs of the Air National Guard throughout this country?

If so, what can Congress do to try to help the Air National Guard improve the readiness of these key installations?

How can we work to see Air National Guard military construction projects funded in a more expeditious manner?

Colonel STRITZINGER. This statement is my personal opinion and does not represent the official position of the Department of Defense or the Air Force. My re-

sponse draws on my experience with the Air National Guard (ANG) throughout the count.

Yes. The examples you have cited such as the water quality problems at McEntire ANGB, SC plague many ANG locations. In the most recent installation readiness report (IRR) the utilities category was rated C-3 indicating significant deficiencies prevent some missions from being performed. Of the 153 ANG installations with such systems, 78 had a rating of C-3 or worse. It would cost nearly \$100 million in sustainment, restoration, and modernization (previously called real property maintenance or RPM) and \$40 million in military construction (MILCON) funds to correct these utilities problems across all ANG installations.

The maintenance and production category of this report, which includes our maintenance hangars, aircraft shop spaces, and vehicle maintenance facilities, was rated C-4 overall. This indicates major deficiencies that preclude satisfactory mission accomplishment. The cost to correct this category alone accounts for \$630 million of the MILCON backlog of \$1.8 billion. Shortfalls in this area have led to workarounds that range from relatively mild (having to use tugs to push open hangar doors) to drastic (performing aircraft maintenance outside, in all weather, for lack of a facility). In some cases, temporary facilities are used to minimize the impact of the shortfall and keep the mission operational. At Robins AFB, GA the ANG unit has been in buildings borrowed from the active duty host's demolition list for 8 years. Because of scarce funds, they will most likely remain in these condemned facilities for several more years, negatively impacting their mission capability, moral, retention, and recruiting.

Though the ANG backlog numbers are very large, the situation is improving due to the assistance we have received from Congress in the last several years. In the past 5 years roughly 70 percent of our MILCON program has come from congressional inserts. These inserts have targeted critical current mission needs at our installations that fell below the Air Force funding line. Much of the ANG budget line is consumed by new mission beddown requirements and, as such, cannot address the refurbishment of these existing utility systems and buildings.

The one issue that would allow us to more adequately illustrate our needs and more quickly address them is clarification of the reporting requirement in 10 USC 10543. This section of the code requires the Reserve components to provide an annual list of "additional" MILCON and equipment they would purchase if the current year's budget is not at least 90 percent of the average authorized amount in the preceding 2 years. There has been confusion during recent years on the real meaning of "additional" and whether this list applied to the current budget year or each year covered by the FYDP. The current direction for this report is to only include projects already funded in the FYDP and only provide the list for the current budget year. A clarification which allowed the report to include a list of projects totalling the historic average annual authorization in each year of the FYDP, whether or not they are also included in the FYDP, would provide the flexibility to report true out-year milcon requirements.

QUESTIONS SUBMITTED BY SENATOR SUSAN COLLINS

7. Senator COLLINS. At your respective military installations, what has your experience been with the Navy's regionalization, consolidation of base operating support functions?

Chief LICURSI and Captain LOFASO. This effort has resulted in focused service being provided to service members. A key improvement is establishing consistent baselines and expectations from base to base. Prior to regionalization efforts and the quality of service was not consistent and expectations were not being met.

8. Senator COLLINS. Please include in your response the geographic disbursement of your respective regions.

Chief LICURSI and Captain LOFASO. The Navy has the following regions:

- Navy Region Northwest
- Navy Region Southwest
- Navy Region Southeast
- Navy Region Mid-Atlantic
- Navy Region Northeast
- Navy Region Hawaii
- Navy District Washington
- Navy Region South Texas
- Navy Region Korea
- Navy Region Japan

Navy Region Marinas
 Navy Region Europe
 Navy Region Pensacola
 Navy Region Great Lakes

9. Senator COLLINS. How has regionalization affected your day-to-day operations? Chief LICURSI and Captain LOFASO. A single point of contact has been established to address concerns and issues. This contact provides a central source for answering questions and ensuring funding is being provided in an equitable manner. Overall regionalization has been a positive experience.

10. Senator COLLINS. What types of change management strategies were employed at your respective installations to transition the consolidation of base operating functions in your respective regions?

Chief LICURSI and Captain LOFASO. Stream Line Business Case Analysis (SBCAs) was used at the regional level to assist in the transaction of consolidating Base Operating Services. The objective of the SBCAs is to save money and reduce requirements by restructuring shore installation management functions and organizations in the respective region. Each SBCA is based primarily on a preliminary analysis of manpower and organizational structures.

SBCA teams were comprised of key representatives from the Major Claimant, Office of the Chief of Naval Operations (OPNAV) (N46), region and key subject matter experts (SMEs) identified by local area commanders, and contractor support personnel.

Each team employed seven steps in their analysis process, which is abbreviated as follows:

1. Validating manpower (for the specific function)
2. Reviewing the "installation management function" description
3. Developing a clear picture of each function's current concept of operations
4. Considering options/alternatives to determine potential manpower savings based upon regionalization, consolidation, and organizational analyses
5. Developing narrative descriptions, organizational charts, and lists that identify impediments, barriers, and enablers
6. Considering additional options and recommendations that would save money
7. Preparing the rough draft SBCA.

11. Senator COLLINS. Were standard operating procedures (SOPs) or concept of operations (COOs) developed to track the consolidation of base operating support functions at your installations?

Chief LICURSI and Captain LOFASO. Yes. The SBCAs were briefed to the Claimant and Regional Commander that mapped out the implementation of consolidation. Included in this brief was an agreed upon Plan of Action and Milestones (POA&M) for the consolidation implementation. Monitoring and management of the POA&M was the responsibility of the Major Claimant and the Regional Commander.

12. Senator COLLINS. What metrics are being used to ensure the consolidation of base operating support functions is reaching the proposed targets/goals?

Chief LICURSI and Captain LOFASO. The very nature of OBOS is that it is current year expenditures necessary to operate an installation. There are very little accumulation effects of under funding in past appropriations. If something is not funded, it is simply not done. For fiscal year 2001 OBOS is funded at a mix of C-2 and C-3 readiness levels and is appropriate when viewed on a whole with the total Navy program.

13. Senator COLLINS. What has the projected and actual savings/cost avoidance been with regionalization in your respective regions?

Chief LICURSI and Captain LOFASO. Total cost avoidance is estimated to be \$3 billion for fiscal year 1997-2001.

14. Senator COLLINS. What has been some of the lessons learned with the transition?

Chief LICURSI and Captain LOFASO. The following lessons learned are distilled to core elements.

- Establish a focused sense of urgency
- Create a guiding coalition
 - a) Base Commanding Officers and Program Managers own the plan
 - b) Establish regional planning board

- c) Involve unions
 - Develop a vision and strategy
 - Empower broad-based action
 - Communicate the change vision
 - a) Use every vehicle possible to constantly communicate the new vision and strategies
 - b) Advise employees of proposed changes in the organization
 - Get rid of obstacles
 - Generate short-term wins
 - Consolidate gains and produce more change
 - Anchor the new approaches in the culture
 - Organization
 - a) Include implementation POAM
 - b) Involve HRO, IT and resource management expertise
 - c) Focus on objective: delivery of requisite BOS services
 - d) Program-centric management is critical to realizing regionalization efficiencies
 - e) Create business plan

15. Senator COLLINS. What has been the actualized benefits of the process?
 Chief LICURSI and Captain LOFASO. Regionalization is a form of consolidation. It has been shown that consolidation can improve the use of resources and reduce costs. Cost reductions come from scale and scope economies, redundancy elimination, and market leverage.

16. Senator COLLINS. What has the impact been on the workforce?
 Chief LICURSI and Captain LOFASO. In some instances the workforce was realigned to match the organizational construct for that particular region. This realignment involved physical and/or organizational relocations. During this transition period every effort was made to communicate with the employees the impending changes and the impact to their position.

17. Senator COLLINS. How has regionalization affected the existing labor agreements already negotiated or established at your respective military installations?
 Chief LICURSI and Captain LOFASO. Most bargaining units in the Department of the Navy were established many years ago at the installation level, e.g., all wage grade employees of a Naval Shipyard, all fire fighters at a Naval Air Station, etc. When employees are reassigned from their current activity to a new regionalized activity, they are no longer covered by the definition of the bargaining unit at their old activity.

Modifications of existing bargaining units or establishment of new units must be certified by the Federal Labor Relations Authority (FLRA). As a result of regionalization, bargaining units have been established at several of the new regional activities. In some locations, e.g., Navy Region Northwest, new collective bargaining agreements have already been negotiated for the new units. In other areas, the bargaining unit issues are still being resolved by the Navy, affected labor unions, and the FLRA. Where representational matters are pending before the FLRA, 5 C.F.R. 2422.34 requires agencies to maintain existing recognitions and adhere to the terms and conditions of collective bargaining agreements.

18. Senator COLLINS. Have any of you established memorandums of agreement with your respective local labor unions/organizations?

Chief LICURSI and Captain LOFASO. In some locations Memorandums of Agreement were signed with labor organizations representing employees impacted by regionalization. Such agreements generally involved a commitment by management at the new regionalized activity to maintain, to the extent feasible, the terms and conditions of employment that existed prior to regionalization until union representation matters were resolved.

[Whereupon, at 11:33 a.m., the subcommittee adjourned.]

**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2002**

WEDNESDAY, JULY 11, 2001

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

READINESS OF UNITED STATES MILITARY FORCES

The subcommittee met, pursuant to notice, at 9:40 a.m. in room SR-232A, Russell Senate Office Building, Senator Daniel K. Akaka (chairman of the subcommittee) presiding.

Committee members present: Senators Akaka, E. Benjamin Nelson, Inhofe, and Bunning.

Majority staff members present: Maren Leed, professional staff member, and Michael McCord, professional staff member.

Minority staff member present: Cord A. Sterling, professional staff member.

Staff assistants present: Gabriella Eisen, Kristi M. Freddo, and Michele A. Traficante.

Committee members' assistants present: Menda S. Fife, assistant to Senator Kennedy; Davelyn Noelani Kalipi, assistant to Senator Akaka; Eric Pierce, assistant to Senator E. Benjamin Nelson; J. Mark Powers, assistant to Senator Inhofe; and George M. Bernier III, assistant to Senator Santorum.

**OPENING STATEMENT OF SENATOR DANIEL K. AKAKA,
CHAIRMAN**

Senator AKAKA. The meeting will come to order. Good morning, everyone. The Readiness and Management Support Subcommittee meets this morning to resume our series of hearings on readiness and installation issues. We had two excellent hearings in March. Senator Inhofe, I want to say this, you have personally set a high standard as chairman of this subcommittee in dedication to the readiness and well-being of our men and women in uniform and their families. I expect this subcommittee to maintain that tradition that was set by Senator Inhofe. I appreciate your providing me with a warm welcome to this subcommittee, Jim. I have enjoyed working with you and know that we will continue to work closely to ensure the readiness of our military.

This morning, we will hear from the Vice Chiefs of the military services, who will share their views regarding the readiness of our force and the fiscal year 2002 budget. I want to welcome all four of our distinguished witnesses this morning. We depend on you to give us the benefit of your wisdom and experience on the readiness situation in our forces today.

Because we have just received the basic information on the budget and details are still being delivered, we are also looking to you to provide an overview of what is in the amended budget request in the readiness account and the philosophy used in putting the request together. Senator Inhofe.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman. First of all, let me say that I have enjoyed about 5 years of chairing this subcommittee, and it has been one that has been very rewarding and very frustrating, because we have problems. Instead of continuing in a state of readiness, I would say rebuilding a state of readiness, we have been borrowing from accounts, and we have very serious problems. But I have to also say, and I want to say publicly in this meeting, that there is no one I have a higher regard for than our new chairman. I will look forward to being his Ranking Minority member.

It happens that Senator Akaka and I are very close friends. We do Bible study together, we have been together since we were in the roadhouse days, and he has an excellent voice. He may sing for you if things are not going the way we want. [Laughter.]

He used to lead us all in our prayer breakfasts, and you will enjoy him, as we all enjoy him, as our new chairman.

I want to welcome all of the Vice Chiefs. You have tough jobs out there. I can remember an experience that I have had with each one of you. I remember being down at Fort Bragg with General Keane when we were watching the drops take place, and a howitzer and a high-mobility multipurpose wheeled vehicle (HMMWV) came out and I heard kind of a gasp. The chute did not open, and it went down into the ground about 6 feet down there. Every time I see General Keane I think about that chute that did not open.

I appreciate your courage that you exhibit in handling this tough issue that we have on training ranges. I hope we get into this today as to the effect of other training ranges. In fact, General Williams, I am sure we will get a chance to talk about Okinawa and some of the training range problems that we have there.

So we do have real serious problems that we have been trying to address. We have not had the resources to address them—I am talking about our real property maintenance accounts, spare parts, encroachment issues, aging equipment—so I hope we can get together and really resolve these problems. Mr. Chairman, I will be working very closely with you to see that we can do that. Of course, Senator Ben Nelson and Senator Bunning are very committed, and I appreciate their attendance here today at this subcommittee hearing.

Senator AKAKA. Thank you very much, Senator Inhofe.

I am going to ask for statements from Senator Ben Nelson and Senator Bunning.

Senator Nelson.

STATEMENT OF SENATOR E. BENJAMIN NELSON

Senator BEN NELSON. Thank you, Mr. Chairman. I appreciate the opportunity to be here with the Vice Chiefs today. I will have some questions for you individually as we get to the questions, but I appreciate very much your background, and I am looking forward to your comments about our force readiness and what we can do together to make sure that we are in a state of readiness at every level. I am very anxious to get your comments about the status of readiness and what we can do to improve it.

Thank you very much.

Senator AKAKA. Senator Bunning.

STATEMENT OF SENATOR JIM BUNNING

Senator BUNNING. Thank you, Mr. Chairman. Gentlemen, thank you all for appearing before us today. I would like to join with my colleagues in saying thanks for all of your great service to the United States of America.

We have a large task ahead of us, as you all well know. After the previous decade of neglect, our military has serious resource problems in almost every category that we can look at. We no longer can afford to take money that was intended to be invested in our future military capabilities and use it to pay for immediate operational needs. We must fund our military at a level that both pays for current operations and invests in the future.

Because of the previous administration's overuse and underfunding of our armed services, our task of repair will be much harder than it should be. It will be difficult, but I look forward to working with you to ensure that our military remains strong, because I have 35 grandkids and I want to make sure that they are secure in this country for a long time. I know that they will have an additional big flock of children, too, so I am looking forward for a strong national defense, the first prerequisite of the Constitution.

Thank you for being here.

Senator AKAKA. Thank you very much, Senator.

We are looking forward to your statements. You may wish to summarize them, and I want you to know that your written statements will be made a part of the record, and we want to move along as quickly as we can. Following that, there will be questions from members of the subcommittee.

So at this time I would like to first call on General Keane for your statement.

STATEMENT OF GEN. JOHN M. KEANE, USA, VICE CHIEF OF STAFF, UNITED STATES ARMY

General KEANE. Mr. Chairman, Senator Inhofe, distinguished members of the subcommittee, I am very honored to be here today and also to be associated with my fellow Vice Chiefs.

Let me begin by thanking the members of the subcommittee and the members of the staff for the support of the 2001 authorization act in providing pay raises, health care, and continuing efforts to improve the well-being of Army soldiers, and we truly appreciate your support of Army readiness. Our combat formations are C-1

and C-2. On any given day, some 121,000 soldiers are forward-stationed, and an additional 26,000 are operationally deployed in 68 countries. Day in and day out, through a position of strength, and in concert with our sister services, we deter wars and we stand ready to respond when our Nation calls.

While the United States Army is only the eighth largest Army in the world, we are regarded by most as the world's preeminent land force. This is a remarkable testimony, in my judgment, to the caliber and the quality of the soldiers who fill the ranks of this magnificent Army.

This is not to say that we do not have challenges. Our basic and most pressing challenge these last years is that we have had a fundamental mismatch between the national military strategy and resources. Over the last decade, the Army program has not been balanced. We have paid for near-term readiness at the expense of installation support and procurement and modernization. Frankly, these accounts have been broken these last number of years.

The 2002 budget amendment is a positive step in the right direction to begin to help balance our Army programs. Let me briefly address what it does and what it does not do. First and foremost, it does fund near-term readiness, allowing us to keep our combat formation C-1 and C-2.

With respect to our installations, the 2002 budget amendment establishes the condition to reverse a decade-long trend of underfunding. Base ops has increased to 96 percent. RPM, or what we now call SRM (sustainment, restoration, and modernization), has increased to an historic high of 94 percent. Clearly, this is a step in the right direction, but the problems on our installations cannot be remedied in 1 year's budget. This effort must be sustained, and the 2002 budget makes no provisions for the staggering \$18 billion backlog we have in SRM.

The budget amendment funds our transformation efforts for the Objective and Interim Force. We have moved out with Army transformation, and with your help we have established momentum. We are forming two interim brigades at Fort Lewis, Washington, with four additional brigade formations planned in the future. We will begin to field the Objective Force in this decade.

However, our Legacy Force modernization and recapitalization accounts remain underfunded. 75 percent of our major combat systems are beyond their half life. Our operations and support (O&S) costs are increasing 10 percent per year, 30 percent over the last 3 years, and our safety of flights on our aging aircraft are increasing. On the Apache, for example, we have an increase of over 200 percent on safety of flights on that aircraft.

In terms of our people readiness, we have a good-news story. Last year was the first time since 1992 that the Army met its recruiting objectives for all three of its components, the active component, the National Guard, and the Reserve, and commensurate with that we were able to meet all of our quality objectives as well. That is truly a significant achievement when you consider this, that we are recruiting 185,000 people across all three components as a primary workforce every single year, and nothing in America comes close to a number like that, so that is a remarkable achievement.

I am happy to report to you as we sit here today that we know that this year we will meet those recruiting objectives again. We will meet all quality objectives again for all three components.

In terms of retention of our soldiers, the other measurement of the quality of our Army, last year we exceeded our objective. We met a target of 108 percent, and this year we will exceed our retention objective for our enlisted soldiers as well.

We are challenged by retention of our officers. We had a spike for lieutenant colonels and colonels, and this year we have flattened that out, and frankly we reversed the trend, and it is a slight downward trend, and we had a larger spike for our captains' retention over the last couple of years. We have now flattened that out, but we do not have signs of it yet. Hopefully by the end of the year or the beginning of next year, that also will be a downward trend. We are certainly working very hard in that area.

Let me just conclude by saying that maintaining an Army is a shared responsibility in our view among its members, both military and civilian, among the administration, Congress, and certainly the American people. On behalf of our soldiers, civilian workforce, our families, our retirees, and our veterans, we want to thank you for your continued support of this great institution, and I look forward to your questions.

Thank you.

[The prepared statement of General Keane follows:]

PREPARED STATEMENT BY GEN. JOHN M. KEANE, USA

Mr. Chairman and members of the subcommittee.

Thank you for the opportunity to testify before you today on the current and future readiness of the United States Army.

Our soldiers are most appreciative of the work of Congress and of this subcommittee to address some of our most pressing concerns. Soldiers, retirees, and their families sense a renewed commitment to their well-being through your approval of the Fiscal Year 2001 National Defense Authorization Act that provides for the pay raises, health care provisions, retention incentives, and housing improvements our Army family so richly deserves. The priorities set forth in the President's 2002 amended budget for the Department of Defense will serve to further emphasize that the quality of life experience of those who have served, and those who continue to serve our Nation, is a key component of Army readiness. Though the Army must continue to balance priorities to preserve our transformation momentum while, at the same time, protecting near-term readiness, the message is extremely positive.

With respect to our transformation efforts, we appreciate your continued support, which has enabled us to begin procurement of Interim Brigade Combat Team capabilities and the advancement of Objective Force technologies.

PERSUASIVE IN PEACE . . . INVINCIBLE IN WAR

The United States Army is, without question, the preeminent Army in the world today and is fully prepared to meet our full-spectrum obligation to fight and win the Nation's wars, whenever and wherever the Nation calls. We also continue to execute a robust peacetime engagement that, day in and day out, prevents crises from becoming conflicts and conflicts from becoming wars, strengthens our ties with our military friends and allies, creates stability where instability reigns, bolsters our Nation's economic prosperity, and promotes democracy abroad and the values that underpin it.

America today enjoys a vibrant standard of living that is the envy of the world, thanks in large part to the military's role in maintaining peace and stability. At significant personal sacrifice, the American soldier guarantees that way of life and, as General Shinseki has previously testified, has provided far more in readiness than our Nation has paid for.

On any given day, the Army has nearly 125,000 soldiers forward stationed in over 100 countries. In fiscal year 2000, on average, we deployed more than 26,000 additional soldiers daily for operations and military exercises in 68 countries around the

world—from East Timor to Nigeria to the Balkans (the average for fiscal year 2001, to date, is 28,198 soldiers deployed in 62 countries). In Bosnia, the Texas Army National Guard's 49th Armored Division assumed the mission for the Multinational Division (North), the first time since World War II that a Reserve component division headquarters has led active component forces in an operational mission. In Korea, our soldiers continue a successful security commitment made 50 years ago. In Southwest Asia, our soldiers continue to support United Nations sanctions against Iraq, stability operations in the Persian Gulf, and peacekeeping efforts in the Sinai. We also continue to maintain a presence in Bosnia, Kosovo, Haiti, Honduras, and other challenged countries in the world to assist our geographic commanders-in-chief with their peacetime engagement strategies and the promotion of peace and stability in this uncertain and dangerous world.

Today, nearly one-third of The Army's active component "go-to-war" force is forward stationed, deployed, or in the field—advancing our national interests, supporting theater engagement plans, and training for tomorrow's warfight. But, our Army is one-third smaller, deploys more frequently, and is more likely to conduct stability and support operations than its Cold War predecessor. Accelerating operational and deployment tempos have strained Army capabilities, and over-stretched resources have leveraged our warfighting readiness on the backs of our soldiers and their families.

NATIONAL MILITARY STRATEGY AND RESOURCE MISMATCH

Many years of declining budgets, coupled with downsizing in the 1990s, and an operational tempo that has increased threefold since the fall of the Berlin Wall, continues to compel the Army's senior leadership to sacrifice far-term readiness to pay for our non-negotiable, near-term readiness contract with the American people. This mismatch between requirements and resources forces us daily to make some tough choices among operations, force structure, readiness, and modernization. In the final analysis, the Army has had no other recourse but to mortgage our future, in terms of modernization and installation support, to maintain our near-term readiness. This trend, though bred of necessity, must stop. The President's 2002 amended budget establishes the condition to reverse this trend in terms of installation support. However, the current shortfalls in our modernization and installation accounts will take years of sustained funding increases to correct.

IMPACT OF THE PROCUREMENT PAUSE

From fiscal year 1989 to fiscal year 2000, Army buying power decreased by 37 percent while the pace of operations in support of the National Military Strategy significantly increased. This phenomenon, combined with the natural end of a robust procurement cycle for our major fighting systems and reduction in force structure, compelled us to substantially reduce procurement from fiscal year 1990 to fiscal year 1997.

The Army is now in the midst of a skipped modernization cycle. As one direct consequence of this skipped cycle, we estimate that Army research, development, and acquisition (RDA) accounts have contributed over \$100 billion to the Nation's growing "peace dividend." We cannot skip another cycle. The Army plans to field the first Objective Force formations within this decade and complete transition to the Objective Force a full decade earlier than previously planned. Over the next decade, the Army must significantly increase its RDA account to make this transformation a reality.

RECAPITALIZATION AND MODERNIZATION

The Legacy Force is today's Army as it is currently configured, and it guarantees near-term warfighting readiness to support the National Military Strategy. It also provides us the critical time needed to transform to the Objective Force. Today's Army must be prepared to fight and win the Nation's wars and be able to supplement the capabilities of the Objective Force until 2032 (target fielding date)—a significant challenge considering that over 75 percent of our Legacy Force combat systems exceed the half-life of their expected service. Our aging equipment is one of the reasons our operations and support costs have grown steadily over the past 4 years, safety of flight messages have increased, and why our depot maintenance system is under constant strain.

To maintain our strategic hedge—unmatched combat power at an affordable price as the Army fully transforms to the Objective Force—we must rebuild and selectively upgrade our currently fielded systems. We define this as recapitalization. Recapitalization will return selected systems to like-new condition and bridge Army ca-

pabilities until we field the Objective Force. To this end, the 2002 budget takes a positive step in this direction by providing additional funding to depot maintenance.

If sufficiently resourced, recapitalization is clearly a “win-win-win” proposition for the Army. First, it improves safety, supportability, readiness, and capabilities of our warfighting systems. Second, it is a cost-effective alternative to purchasing new systems. Last, the costs of recapitalization are partially recovered through operations and support cost avoidance associated with our aging systems.

Since 1988, the Army terminated or restructured a staggering 182 programs to pay for near-term readiness and Army Transformation. During the last year alone, we terminated or restructured programs that are valid requirements for today’s Army, but not for the Objective Force. In response to the procurement pause dating back to 1990, the Army has chosen to shift its investment strategy from resourcing Legacy Force capabilities to resourcing the Objective Force. We will, however, continue to selectively enhance our Legacy and Interim Force systems that serve as a bridge to or will have a direct role in our Objective Force, such as the Javelin, Medium Enhanced Air Defense System, Joint Tactical Radio System, Crusader, and Comanche.

INSTALLATION READINESS—A STEP IN THE RIGHT DIRECTION

Army installations are the foundation of the force and an integral part of our warfighting readiness. They support soldiers and their families, serve as our projection platforms, and provide efficient and timely support to deployed formations. Unfortunately, over the last decade, the Army has had no other recourse than to defer the maintenance and revitalization of our facilities to pay for current readiness—clearly impairing mission performance and adversely affecting soldier and family well-being.

That trend is changing course, as reflected in the proposed 2002 budget. In fact, we are willing to assume a modicum of risk in current readiness to improve the conditions of our facilities by slightly reducing our flying hours (14.5 to 14 per crew/per month) and annual home station tank miles (800 to 730). Transferred savings from this reduction, coupled with significant increases in our facility Sustainment, Restoration, and Modernization (SRM), Military Construction (MILCON), and Base Operations (BASOPs) accounts, will begin to arrest the decade-long hemorrhaging of our facilities and provide needed new ones.

The Department of Defense standard for complete renewal of facilities is every 67 years. With proposed fiscal year 2002 funding levels, it will take the Army approximately 90 years to fully revitalize our infrastructure—a better proposition than 150 years with current funding levels, but well above the 67-year standard. Today, installation commanders only receive approximately 70 cents on a dollar to fix those things that are broken on their installations and 90 cents on a dollar to operate them. The resultant effect of this funding shortfall is that they only have enough money to fix critical deficiencies that require immediate attention, such as broken sewer lines and water, heat, and electrical failures. They certainly do not have the funding to place necessary sustainment dollars into their facilities that were beautifully constructed some 3 years ago—buildings that are already showing signs of decay.

The proposed 2002 budget will provide our commanders with 90 cents on a dollar to fix those things that are broken on their installations and 96 cents on a dollar to operate them. Clearly, these increases will improve the well-being of our soldiers and their families in the near term and, if sustained over a period of years, will move our C-3 and C-4 (meaning that mission performance is impaired or significantly impaired) installations toward C-2 and C-3. Notwithstanding, until our SRM accounts are fully funded to 100 percent of our requirements, our restoration and modernization backlog will continue to grow—a backlog that currently totals \$17.8 billion.

We are most appreciative of the President’s approval for fiscal year 2001 supplemental funding and his 2002 budget submission. The President’s support clearly demonstrates his concern for the well-being and readiness of the force. Steady state SRM, BASOPs, and MILCON funding, combined with projected savings associated with better business practices, privatization, and elimination of excess infrastructure, will provide our soldiers and their families with the living and working conditions the preeminent land force in the world deserves.

ENCROACHMENT ON OUR RANGES . . . A GROWING CONCERN

Training is a critical pillar of Army readiness, and it is incumbent upon Army leaders to ensure that our soldiers and units are afforded every opportunity to train as we fight—in combat-like conditions. These conditions can only be replicated via

realistic, challenging, and demanding live-fire and maneuver training. Any reduction in this type of training will degrade our readiness and place our soldiers at serious risk on future battlefields or in distant lands conducting peacekeeping operations. Some have suggested that increased use of simulations can offset live weapons firing and maneuver training. While we have made a significant investment in simulations, they do not adequately address the extreme rigors and demands of combat. Simulation can and does complement live-fire training, but it is not yet viable as a full replacement.

The amount of live-fire training that individual soldiers and units are required to complete is based on the common sense premise that certain skills are perishable and must be periodically exercised. The Army has established standards that identify the minimum number of times and specific firing events that a soldier must train to achieve a prescribed level of proficiency. Currently, the Army has difficulty meeting these minimum standards because of limited time and ranges—ranges that are in danger of being further scaled-back due to encroachment. The Army's primary encroachment concerns are urban sprawl, threatened and endangered species, and restrictions because of unexploded ordnance that impact use of munitions. The cumulative and aggregate effect from this list of concerns, among others, have recently come to the forefront for the Department of Defense and Army leadership as a serious threat to future training and testing of our Army because of restrictions and limitations imposed by them.

The Army's primary initiative to meet the challenges of encroachment is the creation of a Sustainable Range Management program designed to integrate environmental compliance and stewardship, facilities management, and training management on ranges and training lands. We are improving the way we design, manage, and use ranges, and this effort will certainly help us maximize their capability, availability, and accessibility to meet doctrinal training requirements. Sustainable Range Management is the foundation for sustaining live-fire training and the environment on our ranges. As we have in the past, we will continue to improve range operations, range modernization, state-of-the-art land management, research on munitions effect and unexploded ordnance management, and public outreach. Although final funding levels have not yet been established, we ask Congress to support this important program.

The Army's leadership recognizes that societal changes, demographics, and environmental issues will continue to impact the way we train our soldiers and units. We will continue to fulfill our role as a responsible environmental steward and to do our best to ensure that our practices do not endanger the health or well-being of any American. At the same time, the Army is legally and morally obligated to fulfill its primary role—to fight and win our Nation's wars, decisively. I believe there are ways to balance these competing requirements. Just as our Nation needs a well-trained military force, it also needs a healthy environment. In light of the Secretary's current strategic review, it would be premature to discuss specific proposals, but I look forward to working with other Federal agencies and Congress.

FORCE PROTECTION

Foreign and domestic terrorist groups remain the biggest danger to Army installations and operations around the world. Despite the absence of significant terrorist activities in the United States this year, domestic Army installations remain at risk.

The Army made remarkable progress in anti-terrorism (AT) readiness last year, and that progress continues in 2001. All Army installations now report having AT and weapons of mass destruction incident response plans. AT exercises have increased in frequency and quality throughout the continental United States. Major Commands and installations have demonstrated notable improvement in AT training and education. However, the last year's terrorist attack against the U.S.S. *Cole* provided a grim reminder that the threat remains active, lethal, and unpredictable and, despite improvements in the overall Army AT posture, there is still work to do. General Shinseki set a goal "to ensure appropriate security measures are established, continuously reviewed, and sustained." A heightened sense of purpose, and recent initiatives in planning and technological improvements, aim to continue advancement toward meeting that obligation and achieving General Shinseki's goal.

One issue we continue to address that impacts every unit and installation worldwide is access control to our installations. The Army Staff has been working access control to Army installations since March 2000 and advising the senior leadership as we progress. I recently sent a message to the field mandating installation vehicle registration by July 2001 and to immediately initiate action to achieve complete installation access control.

FORGING AHEAD . . . ARMY TRANSFORMATION

In the past 18 months, we have made great strides in pursuing the vision for the Army's future. Our vision fundamentally changes the way we intend to fight, and the 2002 budget will enable that Transformation effort, although not at the optimal level. To meet the challenges that lie ahead for us in this dangerous and uncertain world, we require a force that is more responsive, deployable, agile, versatile, lethal, survivable, and sustainable—a force that will be strategically responsive and dominant across the full spectrum of military operations. We call that force the Objective Force.

In an effort to field the first units of the Army's Objective Force by the end of the decade, the Army has redirected its research, development, and acquisition to support Transformation. The goal is to use this new approach to obtain overwhelming organizational combat power. We are optimistic, based on Army Science Board findings, that technologies needed to support the Future Combat System (FCS) will mature to the point that the Secretary of the Army and the Chief of Staff will be able to make a technology readiness decision in the near future—a decision necessary to proceed to the system development and demonstration phase for the FCS. The 2002 budget funds FCS demonstrations of system-of-system functions and cost sharing technologies. Over the next 6 years, the Army will demonstrate and validate FCS functions and exploit high-payoff core technologies, including composite armor, active protection systems, multi-role direct and indirect fire cannons, compact kinetic energy missiles, hybrid-electric propulsion, human engineering, and advanced electro-optic and infrared sensors.

In the meantime, the Interim Force, a transition force with distinct advantages in higher-end, small-scale contingencies and a major contributor in major theater war employment, will be more strategically responsive than today's heavy forces, but more lethal and survivable than the Army's current light forces. To this end, the Army is continuing to refine its doctrinal foundations for Transformation and the organization and operational design for the Interim Brigade Combat Teams (IBCT). Results of these revisions will steer our efforts to design the rest of the Interim Force.

Two Interim Brigades, organized last year at Fort Lewis, Washington, have been using surrogate vehicles (until the Interim Armored Vehicle, LAV III, is fielded) and off-the-shelf technology to evaluate and refine this design and develop tactics, techniques, and procedures; thereby establishing the conditions necessary for the Interim Force. The IBCT's primary platform is the Interim Armored Vehicle (IAV)—a vehicle that will provide the Army with a major combat system capable of arriving anywhere in the world within 96 hours, ready to fight. The 2002 budget continues funding of IAVs for the second IBCT, providing a worldwide deployment capability in combat configuration within 96 hours.

In conjunction with the IBCT initiative, we recently conducted an advanced warfighting experiment at Fort Polk, Louisiana, and the 4th Infantry Division's capstone exercise at the National Training Center. These exercises have demonstrated increased combat effectiveness through advanced technologies and improved leader development and warfighting concepts.

INSTITUTIONAL TRANSFORMATION

While the intellectual force behind Transformation is how we are going to change the way we fight the Army, we are certainly cognizant that this change will bring about a plethora of logistic, organizational, doctrinal, training, and leader development challenges. We are pleased that the 2002 budget funds our schoolhouse training at 100 percent. It also funds TRADOC transformation initiatives to include expansion of one station unit training, establishment of a land warfare university, basic officer leadership course enhancements, establishment of an accession command, and quality assurance initiatives. As we continue to change the way our Army fights, we must ensure that those who will be prosecuting the next war are prepared to do so in a decisive manner. Thanks to the 2002 budget, we have jumpstarted that learning process.

PEOPLE . . . THE ARMY'S MOST IMPORTANT ASSET

In addition to the momentum the Army has attained with respect to Transformation, we, along with Congress and this administration, have not lost sight that people are our most important asset. The physical, material, mental, and spiritual well-being of our soldiers, families, and civilians are inextricably linked to our readiness. Fiscal year 2002 increases in pay raises, housing allowances and improvements, and enlistment and retention bonuses are some of the proof-positive exam-

ples of our commitment to take care of those who are willing to risk it all for the defense of our Nation. Sustained congressional support for important well-being initiatives like these help us recruit and retain quality soldiers and Army families.

As for recruiting and retention, the Army met its goal in fiscal year 2000, and we will meet it again in fiscal year 2001. Notwithstanding, we will continue to closely monitor our recruiting efforts because the same challenges associated with an all-volunteer force that existed 5 years ago, still exist today. Our "An Army of One" advertising campaign is one of the innovative approaches the Army is using to draw the youth of America into our ranks. Although this campaign has had some skeptics, the initial returns are encouraging—realizing that it is certainly too soon to ascertain its full impact. Web site visitors per day, recruiter chats, and caller volume to our recruiters have increased 167 percent, 92 percent, and 42 percent, respectively. Furthermore, we have assessed 1,600 more recruits than we had at this time last year.

MANNING

Beginning in fiscal year 2000, we increased the readiness in our active component combat divisions and cavalry regiment by fully manning them in the aggregate, but in doing so, we accepted some risk in the institutional base. Our next step is to similarly man our early deploying units that support our active divisions and armored cavalry regiment. Fully manning the active component, however, is not enough. As mission demands necessitate increased use of our Reserve components, we must bolster their full-time support requirements to better maintain their readiness and availability. Our ultimate goal, of course, is to fill the entire force to meet all of our manning requirements—thereby reducing operational and personnel tempo and improving both readiness and well-being.

CONCLUSION

For 226 years, the Army has kept its covenant with the American people to fight and win our Nation's wars. In all that time, we have never failed them and we never will. Building and maintaining an Army is a shared responsibility between those of us in uniform, Congress and the administration, and the American people. With the help of Congress and the administration, we will keep the Army ready to meet today's challenges and continue to make significant strides toward achieving the Vision we announced in 1999.

Thank you, Mr. Chairman and distinguished members of the subcommittee for allowing me to appear before you today. The statements made in this testimony are contingent upon the results of Secretary Rumsfeld's strategic review. Please consider them in that light. I look forward to working with you on these important issues.

Senator AKAKA. Thank you very much, General Keane.
Admiral Fallon.

STATEMENT OF ADM. WILLIAM J. FALLON, USN, VICE CHIEF OF NAVAL OPERATIONS

Admiral FALLON. Mr. Chairman, Senator Inhofe, Senator Nelson, Senator Bunning, members of the staffs, it is an honor to be here and a privilege to be asked to comment.

I would like to first of all thank you on behalf of the sailors and marines of our Nation for the tremendous support that you have given them, the confidence you have in them to do their jobs worldwide. Today your Navy has 317 ships in commission, we have 133 that are underway as we speak, about 30 percent of those forward-deployed, 3 carrier battle groups, 3 ARGs in the various places around the world, 2 more battle groups and ARGs working up to replace them in our continuing cycle of forward-deployed readiness.

The Navy today continues its support of the Nation to maintain control of the seas, to provide sustainable combat-power forward-deployed, to maintain the trade that is so essential to underpin the economic vitality of this Nation, to provide for stability to attempt to dissuade those who would cause us trouble and problems with

others, and the bottom-line is to be able to win in combat when required.

Today, as you well know, we are about 40 percent smaller than we were a decade ago in force structure, but the level of commitment of our naval forces worldwide remains at essentially the same level as it was 10 years ago, and so with this steady employment program, if you would, our people stay very busy meeting their commitments worldwide.

We are facing some very serious fiscal challenges, no surprise to you, I know. We really need this 2001 money as fast as we can get it to keep our people going for the rest of this fiscal year. The 2002 amended budget helps. It is a very positive step to help us address some serious readiness problems, and it does us some great good in the future. But I have to tell you that we are going to need additional help if we are going to get to the level of ships and aircraft in particular that we need to maintain just the 97 QDR levels. At the present build rate of ships and aircraft we are nowhere near what we need to sustain these levels with 317 ships in commission today.

Our priorities are pretty simple. First and foremost, people. I have to thank you for all that you have done, particularly in the last year, to help that. As General Keane mentioned, we are also enjoying terrific turn-around in our ability to retain our quality people. This year alone, the retention figures for our junior enlisted are up over 8 percent, and in fact for the last 2 years are up over 12 percent across the board.

That is a tremendous help to us, and something that was very necessary. We are looking to sustain that, and also we are seeing increases in the more senior enlisted ranks as well. We want to see those things continue, and we know that particularly in enlisted ranks the chief reason for that are the specifically targeted incentives that you have made available to our people.

As for current readiness, we have been struggling. We have been able to maintain our forward-deployed forces we think in very good shape, but our nondeployed folks have been bearing the burden of keeping those forward folks in good shape, and we have to fix this. That is what we intend to do with the money in the 2002 budget.

Recapitalization and modernization has really been the bill-payer to try and keep our current readiness going, and so we would really like to help get at this business of future readiness. The bottom line is, we need more ships and aircraft. The aircraft build rate is only about half of what we need to sustain our current levels, and the shipbuilding rate only about 40 percent of that.

We are working day-by-day with the new administration on the defense panels, working the QDR to address these issues and to prepare ourselves for the future.

I would like to thank you on behalf of our sailors and their families for all that you have done and continue to do for us. I appreciate your taking my written statement, Mr. Chairman, for the record, and I will stand by and look forward to your questions. Thank you very much.

[The prepared statement of Admiral Fallon follows:]

PREPARED STATEMENT BY ADM. WILLIAM J. FALLON, USN

INTRODUCTION

Mr. Chairman, members of the subcommittee, thank you for the opportunity to discuss the readiness of our Navy. Congress has been particularly helpful in addressing Navy readiness concerns and we are grateful for your continuing support.

Let me begin by emphasizing that our Navy is by far the best in the world, an outcome of the fact that Congress recognizes that the United States has always been and always will be a maritime nation. But our margin of supremacy, while considerable, is not excessive. We need to continue to be the best Navy on the planet, because the challenges and responsibilities we face outweigh the challenges and responsibilities of any other nation on earth.

This kind of supremacy requires a sustained effort. Our mastery of the seas, made possible by the deployed presence of a substantial U.S. military force, continues to ensure access to our economic, political, and security interests overseas. Today there are approximately 48,000 sailors and marines deployed on carrier battle groups, amphibious ready groups, and independent deployers such as submarines and maritime patrol aircraft. These "on station" naval forces promote regional stability, deter aggression, and provide the capability for timely response in crises.

If deterrence fails and crisis becomes war, naval forces provide significant combat power. Immediately employable naval forces, simultaneously controlling the seas while projecting power throughout the battlespace, are necessary to facilitate the entry of forces from outside the theater, assuring access for the joint force, and enabling our sister Services to deploy more rapidly. As the ground-based forces join naval forces already operating forward, the result has to be a joint force that projects offensive power sufficient to serve our national interests.

The Navy provides credible combat-ready forces that can sail anywhere, anytime, as powerful manifestations of American sovereignty. We demonstrate that capability with our forward-deployed forces every day, in the Mediterranean Sea, the Arabian Gulf and the Western Pacific, always ready to directly and decisively influence events ashore, from the sea.

The Chief of Naval Operations (CNO) has outlined before the Armed Services Committees his top five priorities, with manpower as the number one issue. Accordingly, we continue to make a strong commitment to our people, our most vital resource.

Of particular importance to this subcommittee is the CNO's second priority of maintaining current readiness at high levels. Our Navy is a rotational force. That means we need to deploy forces that are ready from the first day of deployment to respond to tasking from the National Command Authorities. About one-third of our Fleet is deployed every day, and we must ensure that this deployed readiness remains high.

A third priority is future readiness. Because demand for deployed battle groups and amphibious ready groups has not declined proportionately with our decline in force structure, we've seen an increase in our utilization rates, which has exacerbated the wear and tear on our ships and aircraft, requiring more maintenance. Hence, maintaining our future readiness requires that we initiate a recapitalization program that delivers the right number of technologically superior platforms and systems to the Fleet.

Quality of service is a fourth priority. We need a balanced combination of quality of life and quality of work to underpin both readiness and mission accomplishment. Pay, bonuses, and other compensations while on active duty, when combined with retirement options, are essential elements of quality of life. Quality of work includes aspects of sailors' work environment, from the physical condition of the workspace, to the appropriate tools, to adequate spare parts inventories, to the atmosphere in the workplace.

The other key priority is alignment, by which we attempt to ensure that all the elements of our organizations, systems, and processes deliver exactly what they are designed to produce: a combat capable Navy ready to sail in harm's way. Recalibrating and adjusting alignment within the Navy's organization will facilitate achievement of warfighting requirements and ensure proper focus on current and future readiness issues.

In the final analysis, every one of the CNO's top five priorities is a readiness issue and all are related. Optimizing readiness requires attention to each of our top five priorities as well as managing second- and third-order effects, as will be explained further.

As you know, the status of the programs discussed here, as well as the associated funding levels, are subject to change as a result of the Secretary of Defense's ongo-

ing strategy review. In my view, proposed changes will have to accomplish three things:

1. Revitalize and refurbish the force, to correct deteriorating material conditions and upgrade crumbling infrastructure resulting from chronic underfunding;
2. Achieve national security objectives with a clear demonstration of ability to decisively win any conflict; and
3. Prepare and posture the force to deal with future threats.

As the new strategy is developed, we must balance future and current readiness and resist the temptation to look so far downstream that we overlook the shortfalls that could cause us to fail today.

THE RELATIONSHIP BETWEEN CURRENT AND FUTURE READINESS

I want to start out by stating that the readiness of our forward-deployed naval forces to meet their assigned missions is currently adequate. Let no potential adversary misunderstand that point. Our deployed forces are ready today.

Unfortunately, while we plan that non-deployed forces will be at lower readiness levels than our forward forces, it is my assessment that non-deployed readiness has slipped to levels less than what they should be. This assessment is based on data that indicates significantly more units are reporting major deficiencies in their ability to execute primary missions. Figure 1 indicates the percentage of time Navy units reported C1 or C2 in overall readiness over the last two decades.

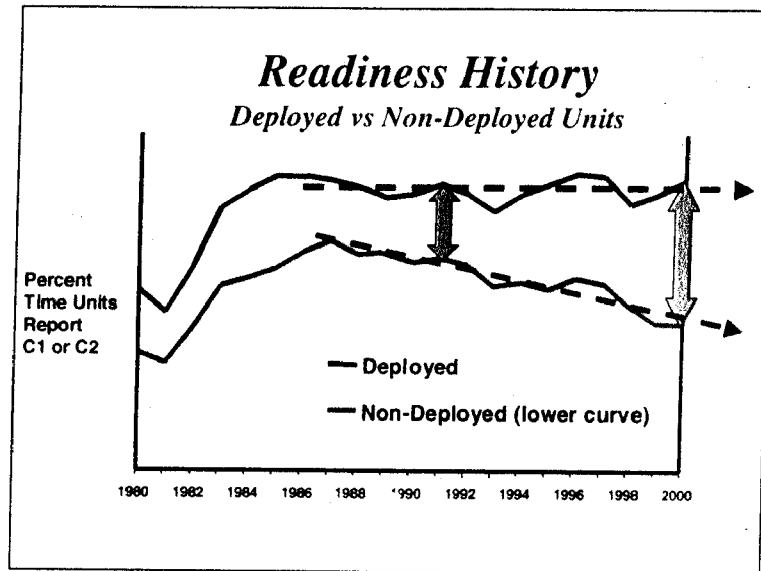


Figure 1

As you can see, the gap between these deployed and non-deployed categories has steadily increased over the last 10 years. Many factors contribute to this trend, including constrained budgets, aging platforms, shortages of parts, munitions and trained personnel, as well as the ITEMPO and OPTEMPO restrictions which limit the at-sea time we can demand of our forces between deployments (this is one of the second-order effects I noted earlier).

Figure 2 illustrates the consistent tempo of deployed operations with a substantially reduced force structure. Even though we have taken action to increase the "duty cycle" of certain forces such as mine countermeasure ships by permanently basing them overseas, our deployed commitments are such that we have not been able to reduce deployment demands commensurate with force structure declines.

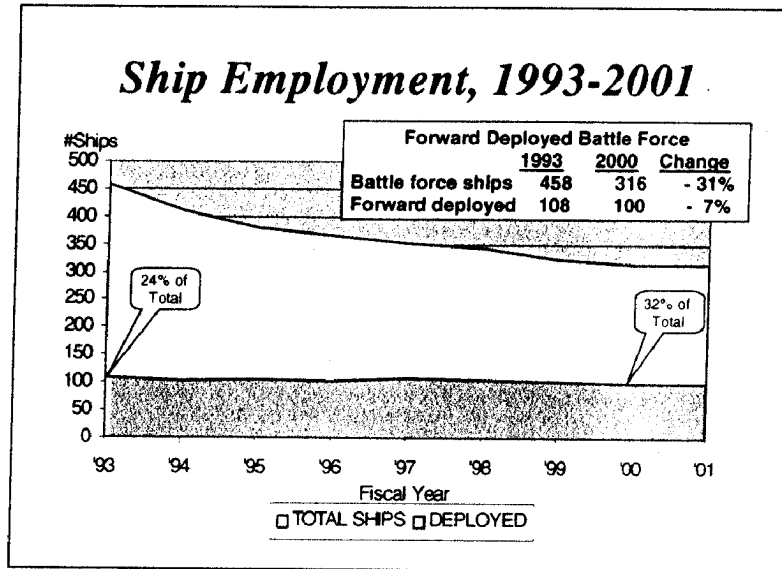


Figure 2

In order to keep forward deployed readiness as high as possible, we have sometimes found it necessary to sacrifice combat systems modernization and ship and aircraft procurement to fund “must-pay” near term readiness bills. For example, many ships, including *Austin* and *Anchorage*-class amphibious ships as well as our fleet command ships, are reaching the end of their service lives. Such ships often require unprogrammed repairs, forcing us to divert funds to meet urgent maintenance requirements. These actions, in turn, produce a maintenance backlog that is very unhealthy, especially given the small size of our Navy today.

To repair this maintenance backlog, it has become necessary to divert even more funds from our future readiness programs, resulting in continued underfunding of investment accounts. For example, during his first significant opportunity to adjust the Navy budget, the Chief of Naval Operations made the very painful decision to reprogram nearly \$6.5 billion from other Navy programs to begin to address our current readiness shortfalls. Because of this increased emphasis on near-term readiness, the total request for procurement funding has decreased from \$26.6 billion in fiscal year 2001 to \$24.6 billion in fiscal year 2002.

Another important fact is that ships reaching service mid-life, like the oldest of our Aegis cruisers and some of our submarines, require modernization to be operationally viable in future hostile situations. Although a ship may have a service life of over 30 years, technology continues to evolve at a rapid pace, with computer processing speed doubling about every 18 months. This fact demands that we make significant and sometimes wholesale upgrades of combat systems periodically throughout the ship's life to keep it on the cutting edge of warfighting technology. Hence we find the need for programs like Cruiser Conversion Program, Cooperative Engagement Capability, and Advanced Rapid Commercial-off-the-shelf Insertion Program. Yet funds for completing such important force protection tasks are elusive.

Nevertheless, the 160 units (ships, aircraft squadrons, etc.) currently scheduled and preparing for deployment within the next year will be required to repair equipment and train in an environment of difficult budget tradeoffs. If sufficient resources are not made available to keep our equipment in good working order, combat readiness will suffer, as will opportunities for and quality of training, which will in turn affect morale.

For example, fewer mechanically sound aircraft available for non-deployed aircrew training significantly degrades our overall aviation readiness posture. This effect is illustrated as squadrons in later stages of the inter-deployment training cycle (IDTC) with maintenance problems often find it necessary to draw mission-capable aircraft away from squadrons in earlier stages of the IDTC in order to complete their training. Another manifestation of readiness problems is the practice of our Fleet aircraft Replacement Squadrons (FRS) "borrowing" aircraft from fleet squadrons in order to complete student training and qualifications.

Thus a second-order effect: because those squadrons just beginning their IDTC must then train with fewer aircraft, they enter the later stages of their training cycle in a lower state of readiness than they should.

A third-order effect is the requirement for even more time and more ready aircraft to get back on step than predecessor squadrons, which causes them to draw proportionately more airplanes from other squadrons just entering the training cycle.

A fourth order effect might be the precipitation of a violation of Individual Tempo (ITEMPO) limits, due to a need to conduct more intensive training late in a predeployment cycle triggering increased costs of operations in the form of ITEMPO payments (not to mention the demands on our people).

This series of events have put us in a downward spiral. Managing these unintended consequences and competing demands is challenging.

Conditions like these have infected our fleet with what the CNO has labeled a "psychology of deficiency," by which our sailors have come to believe that resource shortfalls are a normal condition. Left unchecked, this perception will adversely affect retention and the readiness of our force. Sailors need to see that our Nation is committed to providing them the tools necessary to carry out the missions our Nation assigns to them.

The Navy continues to face significant challenges in funding our operating accounts as the force ages. There will likely be other times in the future when new shortfalls or changed priorities make it necessary to tap readiness accounts to pay other obligations. These diversions are likely to continue as operations and maintenance accounts remain the Services' only large source of unobligated funds.

As it is, we have been able to make ends meet only through the intervention and considerable help of Congress in providing supplemental funding. I would therefore like to thank you for your support again this year. Navy's allocation of the supplemental, when combined with a modest reprogramming request for readiness and personnel accounts, should address essential and urgent requirements to fulfill our estimated remaining fiscal year 2001 requirements.

Specifically, and of note to this subcommittee, this critical infusion will be allocated to fund the increased costs of the Flying Hour Program, utilities, base operations costs, force protection projects, and recovery operations for the EHIME MARU.

ITEMPO

The Fiscal Year 2000 National Defense Authorization Act (NDAA) requires military services to track deployment of members on an individual basis, and to provide payments to service members who exceed specified days deployed. It's now becoming clear that these ITEMPO restrictions may have some unintended consequences.

What we're finding is that this legislation, as enacted, presents the Navy with a dilemma. Many of our sailors, for example, prefer to remain at sea even when doing so keeps them deployed for long periods of time (deployed 401 or more days out of the preceding 730 days). Some sailors like to stay deployed in the Western Pacific where they can remain closer to the lands of their birth. Other sailors opt for back-to-back sea duty as a way to remain in the same homeport for reasons of family stability. Still others joined the Navy because they actually like going to sea. Were Navy to accede to these desires of our people, given current deployment requirements, very large additional costs would result at a time when we are trying to limit expenditures. Analysis of this situation is ongoing and we will make the results known to this subcommittee as soon as possible.

ENDSTRENGTH

The Navy has met its overall recruiting and endstrength goals in fiscal years 1999 and 2000, and we are on track for fiscal year 2001. We are currently reenlisting nearly 60 percent of eligible sailors who reach the end of their first enlistments, compared with 47 percent in 1999. Two-thirds of petty officers with 6-10 percent years of service are reenlisting, compared with 60 percent 2 years ago. Annual attrition rates for first-term sailors have fallen from over 14 percent to less than 12 per-

cent since 1998. Unfortunately, officer retention remains well below steady-state goals in every community except Naval Flight Officers.

Better than anticipated manning in fiscal year 2001, the result of long sought after improvements in recruiting and retention, has reduced at-sea billet gaps and allowed our Navy to begin filling increased requirements in areas such as anti-terrorism/force protection, aviation maintenance, and environmental billets at sea. As a result, we are requesting authorization in fiscal year 2002 to increase our endstrength from 372,642 to 376,000. This additional endstrength will lock in gains we have made in improved at-sea manning and enhanced readiness.

MATERIAL READINESS

Aging systems often require significantly increased maintenance. Older systems experience increased breakdown rates, require more frequent repairs, and thus consume more spare parts. The pace of operations and deployments, and the consequent accelerated aging of systems and infrastructure are outpacing our ability to maintain readiness levels. While we have made progress reducing material shortfalls over the past 3 years, equipment and supply readiness for non-deployed units remains a significant readiness challenge.

Account shortfalls currently exist in the areas of ship depot maintenance, aviation material support, and precision-guided munitions. We have shifted funds from ship and aircraft procurement accounts to pay these bills, but this trend cannot continue indefinitely.

SHIP DEPOT MAINTENANCE

Emergent costs associated with ship depot maintenance continue to grow as we have deferred past maintenance. Unfortunately, this has produced recurring shortfalls in this account. These shortfalls have been manifest in cancelled, de-scoped, or deferred scheduled repairs. This in turn has caused degradation in some mission capabilities, increased probability of component failure, and subsequent cost to replace failed components.

In 1999, a lack of maintenance funds in the ship depot maintenance account was a key factor in one of our combat logistic ships failing a major material inspection. In analyzing the factors which contributed to this failure, the CNO pointed to our cultural tendency to underestimate the requirement, and to then underfund the underestimated requirement. He has therefore committed to identifying the full requirement for ship depot maintenance in future budgets and then funding to ensure success.

Since then, the fleets have reassessed their positions, reporting the need for a significant growth in a number of scheduled availabilities, which has resulted in a larger shortfall this year than originally projected.

Our fiscal year 2002 budget provides an additional \$660 million for ship maintenance with the objective of increasing the percentage of requirement funded from 87 percent (fiscal year 2001) to 90 percent.

AVIATION READINESS

Our aviation force now contains, on average, the oldest mix of type/model/series aircraft in naval history. For the first time, our average aircraft age exceeds the average age of our combatant ships. As the average age of the aviation force has increased, there has been a corresponding increase in the costs of operations and maintenance of aircraft. Specifically, the cost of Aviation Depot Level Repairables (AVDLRs), which is driving the cost of maintaining our aircraft, has risen an average of 13.8 percent per year over the period fiscal years 1996–1999.

In addition, the increasing demands of recent operational tempo also affect our ability to maintain our aircraft. For example, The F/A-18 has been flown well in excess of planned utilization rates. As a result, more than 300 aircraft will now require a service life extension earlier than originally planned or budgeted for. Similar situations apply to F-14s, EA-6Bs, P-3Cs, SH-60s, and virtually every other aircraft in the fleet.

The single most influential factor in supporting near-term aviation readiness is the health of our Flying Hour Program, which includes fuel, consumable spare parts, and AVDLRs. Depot level repairables, which account for over half of the program's resources, have been the biggest challenge to the flying hour program in recent years. Despite our focused attempts to alleviate shortages in AVDLRs, we continue to experience shortfalls.

Shortages also exist in aviation mission critical items, such as targeting pods and repair equipment on aircraft carriers. Again, our deployed air wings are receiving the aviation material support they need to ensure that they are mission ready, but

it has come at the expense of non-deployed units. Without the fiscal year 2001 supplemental, the current Flying Hour Program shortfall will result in Navy and Marine Corps pilots unable to fly sufficient hours to maintain adequate training readiness levels.

Our fiscal year 2002 Flying Hour Program is funded to achieve the CNO's goal of 83 percent TACAIR/ASW Primary Mission Readiness (PMR). The program has been priced using the most recent fiscal year 2000 cost per hour experience, including higher cost for repair part pricing and usage. This repricing, which adds significantly to the cost per flying hour, is a manifestation of the Department's aging aircraft inventory discussed earlier.

The most effective manner in which to address the problems facing naval aviation is to introduce new aircraft into the fleet as soon as possible. To that end, the fiscal year 2002 amended budget takes steps to increase the number of F-18E/F aircraft. We are currently in an age/cost spiral that can be corrected by addressing these modernization requirements.

PRECISION-GUIDED MUNITIONS

The inventory levels of precision-guided munitions (PGMs) continue to be a concern. PGMs were originally developed and procured to allow for precise attacks on specific categories of targets to reduce risk for our aircrews. Stockpiles were then sized appropriate to the limited target sets for which they were designed.

In practice, however, it has become routine to use these weapons in ways we didn't foresee when we developed our procurement plans. For example, we now use PGMs to minimize collateral damage even when less expensive and more plentiful weapons would be effective from a weaponeering point of view.

Hence, the requirement for PGMs has grown significantly and we face an inventory shortfall. A second order effect is that as we have diverted funds to accelerate the delivery rate of PGMs, we have impacted our ability to fund other ordnance maintenance, resulting in an increased backlog of "not ready for issue" weapons. A third order effect is that we may have to compensate by limiting the fleet's training allowance, as well as significantly reducing funding for development of future weapons.

We remain considerably short of the warfighting requirement associated with our current strategy. Because these weapons greatly reduce risk to our forces and to non-combatants, additional funds may be necessary in the areas of weapons development, maintenance, and procurement to sustain acceptable levels of both warfighting and training munitions required by the new strategy.

TRAINING, ENCROACHMENT, AND LIVE FIRE EXERCISES

Success or failure in combat and the risk that we ask our sailors to shoulder is a direct function of the preparation we afford them prior to combat. Shortfalls in manpower, equipment, and supply readiness directly affect training readiness among naval forces. Issues such as encroachment and restricted access to training ranges also constrain our ability to train, fight, and win and I'm sure are well understood by this subcommittee. Training and testing ranges are central to continued military readiness, yet we increasingly face encroachment problems.

Experience with live ordnance and exposure to live fire conditions are essential to combat readiness and are prerequisites for sailors who may be called to engage in combat. Forgoing this experience, for whatever reason, is likely to result in increased casualties and suboptimized performance in battle.

While a growing amount of training and testing can be accomplished using computer simulations and other information technology solutions, technology has not yet produced a mechanism which can simulate the complex, end-to-end series of procedures associated with the preparation and launching of live ordnance, then assessing the results. Likewise, the handling and use of live ammunition, and the danger, noise, shock, and visual effects associated with the impact of live ordnance, generates a psychological response which simulation cannot replicate. There is no realistic simulation for this experience. Hence, for the foreseeable future, we will not be able to replace all live training with simulation and request your continued support of ranges.

CONCLUSION

The essence of our Navy is the fleet, and the fleet remains the focal point of our efforts. We must maintain the fleet at the highest possible level of readiness and training-able to fight and win today. Our trademark must remain combat-ready, forward-deployed forces, manned by dedicated, well-trained, well-led sailors, motivated by a sense of mission, as committed to their Navy as their Navy is committed to

them, operating modern, well-maintained equipment and platforms with the right capability, constantly patrolling the world's trouble spots. Your continued commitment to improving Navy life and mission accomplishment has made a significant difference. Our sailors and their families appreciate it, and the Navy is most grateful for your enduring support.

Senator AKAKA. Thank you very much, Admiral Fallon, for your statement.

General Handy.

STATEMENT OF GEN. JOHN W. HANDY, USAF, VICE CHIEF OF STAFF, UNITED STATES AIR FORCE

General HANDY. Thank you very much, Mr. Chairman, Senator Inhofe, members of the subcommittee. Thank you all for taking the time to discuss the critical issues of readiness for our Air Force. I will tell you that we sincerely appreciate the tremendous support of our men and women in blue that you have shown over the many months and years.

I would also add that I am cautiously optimistic about our readiness, the fact that it is somewhat stabilized, but I would quickly add that that is at significantly lower levels than in the mid-1990s. Your support with recruiting, retention, and quality of life initiatives has certainly helped us hold the line at today's level. However, the growing cost of operating our increasingly aging fleet of aircraft continues to exert constant pressure on our attempts at readiness. The need for modernization and recapitalization is compelling. I would like to thank my teammates here at the table for the extraordinary support that we have all shown to each other, and they toward the Air Force. Again, thanks for your strong support, and I am ready to answer any and all of your questions.

[The prepared statement of General Handy follows:]

PREPARED STATEMENT BY GEN. JOHN W. HANDY, USAF

Mr. Chairman, members of the subcommittee, thank you for the opportunity to appear before you and discuss the readiness of the finest aerospace force in the world: America's Air Force. Over the past year, our men and women in blue have continued to protect our nation's interests across the full spectrum of engagement. From humanitarian assistance to contingency operations, aerospace power has provided our theater commanders with the capability for rapid, decisive action in support of our national interests. Our transformation to an Expeditionary Aerospace Force has been a key component of our success. Using this concept, we have been able to continuously assign and deploy Aerospace Expeditionary Forces (AEFs) around the world. Today, we have almost 87,000 airmen deployed or forward stationed, ensuring the security of the United States and our allies around the world.

Our successes notwithstanding, we are confronted with a number of issues. Recruiting and retention are a recurring concern in today's competitive environment. Aging aircraft and infrastructure have greatly challenged our readiness. The changing global security environment demands we evaluate our future organization, concepts of operation, and capabilities to ensure we remain relevant now and in the future. To address these challenges, recapitalizing and modernizing our force becomes imperative. We must emphasize science and technology, improve our partnerships with industry, expand our capabilities in space, and become more efficient in all our efforts.

PEOPLE

We are the finest aerospace force in the world largely because we have the finest airmen in the world. Our challenge is to recruit the best of America's youth while retaining our highly skilled and experienced force. These are not easy tasks in the face of intense competition from the private sector.

Your continuing support has helped us meet our recruiting goals without lowering our standards. Enlistment bonuses, adjusted pay initiatives, retirement reforms,

and improvements in medical benefits helped us reach our fiscal year 2000 recruiting goals. They have kept us on track to meet our goals again this year.

Recruiting is only part of the equation. Retention is critical to the health of our force as well. In fact, we have the highest retention goals of any service—the Air Force is the retention force. We rely on a cadre of dedicated, skilled airmen to keep our aircraft flying, our satellites operating, and all of our systems continuously ready for employment. The skills of these airmen are in great demand in the commercial world. Our people are talented, disciplined, and drug-free; they are wonderful citizens and workers, and companies everywhere want them. In short, the strong pull from the private sector in combination with other factors has resulted in several years of depressed retention, creating experience shortfalls in a variety of career fields across our force.

In the face of these challenges, we are grateful for your steadfast support that has allowed us to extend and expand reenlistment bonuses, increase housing allowances, and expand Montgomery GI Bill benefits. We are cautiously optimistic that we have turned the corner on first-term enlisted retention. The rate has been at or above our 55 percent goal for seven consecutive months.

We continue to work on our second-term and career reenlistment rates. Their decline appears to have leveled off for now—thanks in no small part to the assistance of the administration, Congress, and this committee. We still have a lot of work to do in order to restore these rates to the desired level that will sustain the force. In the meantime, the cumulative effects of shortfalls in second-term and career reenlistments have created gaps in experience that reduce our ability to perform our day-to-day mission. They also take away from our ability to train the new recruits who must replace our experienced airmen who have moved on to other endeavors. Creating an experienced force is the work of years—once lost, it is not quickly regained.

We continue to face challenges with officer retention as well, for many of the same reasons we have struggled with enlisted retention. The pilot shortage is one manifestation of this effect. The aviation continuation pay program you supported, along with an overall reduction in our requirements for rated staff officers, has kept our pilot shortage at 1,200, even in the midst of an already aggressive airline hiring campaign.

Ultimately, we believe our transformation to an Expeditionary Aerospace Force—with the stability of its predictable rotation schedules—combined with initiatives in pay and benefits, will move us closer to our retention goals.

READINESS

We would like to express our thanks to the administration, Congress, and this subcommittee for the continuing support we've received to help us work on our most critical readiness issues. You've provided increased funding to bolster our most pressing readiness concerns, enabling us to arrest a startling rate of decline. Your support of the fiscal year 2001 supplemental will help us hold the line and maintain our readiness, albeit at its current less-than-acceptable level. Most recently, the budget amendment to the President's fiscal year 2002 budget calls for a much-needed infusion of funds to help with a broad panoply of readiness-related issues. Ultimately, we need your continued support, especially in modernizing our aging aircraft fleet, in order to improve our readiness.

Your United States Air Force is currently operating the oldest fleet of aircraft in its history. At present, our aircraft are 22 years old on average, and growing older. Our aging fleet costs more to operate and maintain in both effort and dollars. The destructive combination of depressed retention among our skilled maintainers and the unpredictable and more frequent breakage on older aircraft creates a challenging situation to stabilizing readiness. Last year we flew 97 percent of our programmed flying hours, but due to a variety of factors, at 103 percent of the programmed cost. Over the past 5 years, we have noted an increase of nearly 50 percent in our flying hour costs. We are working harder and spending more just to maintain level flight.

INFRASTRUCTURE AND PHYSICAL PLANT RECAPITALIZATION

We face many challenges in maintaining our infrastructure and physical plant, as well. In an era of constrained resources and competing requirements, we have been forced to use infrastructure as a bill payer to help us shore up readiness. We greatly appreciate your construction budget adds, but even with your help we are still far short of the industry standard for physical plant recapitalization. Today, our military family homes are 37 years old on average while our plant facilities are 40 years old. We have a \$5.6 billion backlog for maintaining our real property that represents

documented problems, with documented repair costs we cannot afford to pay. We have challenges in sustaining, restoring, and modernizing our infrastructure that detract from our readiness by reducing the quality of life and quality of service our people and their families experience in their living and working facilities. These growing repair costs further contribute to our retention and readiness challenges.

MODERNIZATION

Our aircraft are getting older and their average age continues to increase. Even if we execute our planned modernization program, our aircraft continue to grow older. By the year 2020, their average age will be nearly 30 years old.

Subject to the outcome of Secretary Rumsfeld's strategic review, the Air Force needs to aggressively modernize its capabilities. We have transformed our force organizationally with the Expeditionary Aerospace Force concept, but we are faced with diminishing returns as we are forced to work harder and spend more to operate our aging systems. We need to couple our ongoing aerospace, precision, and information initiatives with advances in continuous global surveillance, directed energy, and unmanned aerial vehicles. Your Air Force is committed to a future of innovation and ongoing transformation to assure we continue to provide the aerospace power that assures the safety and security of our national interests.

SUMMARY

Your United States Air Force is a dedicated force of professional men and women who protect our nation's interests through the exploitation of the aerospace medium. The Nation and its citizens have placed their trust and confidence in us and we have not—and will not—let them down. We are in the midst of trying times, however. We continue to work harder and spend more just to hold the line on our current level of readiness. We continue to work on recruiting and retaining a high-quality force in a competitive economy, while confronting the modernization challenges of our aging fleet and infrastructure.

We are committed to working with you, the Office of the Secretary of Defense, and the other Services to evaluate the most appropriate aerospace strategy for the evolving security environment. We must pay special attention to the shrinking military-industrial base and evaluate methods for improving our current acquisition processes. To that end, we are actively seeking ways to improve the effectiveness and efficiency of our processes, including leveraging the best business practices found in both government and industry. Finally, the statements made in this testimony are contingent upon the results of Secretary Rumsfeld's strategic review. Please consider them in that light. Thank you again for your support as we continue to work together to bolster the readiness of America's Air Force, protecting our Nation's interests and ensuring "No One Comes Close."

Senator AKAKA. Thank you very much, General Handy.
General Williams.

STATEMENT OF GEN. MICHAEL J. WILLIAMS, USMC, ASSISTANT COMMANDANT OF THE UNITED STATES MARINE CORPS

General WILLIAMS. Mr. Chairman, Senator Inhofe, members of the subcommittee, I am proud to be here today to talk to you about the readiness of your Corps of Marines. You have my written statement, and I would only add that the Marine Corps today remains a force in readiness. Men and women still want to become and remain marines. Today, there are some 30,000 marines deployed all around the world, and they are ready to do the Nation's business.

It is true that we have purchased a great deal of that readiness on the backs of modernization and infrastructure, and it is in those two areas that we need your help. I would like to thank you on behalf of those marines whom I represent today for your interest and concern and continued support.

Thank you, sir.

[The prepared statement of General Williams follows:]

PREPARED STATEMENT BY GEN. MICHAEL J. WILLIAMS, USMC

INTRODUCTION

Chairman Akaka, Senator Inhofe, and distinguished members of the subcommittee, it is my privilege to report on the state of readiness of your Marine Corps. On behalf of marines and their families, I want to thank the committee for its continued support. Your efforts reveal not only a commitment to ensuring the common defense, but also a genuine concern for the welfare of our marines and their families.

Today, we are approximately 212,000 strong, with 172,600 marines in the Active Forces and 39,558 in the Marine Reserves. We are ready to execute the National Military Strategy (NMS) as the Nation's "Force in Readiness." The Marine Corps maintains a global, expeditionary perspective. We focus on our role—to be the Nation's premier expeditionary force; prepared to respond across the spectrum of conflict from humanitarian missions to major theater war. Marines train to be first on the scene, first to help, first to quell disturbances, and first to fight. To us, these are enduring roles, regardless of the tactical, operational, or strategic clime and place. Now, more than ever, these enduring roles exist in an international security landscape that challenges us to maintain a conscious force protection posture at all times. Our awareness is high, our training is on target, and our antiterrorist and force protection efforts are robust, both at home and abroad.

In addition to heightened force protection, we are revolutionizing our approach to operations in the 21st century. We are moving beyond the traditional amphibious assault operations that we have conducted throughout our history. Our goal now is advanced, expeditionary operations from land and sea to both deter and respond to crises. A prime example of these attributes is resident within our Marine Expeditionary Brigade (MEB). Nearly 10 years ago, in light of pressing manpower considerations, we deactivated our six standing brigade command elements. Last year, we reestablished three MEBs by embedding their staffs within our Marine Expeditionary Force (MEF) headquarters. These units are now actively operating. The 1st MEB recently participated in Native Fury, a humanitarian assistance operation in Kenya, and 2nd MEB completed a Maritime Prepositioning Squadron offload exercise, Dynamic Mix, in Greece.

The versatility of the MEB is emblematic of the unique scalability of our Marine Air-Ground Task Forces (MAGTFs). In size and capability, these brigades are midway between our Marine Expeditionary Units (MEUs) and our MEFs. A MEB represents a force of about 16,000 marines. It includes a Reinforced Infantry Regiment, over 80 fixed wing and rotary wing aircraft, and sufficient sustainment for 60 days of combat. Our MEBs can either deploy as an amphibious forcible entry capability or be airlifted into a theater of operations and join up with Maritime Prepositioning Forces.

Our commitment to prepare for the future is reflected in Marine Corps Strategy 21, which lays out the Corps' aim to enhance the strategic agility, operational reach, and tactical flexibility of our MAGTFs. Ultimately, our vision of the future and our expeditionary culture, along with our philosophy of maneuver warfare, come together in our emerging capstone concept, Expeditionary Maneuver Warfare. Achieving the full promise of that concept will hinge on our efforts to balance the competing demands of near-term readiness and investment in our infrastructure and equipment modernization. I should note, however, that the programs I will discuss and their associated funding levels may change as a result of the Secretary's ongoing strategy review. The administration has determined our final fiscal year 2002 and outyear funding levels in conjunction with this review.

THE FOUR PILLARS OF READINESS

The Marine Corps assesses readiness in terms of "four pillars": Marines and their families, legacy systems, infrastructure, and modernization. The first two pillars—marines and their families and our legacy systems—are most closely associated with near-term readiness; while infrastructure and equipment modernization are typically linked to future, or long-term readiness.

Properly balancing our resources across these four pillars is essential to ensure we remain ready, relevant, and capable. The Marine Corps always has and will continue to fund near-term readiness first. Unfortunately, as the Commandant and I have stated many times, dramatically increased operational requirements coupled with constrained topline over the last several years have forced us to fund near-term readiness at the expense of our future, or long-term readiness—investment in our infrastructure and equipment modernization. The fiscal year 2002 budget funds our near-term readiness requirements and allows us to begin to address one of our "bill-payers"—our infrastructure. However, adjustments to modernization funding

have been deferred to fiscal year 2003 and out, pending the results of the ongoing Quadrennial Defense Review.

The administration provided additional funding in this budget for military pay and entitlements, health care benefits, flying hours, utilities at our bases and stations, depot maintenance, strategic lift, essential base operating support costs and force protection requirements. In addition to these near-term readiness requirements, the administration provided increased funding for one of our most underfunded areas—our infrastructure. Additional funds provided allow us to begin to address badly needed family housing requirements at Camp Pendleton, California, and bachelor enlisted quarters at various locations. Additionally, funding added to our military construction account allows us to reduce our fiscal year 2002 replacement cycle to between 60 and 70 years. While these increases allow us to begin to address one of our most critical problem areas—our infrastructure—I remain concerned about sustaining that level of investment and accelerating the pace of equipment modernization. Following is my assessment of each Marine Corps pillar of readiness.

MARINES AND THEIR FAMILIES

Marines and their families—our foremost pillar of readiness—are grateful for the committee's and the administration's work to support our programs, improve health care, and provide increased compensation for their service. We have met our recruiting goals for 6 years, and are successful because of your help and the hard work of our dedicated recruiting force. Our recruiters make the crucial difference in today's increasingly challenging recruiting environment—a population marked by a low propensity to enlist in military service, a competitive economy, increasing college enrollment, and generational differences. With your continued help and the devotion of our recruiters, we will continue to attract quality young men and women to fill our ranks.

Retention is on track, thanks in part to the pay raises and incentives previously authorized by this committee. To date we have reenlisted 97.3 percent of our First Term Alignment Program goal for this fiscal year. More junior officers are electing to remain beyond their initial obligation, and we are achieving our enlisted retention goals. We continue to closely monitor retention issues and concerns, particularly in some of the harder to retain technical Military Occupational Specialties (MOSs) such as, intelligence, data communications, and air command and control technicians. While overall officer retention remains stable, we continue to experience higher than average attrition in some skill areas among mid-grade officers, to include administration, command and control, intelligence, combat engineers and public affairs; and we remain guardedly optimistic about our stabilized fixed wing aviation attrition. Enlisted career force requirements present our greatest retention challenges, particularly our mid-grade noncommissioned officers. The Selective Reenlistment Bonus (SRB) program has been our single most powerful tool to influence enlisted retention behavior and meet MOS retention challenges. The increases the administration provided in this budget for the SRB Program and the targeted pay raise initiative will go a long way toward assisting in meeting our recruiting and retention goals and helping take care of our marines and their families.

While our marines and their families have benefited from recent increases in pay and allowances, the increasing costs of the basics, such as rent, utilities and fuel, require continued annual increases in pay and basic allowance for housing to ensure our marines maintain an acceptable quality of life. Further, we need to provide and maintain those essential support systems that benefit and protect marines and their families; especially accessible, responsive health care. We are extremely thankful to Congress, Mr. Chairman, for the recent enactment of much-needed improvements to the TRICARE system for our Active Duty personnel and for our retired veterans. We are thankful to the administration for providing increased funding for improvements in this area. We expect these improvements to make a significant difference in retention and morale.

Another issue affecting the first pillar of readiness is the Quadrennial Defense Review (QDR). Although the last QDR led to tangible improvements, it also resulted in a reduction in our end-strength that essentially removed the warfighting "shock absorber" of the Marine Corps. As a result, there remains little flexibility in meeting the personnel demands inherent in a robust operational tempo. In order to improve our near-term readiness, we have made significant internal adjustments over the past 2 years. Through reduction in attrition of our first-term marines, internal management efficiencies, outsourcing, and privatization, we will eventually return approximately 4,000 marines to the operating forces. We are also utilizing numerous better business practices to make our operations both efficient and effective and we

now have the largest Activity-Based Costing/Management program in the Department of Defense.

The readiness impacts of the personnel tempo legislation contained in the Fiscal Year 2001 National Defense Authorization Act run counter to the Corps' rotationally deployed, expeditionary ethos as well as our limited budget. Marines are deployers by nature; men and women join the Marine Corps to see the world and we don't disappoint them. Our successful recruiting and retention efforts bear testament to the viability of our service culture. Our forward-deployed crisis response forces and security forces, the units we need most ready to engage the threats to our national security, are the ones this legislation will have the greatest negative impact upon. Although the personnel tempo legislation may be appropriate for the other services, its present construct does not comport with the Corps' culture and missions and is likely in the long run to have a profoundly deleterious effect on our cohesion and on our ability to conduct operations and training.

OUR LEGACY SYSTEMS

Our second pillar, legacy systems, is key to near-term readiness. This pillar represents the equipment, aircraft, and weapons systems currently in the inventory of our MAGTFs. Although the ground equipment readiness rates of our operating forces and prepositioned assets remain relatively high, most of the primary equipment and weapons systems in our command element, ground combat element, and combat service support element have reached or exceeded their programmed service lives. As the Commandant and I have previously testified, we are facing block obsolescence in our major legacy systems. The cost to maintain these systems, in terms of both dollars and man-hours, continues to climb. We have taken maximum advantage of Service Life Extension Programs, which marginally improve our legacy systems, but these programs cannot fulfill our modernization needs. Our reliance on aging equipment negatively impacts our capabilities. The countless hours of maintenance required to keep these systems operating safely, directly impacts the quality of life of our marines and allows less time for their training. We can no longer afford to delay the modernization of our force.

The situation is the same in our aviation combat element. Many of our aircraft are approaching block obsolescence. In fact, the majority of our primary rotary-wing airframes are over 25 years old. The majority of our key aviation equipment is older than the marines who use it. Our KC-130Fs are 19 years past planned retirement. When our first KC-130F rolled off the assembly line, President Kennedy was beginning his first year as the Commander in Chief, thus underscoring the importance of the KC-130J. Our CH-46Es and CH-53Ds are more than 30 years old, and the average age of our CH-53Es is 12 years. Some of our younger pilots are flying the exact same aircraft that their fathers flew.

Continued aviation modernization is a critical path that should be accelerated at every opportunity. Currently, we are seeing an associated decrease in the reliability and maintainability of aircraft components. Recent studies demonstrate that demands for aviation spares are increasing as our aviation fleet ages. The challenges associated with unanticipated parts failures on older aircraft, diminishing manufacturing sources, and long delays in delivery of these parts all place demands on readiness. While recent increases provided by the administration for Program Related Engineering and Program Related Logistics (PRE/PRL) are extremely helpful, only modernization programs will ultimately relieve the strain being placed on these older airframes.

In addition to ground and aviation equipment concerns, today's Navy-Marine Corps team relies on amphibious ships that are reaching the end of their service lives. Our amphibious lift requirement is well-defined. We require ships to meet forward presence requirements while maintaining the flexibility to surge additional forces for the uncertain crises of the future. Although our amphibious lift requirement is for sufficient ships to lift 3 MEB Assault Echelon (AE) equivalents, fiscal constraints have resulted in plans which limit the programmed amphibious force to 2.5 MEB AE equivalents, a total of 36 ships (or 12 Amphibious Ready Groups). This requirement is presently sustained with a combination of active and Reserve Navy ships and inactive ships maintained in the Amphibious Lift Enhancement Plan (ALEP). Our 2.5 MEB (AE) lift requirement can be achieved by active Navy amphibious ships upon the delivery of the twelfth LPD-17 class amphibious ship. Currently, the Navy is planning a future amphibious force of 12 big deck ships (a mix of aging LHAs and newer LHDs), 12 newer LSD 41/49s and, with your continued support, the 12 LPD-17 San Antonio Class ships. We remain concerned about schedule slippage in the LPD-17 program.

Another critical component of our strategic lift capability is the Maritime Prepositioning Force (MPF), which provides the Unified Commanders thousands of C-17 sortie equivalents of combat equipment and sustainment already forward located in their areas of responsibility. However, the MPF ship leases will expire in fiscal year 2009 and fiscal year 2011 and we will need National Defense Sealift resources to replace these cost-effective and proven strategic assets with MPF Future ships. Because the U.S. has never been able to rely exclusively on forward basing or overseas access as means of positioning forces, and with base access increasingly problematic, Naval forces must continue to provide robust assured access with forward presence and the projection of power and influence from the sea. Our future operational concepts envision use of the sea as maneuver space and as a sanctuary to base long range, precision Naval fires, force assembly, maintenance, and resupply base in future operations. MPF Future will be a key enabler of the sea-based logistics operations necessary to support expeditionary maneuver warfare, providing support for forces already forward-deployed or deploying in amphibious ships as well as rapid response with tailorable and scalable stocks for crises.

INFRASTRUCTURE

Our third readiness pillar, infrastructure, is so significant to our overall readiness that the Commandant of the Marine Corps refers to it as the Fifth Element of the MAGTF. Our bases and stations are the platforms from which we project expeditionary power by deploying and sustaining MAGTFs. They are the platforms for developing, training, and maintaining our marines, and they serve as the centerpiece for our quality of life programs.

We have a long-range plan that will guide the strategy for our infrastructure through the year 2020. Our intent is to have an infrastructure that minimizes redundancy, maximizes efficiency, is cost-effective, environmentally sound, and capable of supporting the weapons systems and operational concepts we are developing. Along with equipment modernization, however, infrastructure (Military Construction, Maintenance of Real Property, and Family Housing) has long been a bill-payer for near-term readiness.

Thirty-five percent of our infrastructure is over 50 years old. Our supporting infrastructure—water and sewage systems, bridges, and roads—is antiquated and decaying. They constitute a “quiet crisis” looming across our bases and stations. The increases provided in this budget allow us to begin to address this problem but I remain concerned. Prior to the administration’s increases, our military construction replacement cycle exceeded 100 years; the industry standard is approximately 50 years. While this budget allows us to attain an over 60 year cycle of military construction replacement in fiscal year 2002, the average recapitalization rate rises to nearly 100 years across the Future Years Defense Plan (FYDP).

We have made no significant progress in the maintenance and repair of our existing infrastructure. While we had slowed the growth of backlog of maintenance and repair (BMAR) at our bases and stations to approximately \$650 million this fiscal year, it rises to \$687 million in fiscal year 2002 and averages approximately \$660 million across the remainder of the FYDP—far exceeding the goal of \$106 million by fiscal year 2010.

Approximately half of our family housing units are inadequate, and we have a deficit of almost 9,000 homes in fiscal year 2001. Our goal is to eliminate inadequate family housing units by fiscal year 2010. This budget allows us to revitalize our current inventory and to accelerate the elimination of substandard housing; however, it does little to address our family housing deficit. As currently planned, assuming Basic Allowance for Housing is increased to reach zero percent out of pocket by fiscal year 2005, we will reduce our family housing deficit by approximately 20 percent by fiscal year 2006.

Another challenge we face is protecting our bases and stations against the many forms of encroachment that threaten to curtail our operations. Urban growth and development near our installations inevitably require coordination and compromise with many elements of the civilian sector on issues such as land, sea, and air usage, environmental stewardship, and frequency spectrum management. Accordingly, we work diligently to remain good neighbors and to accommodate the demands of adjoining communities without degrading training and the mission effectiveness of our bases and stations. However, encroachment issues already dominate the agenda in some areas, and we anticipate that these issues will multiply in the years ahead. Encroachment is simply the manifestation of the competition for precious limited resources. We must recognize that some of the interests involved are mutually exclusive. A decision to build a civilian access road on one of our bases, or to protect a species, may close or preclude a training range; a decision to share airspace may

restrict operations; a decision to share a frequency may preclude the use of a technology. Because of their potential impacts, some of these decisions should be made at the National level. We need your support to ensure that the debate on encroachment is informed, and the impacts carefully considered and controlled.

MODERNIZATION

Finally, I would like to address our fourth pillar—modernization. Equipment modernization, like infrastructure, has long been a “bill-payer” for near-term readiness. For most of the last decade, Marine Corps ground and aviation equipment funding was below the “steady state” requirement level. Unfortunately, this trend continues. While the fiscal year 2002 budget does not include increases for equipment modernization pending results of the ongoing QDR, fiscal year 2002 ground equipment modernization is currently funded below our “steady state” requirement level. Based on today’s National Military Strategy, we have identified the direction we need to go and the equipment we need to meet tomorrow’s challenges and maintain the “expeditionary force in readiness” our Nation requires. We are optimistic that the fiscal year 2003 budget will allow for acceleration of the pace of equipment modernization.

The replacement of the 17,000-vehicle fleet of HMMWVs with the HMMWVA2 and the replacement of the 5-ton medium truck family with the Medium Tactical Vehicle Replacement (MTVR) are crucial steps in our effort to modernize our ground mobility. The planned replacements for these two aging families of vehicles will begin to lower maintenance costs and associated readiness challenges. Acquisition of other major replacement systems such as the Advanced Amphibious Assault Vehicle (AAAV), the High Mobility Artillery Rocket System (HIMARS), and the light-weight 155mm howitzer are also part of the solution. Lethality and the ability to maneuver our forces remain cornerstone requirements for the ground combat element.

We also have a viable, balanced plan to field new and improved aviation platforms: Joint Strike Fighter, KC-130J, AH-1Z/UH-1Y, and the MV-22. The V-22 program is being restructured based upon recommendations from the Secretary of Defense-chartered Blue Ribbon Panel. The Panel recommended that the Department of Defense proceed with the program but temporarily reduce production to a minimum sustaining level to provide funds for a Developmental Maturity Phase that may take from one to 2 years. We are hopeful that needed changes and improvements to the program will be funded at the most economical rate of production in the fiscal year 2003 budget.

Just as with our ground equipment, the pace at which we field aviation platforms is a critical issue. Our success in keeping Marine Corps aircraft safe and operational is the result of a sustained and intense maintenance effort. Since 1995, our direct maintenance man-hours per hour of flight increased by 16 percent and our “cannibalization” rate increased by 24 percent. During the same time period, our full mission capable rate, though still within acceptable parameters, decreased by almost 17 percent across the force. These statistics represent data for all Marine Corps aircraft and are indicative of our aging fleet.

The burden of maintaining readiness at acceptable levels has been increasingly borne on the backs of our marines. Readiness sustainment programs such as Program Related Engineering (PRE), which identifies necessary component improvements before incidents occur, have been underfunded for so many years that we have had to rely primarily on vigilance in maintenance from our marines to ensure safety of aircraft. Fortunately, this budget includes increases for this critical program. The longer we defer the acquisition of new weapons systems, the more critical it becomes to fund programs needed to maintain and reduce associated risks of aging legacy systems.

Despite the many challenges that confront us, the Marine Corps, drawing upon its 226 years of expeditionary tradition, is primed for the future. We constantly evolve our warfighting capability through the development of new tactics, doctrine, and equipment. With your help and that of the administration, we are on a modernization track that, in 2008, will result in the initial convergence of a number of major programs. If realized, this will profoundly modernize the Corps and dramatically enhance our strategic agility, operational reach, and tactical flexibility. Our commitment to innovation and experimentation will ensure we are ready on every occasion the Nation calls.

SUMMARY

With the continued support of Congress and the administration, we will maintain the high level of readiness that the American people expect from their Corps of Marines. Thank you for the opportunity to present testimony on this important issue.

Senator AKAKA. Thank you very much. Now we will begin with the questions. I just want the subcommittee to know that we will have rounds of 8 minutes, and we will begin with my questions followed by Senator Inhofe, Senator Nelson, and Senator Bunning.

General Keane, the Army's budget request reduces the level of tank training miles and helicopter flying hours below the traditional goals of 800 miles per year and 14.5 hours per month. What is the rationale behind the Army's decision to reduce its training levels, and what impact would this reduction have on readiness?

General KEANE. Thank you, Senator. First of all, we do not believe it will change the C-1, C-2 status of our combat fighting formations. We think it is a prudent operational risk that we can take. We reduced a \$5.6 billion account by \$300 million, and frankly we did that to transfer money into our installation support account, into SRM, to do something to break the hemorrhage that we have had for a number of years.

Part of the 2002 plus-up that we received also assisted us with SRM but, quite frankly, not enough, and we cannot continue to ignore the reality that our infrastructure on those facilities are decaying at a greater rate than we have a capacity to repair them. What we have been doing is giving our commanders 70 cents on the dollar to fix what is broken on those installations, and it is just unsatisfactory.

We think we have taken a prudent operational risk. We do not think it will have significant impact on our readiness. We are going to do a midyear review in January with all of our major commanders to see what the situation is. If it appears that we are going to have a readiness impact, then we would readdress it financially at that time.

Senator AKAKA. To all of you, I would like to ask you whether the fiscal year 2002 budget request fully funds the current readiness requirements of your service.

Admiral FALLON. Senator, we believe the 2002 budget makes great strides in helping us, and the objective, as I understand it, of that amended budget is to put us in a position that we do not have to come back and request a supplemental next year. We believe that this budget puts us in a favorable position in that regard. There are, in fact, still things that we need, particularly in the future readiness business, that are not going to be met by the top line in the 2002 budget.

Senator AKAKA. General Handy.

General HANDY. Certainly we are pleased in the Air Force with the 2002 budget as amended by the administration, but I would have to tell you all that it leaves us far short of all the requirements to stop a decline in readiness levels. We think we have stabilized, but we need to turn that trend in the upward direction. This budget makes a good attempt at that, but it still leaves us about \$9 billion short of Air Force requirements.

Senator AKAKA. General Williams.

General WILLIAMS. Sir, I would echo those comments, that the 2002 budget makes a substantial contribution, especially in the area of infrastructure, current readiness, and depot-level maintenance. To the extent that modernization is a readiness issue, and we believe in the Marine Corps that it has become a readiness

issue, that budget continues to fall short of helping us to catch up with our deferred modernization over the past decade.

Senator AKAKA. General Keane.

General KEANE. Sir, as I said in my opening statement, it is a step in the right direction, but we still have chronic problems, frankly. Our future readiness account remains broken. Recapitalization of our aging fleet is not what it should be. We have moved money around internally in the Army to help ourselves as best we can, but we still have significant claims there. As I mentioned, 75 percent of our ground and air combat systems are beyond their half-life.

What we have discovered, when you do the analysis of this and look at it, when a piece of equipment gets beyond its half-life, the operational and support costs for each year thereafter exponentially increase because of the rapid aging of that equipment. What it does is just drives up your operational support costs, and it robs you of capital that you can use for other programs, and that is the kind of spiral we are in right now in the United States Army.

This budget does not do much to help us with that chronic problem that we have. We have unfinanced requirements in total of \$9.5 billion after the budget is amended by the administration.

Senator AKAKA. The next question is to all of you again, what is your assessment of the readiness of the forces in your service based on the performance of the soldiers, sailors, airmen, and marines, both in the real world operations and in training exercises?

General KEANE. In terms of the performance of Army soldiers in real-world operations, testimony to their performance, as measured by their commanders, I think is extraordinary. Many of you have taken the time to visit them, and you see them on those operational deployments day in and day out.

The people making decisions on the streets of Bosnia and Kosovo, when to pull the trigger, when not to pull the trigger, is done by young soldiers, and young sergeants. Colonels and generals are not involved in that activity, and what is on display is the values of the American people, and our national policy is being executed by our youngsters in the United States Army. We are all very proud of them, as to the measure and quality of their performance, and frankly their level of contentment is extraordinarily high as a result of that.

Our highest retention rates are among our deployed soldiers, and I think for obvious reasons. There is a sense of self-worth, the sense that you are doing something important for your country, and you are doing it with some of the best people America has, side-by-side with them, so they get a lot from that. As a result of that, the cohesion that they have in those units is testimony to their retention rates.

Now, training, as well, we have been able to maintain the rigor of our training program at our combat training centers at Fort Irwin and Fort Polk, and also in Germany, as well as our home station training. Those accounts have been funded, and we are very satisfied with the performance of our commanders. Our commanders assess themselves C-1 and C-2 based on the performance of their training, and they do that on a monthly basis, so we let them

make those judgments about the quality of their training, and our own assessments that senior leaders make is very satisfactory.

Admiral FALLON. Senator, I would have to jump on what General Keane just said. I will tell you that we believe that our forward forces are in very good shape. They have performed admirably when called upon the last couple of years. Even, particularly this time of year, sailors that are forward-deployed to the Gulf in a very demanding environmental situation are just doing a bang-up job. The indicators that we have, the ways that we track this through our readiness systems, also support the fact that they are in really good shape forward-deployed.

I will tell you a couple of statistics. My previous assignment was down as the Second Fleet Commander. I was tasked to provide these trained and ready forces to go overseas, and just in the area of manning, which I think is the most important factor in any of our readiness equations, we were not able, back 3, 4 years ago to deploy forces at more than the low 90 percent of their required manpower across the board in most of our ship and aviation units.

The last couple of battle groups that left from both the east and the west coasts have gone out with percentages in the upper 90s, basically almost a full complement of all the people that they really need to do the job fully deployed, and that is a tremendous boon to our forces.

As General Keane indicated, also, our forward-deployed readiness is very high, and higher than I can remember in quite a long time. But I have to tell you that, conversely, the down side of that is that probably those units that are lagging, particularly in retention, most often are support units that are being used to provide the resources to maintain the high readiness of our forward forces. So, for example, our replacement and training aviation squadrons' retention rates are not nearly as good as we would like to have them.

I will also give you one other statistic. Although we have been able to keep the forward-deployed folks consistently at C-1, C-2 readiness levels, we have noticed over the past decade a steady decline in the nondeployed readiness. In fact, we are about 10 percentage points, a full 10 percent lower in nondeployed readiness than we were a decade ago, and that is the thing that we feel has just to get turned around, so the additional money that is available this year will basically keep us going, next year a substantial input to keep the resources in the forward forces so that we do not have to go back, hopefully, and dig so deep into the bathtub of our non-deployed forces.

Senator AKAKA. Thank you.

General Handy.

General HANDY. Senator, there are two sides to that story. The one that you addressed predominantly is the people issue, and one of the things that I would report to you is, on those opportunities where we have an opportunity to get out of Washington and visit units, there is nothing that creates more enthusiasm or pride in our hearts, my heart, to be very personal about it, than the magnificent airmen we have out there that perform flawlessly day in and day out. They honor America with their service, and they are

exquisite in the performance of their duties. That is the good news story.

The down side of that is of all the equipment they operate, of the infrastructure they have to occupy, right down to, in a good number of cases, military family housing, are not adequate. Specifically with regards to readiness, of our combat units that report C-1 or C-2, the top two readiness categories, the Air Force today has only reported 69 percent capability. That is a very sad state of affairs, quite different from the early 1990s.

Senator AKAKA. General Williams.

General WILLIAMS. Sir, the Marine Corps is the youngest of the forces. Seventy-five percent of marines are less than 25 years old, and two-thirds of the Marine Corps is always on its first enlistment. They join the Marine Corps to be a part of something bigger than themselves, and to operate and travel and see the world, and we do not disappoint them. We keep them busy. They are, I think, extremely well-led by the junior officers, who are the troop leaders of the Marine Corps. I think their performance is superb, the best possible advertisement for the Marine Corps is a young PFC or lance corporal.

We worry about their taking care of their families when they are gone, and the adequacy of their family housing, and the adequacy of our bases to take care of them; but, their readiness to do what the Nation needs them to do I do not think has ever been higher, nor has their quality.

Senator AKAKA. Thank you, General. I would like to call on Senator Inhofe at this time.

Senator INHOFE. Thank you, Mr. Chairman. One thing about this subcommittee, the lines of jurisdiction are not really well-defined, because while you might consider retention issues as being personnel issues, or optempo issues, those are readiness issues, the same with modernization.

Yesterday—some of you may have watched the rerun of our hearing, where we had all of the Chiefs and all of the Secretaries before us. I tried to get the point across that more than anything else—because we in this room are all aware of it, but the general public is not aware of it—that we do not have the best of everything any more, and that becomes a readiness issue.

General Keane, yesterday I used a chart, looking at the Paladin, which was developed back in the early 1960s, and at that time I think we outgunned almost everybody. However, since that time we have equipment that is being used which was built by the Brits, the Russians, the South Africans, and Germany.

All of them, whether you are talking about range or rate of fire, are better than what we have right now. I use that to get your reaction and to see what you think is the best solution for this very serious deficiency and obviously the Crusader is what I am addressing here.

General KEANE. Yes, sir. Thank you. It is certainly true we have been outgunned in artillery for a number of years. We are operating the Paladin system on a 1960s chassis, and it is a carrier for 10-plus years of technology that has aged on that system.

We get into a debate on whether we should bring Crusader into the United States Army or not. I think it is absolutely outrageous

to think that we would permit our young Army soldiers to be outgunned by adversary artillery on a battlefield today.

We would not think of doing something like that with a strike aircraft going against an enemy aircraft, and we would not want that to be in the United States Air Force. We would not think of that happening with a submarine going against another submarine, and we would not want that to happen to our Navy. We would not think of it happening with a tank. We have arguably the best tank in the world.

But the thing that kills on the battlefield soldiers more than anything else is enemy artillery, and we have to be able to reach out and kill it. We will kill it with joint fires, to be sure, but we have to be able to kill it with close precision fires. We have to do it at range, and we have to have the mobility to do it, and we have to have the lethality to do it, and Crusader is the answer to that. It gets some bad publicity because of its weight.

General Shinseki saw that, and has taken 15 tons off of that vehicle. We can put two Paladins on a C-17. We can put two Crusaders on a C-17. We think we have satisfactorily addressed the weight and deployability issue of the equipment.

Senator INHOFE. I appreciate that very direct answer, because I think it is a crisis, too. I think the argument they use is, you cannot do it with a C-130, but we need to address this. It is the performance that we are after. I appreciate your response very much.

I might disagree with you a little bit in that some of the other services are feeling this, too. General Handy, yesterday we talked at our meeting about our air-to-air capabilities and how we are not able to compete. Even today, the SU-27 in terms of range and detectability range is better than our best air-to-air, which is the F-15, and air-to-ground, the F-16 I think is inferior in many ways to the SU-30.

Now, those are on the market right now to our adversaries out there. In fact, China has purchased some 240 -27s and -30s, we think. We do not know the exact figure.

So you know, we have not modernized that much either, and I would like to have your comments on this, first of all, if you agree with it, and second, the best solution that we might have out there.

General HANDY. Certainly. I appreciate the question, Senator, and I would have to approach it this way, that I am absolutely amazed that anyone would engage in a debate on the value of the F-22 for air superiority in today's world. Factually, when we put our pilots in their today's aircraft, 9 out of every 10 engagements, our pilots in their aircraft win against our pilots in our aircraft.

The F-22, on the other hand, is absolutely proving itself day in and day out in tests. It is meeting or exceeding every one of the key performance parameters that we have stated for the weapon system. It will guarantee for the foreseeable future the capability of airmen around the world to dominate the skies, and to debate that issue makes no sense at all to me.

Could I also address similar comments with the Joint Strike Fighter and its capabilities in the air-to-ground role? The high-low mix of the F-22 for air superiority, and the Joint Strike Fighter for its ground attack capabilities, presents a force structure of the future that no one can deny, and the F-22 is especially noteworthy

in its test performance to date. That is about as direct as I think I can answer your question.

Senator INHOFE. That is very direct. I would just add that it is almost keeping up, though. You have the Typhoon, the Raphael, the Eurofighter, and all this next generation appearing. I look at the F-22 and the Joint Strike Fighter as, yes, getting us back into a position of superiority, but at least holding our own, because it is not a static world out there.

Let me ask you, Admiral Fallon, you talked about your retention improving in several areas. Specifically, on your pilots, because we dipped down below 20 percent here about a year ago, signing up for another complete tour, where are we right now with our pilots?

Admiral FALLON. Thanks, Senator. It is a continuing challenge. We are doing better, and we have done better the last 2 years than in the previous several years, but it is one that requires constant attention, and it is a complex issue. My opinion, for example, is that the thing that I think has had the most direct impact on our significantly enhanced enlisted retention are the targeted, particularly financial incentives that have been put in place for these folks.

I think for the pilot retention, a little bit more of a complex issue, and I think it directly ties to each of these readiness items we have been talking about. In my view, the three principal determinants in readiness are the people, the equipment, and the training. Our people have watched over the past several years that we have consistently shorted several aspects, each of these aspects in its own way.

I think reality today is that the manpower side is being addressed very well. People know there is a commitment by not only the uniformed leadership, but the civilian leadership, and certainly by the Hill and the administration, to do whatever it takes to make sure that our people are adequately taken care of in the best manner possible. I think that is really good.

On the equipment side of the house, though, they have watched consistently as we have deferred these modernization things. You just got into a discussion on aircraft, and I think it is pertinent to look at, for example, we are just introducing the F-18E/F to the fleet, looking forward to the first deployment later this year.

That aircraft is a tremendous improvement over its predecessor, and we cannot wait to get it, but we have also deferred, or minimally invested in, several quality improvements to that air frame that would really put it in fine stead with some of these competitive aircraft. We just have not been able to fund those things at the appropriate level because we have tried to balance all these resources.

The third piece is the training piece. Without adequate training resources, without the ranges and the ability to train the way we really fight, having the best equipment in the world, and even the best people, will put us at a disadvantage at the opening of a conflict, because we would really like to be able to have people go out and, as soon as they are required, to be able to fight the way they need to to win.

Our people are real smart. They understand this. They know what kind of tradeoffs have been made, and they would like to see

a strong commitment in all of these areas as a good indication of this is the kind of outfit they want to stay in and they could support.

Senator INHOFE. My time has expired, but we will have other rounds, I suppose. I have a lot more things to get at. I just would like to have this, if you can get the most current figures, so we can track where it is in terms of retention of pilots, it would be helpful to us.

Admiral FALLON. Absolutely.

[The information referred to follows:]

Aggregate aviator retention rates (both pilot and NFO) through the end of the third quarter fiscal year 2001 are 38.1 percent. Although this is a 2.44 percent decrease from the previous year, it is still 7.1 percent above the all-time low of 31 percent experienced in fiscal year 1999.

Pilot retention rates through the end of the third quarter fiscal year 2001 are 32.97 percent. Although a 6.36 percent decrease from fiscal year 2000, it is still almost 5 percent higher than 28 percent retention of fiscal year 1999.

Senator AKAKA. Thank you. I call on Senator Nelson for his questions.

Senator BEN NELSON. Thank you, Mr. Chairman.

With respect to the retention of pilots and the availability of staffing for military aircraft, I would like to ask General Handy a question.

I was recently contacted by the 55th Air Wing at Offutt Air Force Base. They asked for some assistance to address these critical staffing needs that are necessitated because senior pilots leave the service for work in the private sector, usually flying commercial aircraft. As a way to aid the Air Force, of course, the Nebraska Air National Guard has been seeking the start-up program of funding to maintain a presence at Offutt for the purpose of supplanting, supplementing, and filling in some of the void that has been created by departing, transitioning senior pilots.

I have endorsed this proposal, which is referred to as the future total force initiative, and I wondered if you had any thoughts about that particular program, or similar programs where we could use existing personnel in other military endeavors to try to support and supplement what we might be experiencing both in the short-term, but also maybe in the long-term as well.

General HANDY. Thank you, sir. I would just assure you that the idea of future total force, which is the bumper sticker that the Air Force has used to describe our plans, strategy for the future, and our continuing rather extraordinarily good relationship between active, our Air National Guard, and Air Force Reserve Command components, we believe they are totally integrated in everything that we do today.

But the future total force concept is one that looks for all the ideas where we could engage Guard or Reserve components more aggressively in day-to-day operations and in long-term mission areas, and we will continue to flesh out ideas, as you suggested.

I would just like to add, we are 1,100 pilots short today. Now, we predict that we will be about 1,200 pilots short in the 2002 time frame, and the airlines are hiring about 5,000 pilots a year from now as far as we can see into the future, and so any effort, as you have suggested, that we can work together with you to enhance and stop that bleeding, then we will be there and ready to engage.

Senator BEN NELSON. Any others that might like to respond to similar kinds of programs that you are entertaining right now to try to supplement support, any of the inadequacies, or lack of staffing that you may have in your branch?

General WILLIAMS. Sir, I would just tell you from my service point of view we have made some fairly substantial improvements in pilot retention. We have been okay, about 60 percent of our pilots are rotary wing pilots. We have not had a big problem with rotary wing pilots. We have had a problem with fixed wing pilots, mostly for the obvious reason of airline hiring.

We have come down about 50 percent in our resignations from 2 years ago; but, when we look at the percentage of fixed wing pilots who are accepting the bonus this year and committing themselves for a long period, we see that number is starting down, so I am not so sure that our good news is not temporary.

We do use our Reserves. Our Marine Corps Reserves fly with us mostly for optempo relief, and we find that we do not have a problem manning our Reserve organization, because pilots who get out like to maintain their affinity with the Marine Corps, so in the Reserves we are in pretty good shape for pilots; but we may be on the verge of struggling again with fixed wing pilot retention.

Senator BEN NELSON. Admiral Fallon.

Admiral FALLON. Senator, I think we are pretty much in the same boat as the Navy. We are very open to any ideas that might help us to work on retention. I firmly believe, though, that our people are looking for signs of long-term commitment, to not just patchwork our way through year-to-year, but to see that we are going to be moving in a steady direction for a consistent period of time, and I think that will help tremendously.

We are seeing the rates increase, but again our take rate on the bonus this year is not quite as high as we would like to see it, so we are making improvements, but I think people are looking to see some more signals in the air.

Senator BEN NELSON. General Keane.

General KEANE. Senator, we do not have a pilot retention problem in the Army, but nonetheless we are challenged by staffing in our aviation organizations, and our TRADOC Commander General Abrams has an initiative which General Shinseki is considering to increase the staffing in our aviation battalion headquarters to get our pilots more stick time and to reduce the stress that they are experiencing by trying to do both and also be staff officers.

This came to light when we deployed our forces to Albania with Task Force Hawk, and we put a spotlight on it and realized that we had to do something to arrest that problem.

Thank you, sir.

Senator BEN NELSON. Thank you.

Senator AKAKA. Senator Bunning.

Senator BUNNING. Thank you, Mr. Chairman.

General Keane, yesterday the Secretary of the Army and General Shinseki came before the committee. In the Secretary's prepared statement, he mentioned that as a result of the increased use of the Reserve component to meet mission requirements, the Army needs to improve the number of full-time support personnel sup-

porting the Reserves. Will increasing the number of full-time support to the Reserve component improve their readiness?

General KEANE. Yes, it would, sir. By having full-time people there day in and day out to help plan and organize the training that is taking place as opposed to attempting to do that on a part-time basis will help stabilize those units better than what they currently are. It also helps to prepare them for the deployments that are taking place by having more full-time men in support helping to prepare those organizations for deployments before we actually mobilize the part-timers for full-time deployment, so that is an attempt on our part to relieve some of the pressure in those organizations.

Senator BUNNING. It sounds like robbing Peter to take care of Paul, though. In other words, what do you do then with the Reserve? When you utilize the Reserve, you are moving that Reserve unit out because they are better-trained and better-prepared because of the use of the full-time officer that went in to help.

General KEANE. Yes, sir, what the full-timers help you do is make adequate preparation for that deployment. When the actual deployment occurs, obviously everybody there is then in a full-time status. It helps you make that transition from a part-time status to a full-time status better, and we have learned that through experience, through the years.

Senator BUNNING. You mentioned in prior testimony today that you are about \$9.5 billion short. Is that on an annual basis?

General KEANE. Yes, sir. Well, of course, we do not know what the future budget requirements will be, but it is pretty close on an annual basis.

Senator BUNNING. I was going to say, how can you tell, because unless you are involved, and I assume you are, in the shakedown, the thing that the Department of Defense is doing, how do you know your future requirements, and where it is going to come down as far as dollars for the Army, dollars for the Navy, and down the line.

General KEANE. No, we do not. What I was talking about is the \$9.5 billion shortfall are unfinanced requirements we have for the 2002 budget that has been presented to you.

Senator BUNNING. Just the 2002 budget.

General KEANE. The 2002 budget, and right now we are in a strategic review, and also the quadrennial review, sponsored by the Secretary of Defense, and we are in the middle of that process right now.

We intend to finish that hopefully by the end of this month, and out of that will come fiscal guidance to the services, and will enable us then to begin to build what we refer to as the 2003–2007 POM which will produce the 2003 budget, and then we will have certainly a better understanding as to what funding we will have for 2003, and any shortfalls, if any, that we may have as a result of that. We will have a pretty good handle on that, I would imagine, by the end of the summer, early fall, as to where we stand.

Senator BUNNING. You realize if it had not been for Congress that you would be a lot shorter than you are now in fulfilling the presidential requests in the past 10 years. If we would have filled

100 percent of the requests from the services, you would be much deeper in the hole than you are right now.

General KEANE. Yes, sir.

Senator BUNNING. We plussed up most of those budgets, and we cannot in my personal opinion plus-up the 2002 and 2003, 2004 fast enough to make up for the shortfalls that we have had over the last 10 years, so I assume that is why the Department of Defense is going through this study to find out how they are going to fight wars, what the future of fighting wars is going to be, and what the best way to get there is, and how we can fund them properly.

I would like to talk to the Admiral for just a second. There are 317 ships. We hear 240. We hear that is where the Navy is headed, 240, if the present trend continues. How many more dollars does that mean that we are going to have to put into the Navy's budget to get you—we cannot do it with three ships a year, is what I am trying to tell you.

Admiral FALLON. Senator, if I could make a couple of comments, one, going back to the question that was asked earlier about 2002, we have another \$12 billion in requirements that we could identify to fully resource not only our current readiness but to make the investments in recapitalization that we would need to maintain that 317-ship level.

To put it in round numbers, over what is programmed right now at 2002 levels, we will need about \$10 billion a year in money to get us up to rebuild, out of this hole. For example, you used the number 240. You could pick a number and pick a year, and depending on several factors it could be as low as—I know the CNO has used the number 180 at one time. Well, if you project far enough into the future at the current build rate, you will get down to those levels and eventually maybe even lower.

So the key point is, we are not going to do it at the current build rate of less than six a year. We are going to have to get it up. We think it is going to be about a \$10-billion a year investment over what is in there now.

There are a couple of factors here. One is a major effort being made to address the near-term readiness things so that we do not have to continue to rob in the future to fund those accounts, and that is really headed in the right direction. Use that as the launching pad. Now we have to really look at the future and make an investment.

Senator BUNNING. I assume that the Secretary of Defense task force on modernization and how we are going to do that will come up with a number that we have to fund to that level if we are going to get back to where we were.

Admiral FALLON. Yes, sir. That is our expectation as well.

Senator BUNNING. General Williams, you mentioned modernization in the Marine Corps. How short is the Marine Corps as far as dollars are concerned?

General WILLIAMS. When we looked at that, we came up with a number that includes some of Admiral Fallon's equipment, because, of course, the Navy buys our aircraft, and it would be around \$1.4 billion.

Senator BUNNING. \$1.4 billion?

General WILLIAMS. Yes, sir.

Senator BUNNING. Well, if my math is anywhere close to being correct, that is about \$32 billion on an annual basis just to get back to maintaining and modernization that we need to have done under the present force structure.

If I may ask one more question, Mr. Chairman, because I asked all the Chiefs yesterday—on BRAC. I am a questioner of BRAC, and everybody at the table yesterday was for BRAC. The reason I am a questioner of BRAC is, I have not seen any dollars. Nobody has ever come to me and shown me what has happened with the saved money.

If you would assist your Chiefs to come up with a schedule of savings that have occurred since BRAC I and BRAC II, it would really assist those of us who do not believe that BRAC III is necessary.

Now, I know the rationale for it. I know a lot of places around this country would be very unhappy with a BRAC III, but if there are substantial savings—the number mentioned yesterday was \$4.5 billion. I would like to see it, I would like to feel it, and I would like to be convinced that a BRAC III is necessary, so I just leave that with you.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much. For your information, we have another round to go through if you have other questions.

My next question is to Admiral Fallon, and this has to do with ship overhauls, which has been a huge part of the Navy. There has been a lot of concern in recent years about both the funding level and the management of Navy ship maintenance programs. You acknowledged this problem in your statement. Despite frequent supplementals and increases to the budget, we still hear of scheduled maintenance availabilities for ships being canceled.

What is the Navy doing to increase the stability and predictability of ship overhauls so that our ships can get the maintenance they need, and also so that work promised to public or private shipyards will actually be made available?

Admiral FALLON. Senator, I will start with a confession, that we have institutionally for some number of years now, and it is probably longer than we might like to admit, we have consistently managed to understate the true requirement for the repair and maintenance of our forces, and it has been going on for so long that it has become endemic in the institution.

The CNO, having a tremendous amount of fleet experience, is determined to correct this way of doing business. We have been working for the last year, specifically, that he has been here, and almost the year that I have been up here, to get our people to correctly identify what needs to be done. This is not just some criminal activity, or something that people did because they had evil intentions. It was people recognizing what they perceived to be the reality of funding levels, and making rationalizations to basically diminish the appetite for fulfilling the requirement to keep ships up.

In other words, lots of times—for example, during a ship overhaul, work will be identified after the fact that happens to be over the budget that was submitted for that particular vessel, and people are then faced with a decision. You go ahead and do the work

now that has been identified, or just say, well, can the ship survive without that being done? If the answer was yes, more often than not the work was deferred.

There are other times when it would have been most efficient and most effective for the long-term to get a certain work package completed when the ship goes in, it is opened up and accessible, but those decisions were consistently made to not do it because of the desire to have some of those resources apportioned to other vessels, and so we have gotten into this business. We have to fix it. We are determined to fix it, and we are working with the fleets right now to do everything we can to positively identify those requirements and to get it funded.

This is not going to happen overnight, as you well know. We have ships that are in their thirties, for age, and decisions are going to be made as to how many resources to put into those versus going to the newer ships, but we are determined to work on this and to do our best, and the amount of money that has been identified as a requirement substantially increased over the last year, and we are seeing already in the 2002 budget a significant increase in money that is dedicated in this area, so we aim to fix the problem.

Senator AKAKA. There has been and is concern on readiness reports, and this is for all of you to comment on, especially the accuracy of readiness reports. Do you believe that our readiness reports give you and other top leaders in the Pentagon an accurate feel for the readiness and capability of our forces? General Keane.

General KEANE. Yes, Mr. Chairman, in the Army we have the capability to not only receive readiness reports from our division and corps commanders, but actually down to the battalion level themselves, and we are very encouraged by the directness and frankness of those reports.

Battalion commanders lay out very clearly what their challenges are, so we think that those reports are accurate, and based on our own anecdotal evidence of visiting the field and staying in contact with them, what we are able to observe ourselves with our own eyes, and using our own judgment, and what we are reading in the reports themselves I think are an accurate assessment of where we stand.

I know there is always some concern about that, and it deals with whatever pressure the people feel, the youngsters feel out there to make their organization look good, so to speak, but in my judgment, having spent most of my life there, doing that, and supervising these battalion commanders, and knowing truly what is taking place, I know they are telling it like it is, and we have plenty of evidence to substantiate that, sir.

Senator AKAKA. Admiral Fallon.

Admiral FALLON. Mr. Chairman, I also have high confidence that our people are doing it right. There is a difference in these bands, C-1 and C-2, for example, that we can see. We have seen that within C-2, for example, that we have for several years a lower trend in reporting. They still made the cut, if you would, for C-2, which we consider minimum deployable status, but it was definitely lower than it had been before, and our people were telling us that, and they would give us the specific anecdotes, and data.

As I mentioned before, our nondeployed readiness in the Navy and Marine Corps is unique, I think, in that regard, that historically, we would allow our nondeployed people to go to lower levels. The reality is that they are going to much lower levels than they had been before, and that is a consistent trend over the past decade, and our people have been reporting and that data has been obvious, and that is what we would like to correct. We would like to bring those lower levels up so that we do not have to have it degrade to the level that they experienced in the last couple of years.

Senator AKAKA. General Handy.

General HANDY. Senator, the short answer is, I have absolute confidence in the accuracy and significance of readiness reporting, and I can say that because it is not just the readiness report C-1 or C-2 that we measure. You add to that the metrics, other very detailed metrics of mission-capable rates, launch rates, supply support rates. All of that is also an indicator of readiness effectiveness, as well as the Commanders in Chiefs out there, the war-fighters direct feedback on the readiness of units that report for action.

All of that combined leads to a level of confidence in the overall readiness reporting system, so we feel very confident for all of those reasons that we are getting the right feedback from our people.

Senator AKAKA. General Williams.

General WILLIAMS. Yes, sir, we do have confidence in it, and our junior commanders do not see reporting low readiness as something that is a mark against their record; but, rather, when that happens, that is the way that we shine light on their problems and get them additional resources. So we do not put the pressure on to jack up readiness rates. In fact, I have great confidence that the commanders are telling us the truth.

Senator AKAKA. Thank you. We will call on Senator Inhofe for his second round of questions.

Senator INHOFE. Thank you, Mr. Chairman. In your first round, you asked the question about the sufficiency of the budget. I think, General Handy, you are the one that used a figure. You said \$9 billion. Was that just referring to the Air Force, when you were talking about some of the deficiencies that are there from the budget?

General HANDY. Yes, sir. If you take the current, as amended administration's 2002 column against the Air Force requirements for 2002, and I would quickly add does not fix everything, does not totally modernize, does not fix readiness, so those are some fairly significant loopholes but if you take that against our reasonable requirements for the 2002 budget, \$9.1 billion is the—

Senator INHOFE. Okay. That is significant, and I think it is important for us to know from each of the services. Last fall we had the Joint Chiefs appear before the committee, and we asked the same question. They said the deficiencies were between \$48 and \$58 billion.

Now, because of the upgrade, or the improvement that is coming out of the White House, that is still about \$30 billion, but I would like to have this broken down between services. You may not have it now, but anything that you can share with us for the record would be fine, or anything you have right now would be helpful.

General KEANE. Yes, Senator. The Army's shortfall, or unfinanced requirement against the 2002 budget is \$9.5 billion, and the largest amounts of that shortfall, as I mentioned, our recapitalization program is underfunded. That is \$556 million. Our force modernization is underfunded. That is almost \$2 billion.

I mentioned the fact that the Army has a staggering \$18 billion backlog in repair and maintenance that is being driven by chronic underfunding through the last decade-plus. Our capacity to execute that backlog in this current year would be \$2.7 billion, so those are the three major areas of the \$9.5 billion. They give you the sense of what some of the items are. There is a long list of these items, obviously.

Senator INHOFE. Good.

Admiral Fallon, do you have anything more specific?

Admiral FALLON. Yes, sir, Senator, I do. The number for the Navy is \$12.4 billion, and the majority of that, like the Army, is in modernization programs and infrastructure, aging infrastructure.

Senator INHOFE. General Williams.

General WILLIAMS. Yes, sir. It was about \$1.4 billion.

Senator INHOFE. You are still using retreads, too?

General WILLIAMS. Yes, sir, and that also includes some double counting, probably, because it also includes some aircraft modernization issues that perhaps the Navy is counting as well.

Senator INHOFE. Okay. General Keane, in your opening statement you talked about, in a very positive way, the 94 percent as far as real property maintenance (RPM) accounts are concerned. I think it is important for us to understand and not be fooled here that these are things that should have been done yesterday.

I can remember, after I was down there with you at Fort Bragg, and you were replaced by General Kernan, I think it was.

I was down there later in a rainstorm in the barracks and they were covering up the equipment with their own bodies to keep it protected. Those are things that should be done, and I think we have to get ourselves in a position where the RPM accounts are taken care of immediately.

General KEANE. I said it positively because it was a step in the right direction for us to move from a funding level of about 70 percent of SRM, which is what we have done throughout most of this decade, to 94 percent, so that is a big step for us.

Senator INHOFE. Yes.

General KEANE. We were able to do that as a result of the budget amendment to some degree, and also moving some of our optempo dollars in that direction, because we just cannot continue to go the way we have been going.

Senator INHOFE. Those accounts have been the recipients of a lot of other accounts. From ammunition—I am sure each one of you could tell your own stories about the SRM deficiencies out there. I just want to make sure that the record accurately reflects that this is still a crisis.

General KEANE. It very much is. We are not at 100 percent, and it is just 1 year that we have begun to put close to the amount of money that is needed, and we are going to have to continue that

as we move along. As I mentioned before, we have to do something about the backlog that is out there as well.

Senator INHOFE. Let me get into another area. I did not mean that critically at all. I just want to make sure the record accurately reflects the crisis that we are experiencing in that area.

In my opening statement, General Williams, I told you I was going to talk to you about the problems on some of our ranges, specifically Okinawa. I would like to have all of you think about this. I compliment, of course, Admiral Fallon for the work that he has done in trying to help us with the crisis that we have in Vieques. It is my intent that we will have that back as a live range. I think we owe that to the people that we are sending into the Persian Gulf to get adequate training from east coast deployments.

But one of the things that is not talked about very much is, if they would be successful in being able to take away from us a range that we own for our use, just by protesting, and by breaking the law, what is the effect it would have in other areas. What comes to my mind is, we went around looking for possible alternatives. Cape Wrath was one in Northern Scotland and Capo Teulada in Southern Sardinia.

In each of those areas there were articles in the paper, because that was right when the Vieques training range issue started, saying that, if they are not going to allow using live ordnance on land that they own, why should we allow them to do it here. So it does have a domino effect, and we are now reaching a crisis point in having adequate ranges in all services.

Why don't we just start with General Williams, and anyone else who has some examples. I would like to get them in the record. If not, we can get it in the record at a later time.

General Williams.

General WILLIAMS. Sir, you mentioned Okinawa and, of course, we have not fired artillery on Okinawa for sometime. We normally deploy our artillery batteries up to Camp Fuji in mainland Japan, and we fire there.

Up until now, we have had very good relations with the Japanese Government on Camp Fuji. I do not know, quite frankly, what Vieques will do as far as energizing the Japanese Government, or that portion of the Japanese Government that would like to shut us down to do so more vigorously.

Now, the other place that I can think of that is a potential problem, where we do a lot of training, is in Korea, and, although that is more Jack Keane's area than mine, marines go to Korea frequently. We do a lot of live fire training there, and that would be another concern where a sovereign nation is allowing us to use live fire on their territory.

General HANDY. Senator, it is a tremendous concern to the Air Force. We could talk about the ranges overseas, but I could bring it right to home. Some of our most prized ranges and training areas are right here in the continental United States, and almost on any given day the Air Force is defending itself in court for lawsuits to preclude the use of either the air space above, or the actual range itself, and so we are very concerned about the potential debate, or dialogue that might go from here, so you have strong support.

Senator INHOFE. I was not meaning to imply just abroad, but at home, too. I am very sensitive to this with Fort Sill, one of the largest live ranges in the United States, being in my State of Oklahoma.

General HANDY. Yes, sir.

Senator INHOFE. But I am sure that you are constantly having problems with the use of Eglin, and the use of Pine Castle and other areas that are local here, so I just want to find out what types of problems, and how this could aggravate those problems.

General HANDY. Yes, sir. We are concerned that they might be drawing a direct linkage between the issues, and it might in some way weaken our ability to use these ranges that are absolutely, unequivocally critical to Air Force readiness, and so we really need to draw the line if at all possible.

Senator INHOFE. We have to use words like that, because we are talking about American lives being properly trained.

General HANDY. Yes, sir.

Senator INHOFE. Admiral Fallon.

Admiral FALLON. Yes, sir, Senator. What bothers me about this big picture is that I do not think we have a range anywhere in the States or overseas which is not feeling the pressure from some group with some cause or some desire to effectively limit our ability to use those ranges and, as you pointed out so clearly, the most critical point is the live fire, and if we do not get that we put our people at risk.

So it seems to me that the whole business of encroachment, whether it is for environmental reasons or policy reasons, or whatever, we need a comprehensive approach to it, and I think that is one area in which the Senate and the House could both help us, because it seems the tactic of those who object to our use of these facilities for training is to take them on one at a time, and a generalized argument they use, is they claim there is another place.

We hear that refrain constantly. There has to be another place, just do not do it here, and as we look around, those other places are all the same in terms of the kind of pressure that we are feeling, so we could use the collective approach this in recognizing that there is essential training that is required, and that it is going to necessitate having space, air space, land space, sea space, and the ability to use it to do the types of activities within those ranges in which our people can learn and grow the confidence to actually do their business if they have to do it in a combat situation.

Senator INHOFE. Yes, I am glad you mentioned live ranges, too. I can remember my own personal experience when I was in the U.S. Army. There is quite a difference crawling under the fire when it was inert than when it was live. I can remember going out on some of the ships that were using live fire. Just the handling of the ordnance, if it is inert, you handle it differently, and so it is critical, and I think we need to talk about that.

Also, as I said yesterday in the hearing, you cannot take an accident report and positively identify what caused it. The tragedy that took place in Kuwait on March 12 was one that was very real, and three places in the accident report it said they had been looking for places to use live ranges in preparing these people for that deploy-

ment, and they were unable to do it, and that was right after we went to inert on Vieques.

General Keane, did you have anything to add?

General KEANE. Yes, Senator, I certainly do. The United States Army certainly is concerned, as are the other services, of the implications of Vieques. First of all, on live fire exercises, we feel it is absolutely essential that the Army conducts combined arms live fire exercises and also integrate it with our sister services at times when we can do that.

If we are not doing live fire exercises, there is a direct correlation to lost lives. It is that simple, and if you are not doing that, then what you are doing is putting the burden on the backs of our soldiers to put them into combat situations without having replicated those combat situations in training as best as you possibly can, and despite all the fancy simulation that we have, and it saves us money to do simulation, we have not backed away from the fact that we must do very realistic live fire training, combined arms, for our soldiers and our units.

The problem we face comes in four categories, and we refer to it as encroachment on our installations. The first is urban growth. We have seven installations that are affected by urban growth.

The second one is noise concerns, and we have 11 installations that are being encroached by noise concerns and the surrounding community concerns. Fort Sill would be one of them.

The third deals with threatened and endangered species and habitat. We have 153 federally-listed species on 94 installations in the United States Army, and 12 installations have their lands listed as critical habitat, and we are managing all of that, and that ties up a significant amount of lawyers and a significant amount of biologists and others to do that.

Quite frankly, these endangered species are surviving on military installations. I am absolutely convinced they love soldiers. [Laughter.]

Because the surrounding communities are encroaching on them as a result of their own urban and suburban growth and killing the endangered species, they are thriving on military installations. There is obviously a price to be paid to protect them, and there are implications on the opportunities to train on these installations.

The fourth category we have with encroachment deals with our concern and the American people's concern to preserve safe drinking water, and the lead propellants that could possibly get into that water as a result of our live fire exercises that are conducted in impact areas.

So urban growth, noise concerns, threatened and endangered species, and our concern to protect safe drinking water, are the four areas where the United States Army is working full-time dealing with this encroachment issue.

Senator INHOFE. You actually got into my next question. Mr. Chairman, if I might take a few minutes—my time has expired some time ago, but I would add one question on encroachment, and maybe the spectrum issue also. All these things that you have talked about, General Keane, is what I would like to hear responses from the rest of you about because encroachment is a problem.

Regarding endangered species, whether it is Camp Lejeune or Fort Bragg, we are doing such a good job, we are exacerbating the problem. Our problem is much greater now because of the job that we are doing. In other words, protecting this habitat is increasing the size of the species, so we have more habitat we have to protect. There has to be an end to this thing, other than just open season.

I would like to talk about the encroachment problems, as General Keane has, in some of these other areas, too. Also another area that I want to get into—back when the Republicans were in the majority I chaired two subcommittees, this one and also the Clean Air Subcommittee of the Senate Environment and Public Works Committee. We were trying to look at this to say, is there something we should do legislatively to exempt military installations from some of these very tight restrictions that they have, or at least let the public know the cost of these.

So as you are responding to this, General Williams and the rest of you, you might also at some point come up with the cost of all of this encroachment. It would be very helpful to us to help you.

General WILLIAMS. Yes, sir. First, we have had some small success working with the environmental groups, especially in Camp Pendleton, to bring them on the base and show them how we are trying to take care of the species there, and to educate them a bit that the alternative to the Marine Corps at Camp Pendleton is not a national park; it is a housing development, and if we go, they are going to pave Camp Pendleton and we will not have to worry about the endangered species. So by having those kind of dialogues, we have made some progress.

We believe there is probably some legislative remedy for some of this in recognizing military training and live fire as a specific Federal use of land that would allow us to continue to operate in certain areas without the constant round of lawsuits.

I do not have, sir, a dollar figure for what it costs us; but, I know the largest growth area in the Marine Corps law community right now is environmental law, and we spend a substantial portion of money and time and energy in defending ourselves in courts on both coasts. I can try to get you some actual numbers, sir, to give you some costs, but I do not have them with me.

[The information referred to follows:]

In an attempt to answer the question with the most accurate and current cost data available, I would like to reference our response to a similar question addressed for the Senate Environment and Public Works Committee concerning environmental costs. "In fiscal year 2002, the Marine Corps has budgeted \$117 million in Operation and Maintenance, Marine Corps (O&MMC) funding and anticipates spending \$3 million from reimbursable accounts (e.g., agricultural outlease, forestry) to implement our Environmental Compliance, Conservation, and Pollution Prevention programs. In fiscal year 2002, a total of 378 O&MMC-funded and 73 Reimbursable-funded full-time equivalent staff support these programs."

Senator INHOFE. Sure.

General HANDY. Sir, I would not want to change a thing that has already been said, but Jack Keane and I have a lot in common. As a captain, my training was curtailed because of the red cockaded woodpecker. I have been friends with that woodpecker ever since, and I say that somewhat tongue-in-cheek, but it undeniably restricts the training that we are able to do between the 82nd Airborne Division and Air Force C-130 and C-141 and C-17 units, all

because of protecting the species. Now, that is a little bit of the negative side.

The other side, of course, is the amount of money that we all spend to partner with environmentalists. While it is a negative it is certainly a positive, that on the good side of our Defense Department all of us have done an extraordinary job of working with the environmental community to mitigate some of these problems, but to the extent that it impinges upon our ability to ensure readiness, we do need some help to see if we cannot draw the line, and we would be more than happy to provide you with the best numbers that we could give you with the cost to the Air Force as a Department.

[The information referred to follows:]

General Handy did not respond in time for printing. When received, answer will be retained in committee files.

Senator INHOFE. That would be very helpful, General Handy.

Admiral FALLON. Senator, I will have to take the request for a specific numbers and get back to you, but I can just say amen to what has been said here in terms of the amount of effort that has been required in very recent years to attempt to come to grips with the realities of dealing with the encroachment issues throughout the world as far as the naval forces.

[The information referred to follows:]

I don't have a list of the additional costs we have accrued over time resulting from statutory requirements to comply with environmental laws and regulations. I can, however, provide several examples of the measures we have had to employ in order to ensure training effectiveness is balanced with environmental protection. I can discuss the cost of these measures both in terms of dollars and in terms of their impact on the effectiveness of our training and on the fidelity with which they allow us to deploy our weapons systems.

Prior to and during pre-deployment battle group exercises, the Navy implements "precautionary measures." This is done to ensure that we can obtain a favorable biological opinion from the Fish and Wildlife Service and National Oceanic and Atmospheric Administration Fisheries regarding our proposed training actions prior to their initiation as required by the Endangered Species Act. A favorable opinion results from formal consultation between the Navy and these agencies after the Navy identifies that its action "may" affect endangered species, and the Navy and the agencies agree on the "mitigation" measures needed to minimize or eliminate any negative effects related to our proposed actions. We believe that use of the "precautionary approach" results in overly cautious mitigation measures, and by extension more costly and less realistic training evolutions. Examples of precautionary measures we are required to take at Vieques and their impact are outlined below:

- Discontinued the use of illumination rounds after 11:00 p.m. with a 60-minute maximum total time of illumination per night. This is required to protect nesting sea turtles that can be affected by artificial light. This reduces the amount of night fire training Navy can conduct.
- We have certified biologists perform aerial surveillance of the range and surrounding waters prior to training exercises to ensure no marine mammals would be injured or harassed in the unlikely event that inert ordnance lands in water. Each survey costs \$300,000.
- We immediately suspend training exercises if a sea turtle is observed either on the range or within 1,000 yards of shore or if a marine mammal is sighted within 1,000 yards of shore. This can, and has, interrupted the flow and fidelity of our training, extended its duration, and adds substantial fuel and other costs due to the requirement to reinitiate and complete the exercise impacted.

The second example I want to discuss is our use of San Clemente Island. In addition to being our only surface fire support range on the west coast, San Clemente Island is also home to the endangered San Clemente Island Loggerhead Shrike. The "endangered" status of the Shrike mandates that we take a number of actions to

protect it that are similar to the “precautionary” actions discussed previously. Some examples of these actions and their impacts are:

- In order to protect the Shrike from exercise initiated fires during the 9 to 10 month fire season and to comply with the Endangered Species Act, we have decreased one of two live-fire impact areas by 90 percent and another by 67 percent, and we have a contract in place to provide helicopter based fire fighting capabilities at a cost of \$180,000 per year. These mitigation actions have substantially reduced targeting options, and are responsible for a concomitant reduction in training fidelity due to the lack of target diversity.
- To further reduce the fire threat, Navy has virtually eliminated the use of illumination rounds during training exercises. During each gunfire exercise, ships are restricted to the use of a single illumination round for zero altitude rather than the designed aerial burst needed for the intended illumination role of the munition. Also, during the 9 to 10 month fire season, Navy conducts no night naval gunfire support training. Night training, a critical element of naval gunfire support, is adversely impacted by these mitigation actions.
- During the Shrike breeding season the entire shore bombardment area is closed 4 days a week to permit biologists to observe the Shrike.
- Ironically, our highly successful Shrike conservation program threatens to further reduce our ability to conduct effective training at San Clemente Island. Operated at a cost of \$2.5 million annually, this program has been highly effective. The Shrike population has grown from 13 to 120 birds in the wild, and we now have 67 birds in a captive breeding population. This successful stewardship of the Loggerhead Shrike has had a direct impact on training. As the Shrike population has recovered, on-island nesting areas have expanded into the only two live-fire impact areas further threatening our ability to train.

The last example I will share with you relates to the impact of the Marine Mammal Protection Act and the Endangered Species Act on our planned deployment of new weapons systems. Complying with these laws has proven to be an extremely expensive, time-consuming, and readiness-threatening process. For example, the \$350 million Surveillance Towed Array Sensor System Low Frequency Active (SURTASS-LFA) Sonar, a system that we believe to be critical to our ability to ensure the future security of our Nation, remains on the shelf. Although Navy has funded and completed a 2-year, \$10 million research project, and an Environmental Impact Statement that demonstrates the environmental compliance of the system, its future deployment is still uncertain. Navy is awaiting a letter of authorization from National Oceanic and Atmospheric Administration Fisheries, and expects litigation to be brought under these laws to prevent deployment of this readiness-essential system.

Admiral FALLON. I will give you one quick look at the reality today. One would hope, expect that when we give our operational commanders the task of laying out exercises to prepare their forces for their combat roles and missions, that they would set to work and lay out their exercises first and foremost with achieving their objective in mind.

Reality today is that they have to consider a wide range of current existing restrictions, and end up laying out the exercises with many compromises already in effect before they even begin to fire the first weapon or get the first ship or airplane underway, and this approach to doing business I feel is detrimental to the readiness mindset that we need to have instilled in our people, and if we continue down this road, I believe we are going to have difficulties in the future.

For example, in the environmental world, the way things work today with the endangered species, for example, is that there will be a consultation between the Navy, for example, and the regulatory agencies, and there will be a negotiation to reach an agreement on, for example—the takes is the term that is used—the number of, say, marine mammals that might be harmed or injured

in a particular exercise, and this is a specific number. If that number is exceeded, and that number may be one, as it was in a recent exercise down near Vieques, if that number is exceeded, the expectation is that the exercise is going to be terminated.

This way of doing business is basically not sustainable if we are going to maintain the readiness that we need to maintain, so we could use some assistance, and this is one that the Senate and the House could help us with, I think, in better defining the terminology so that we do not end up being in constant court battles in trying to interpret what the laws, regulations mean in regard to these takes.

Thank you, sir.

General KEANE. Senator, I would just add that 10 to 15 years ago we were polluters of the environment, and we have learned an awful lot, and educated our commanders on how to protect the environment, and in our judgment I think anybody looking at us objectively would conclude that we are good stewards of the environment.

That said, I do believe we are on a collision course here, though. As I outlined to you, the number of installations that we have in the United States Army that are being threatened, in the United States primarily, and obviously some overseas in Korea and in Germany, the reality is that I think at some point we will need some legitimate relief in terms of legislation to help us protect the domain we call a training base, so that we can use the instruments of war in peacetime to be ready for war, despite the noise it makes, and despite some of the challenge it does to the ground and the environment that surrounds it.

Notwithstanding that, then our readiness will be degraded, and the result of that is obvious to all of us from our years of experience and judgment. That translates into the loss of lives, and potentially to the loss of a conflict, and that is just not acceptable. I think we are on a collision course.

Senator INHOFE. Well, you are right. I think we need to accumulate some of our good examples as to the type of steward you have been. There is no better example, really, than Vieques. You go to Vieques, and you see what they have done in putting the walkways out there, and it is a pristine area, preserved wildlife, conservation. I have often wondered what that would look like today if we had not been there, and you are right, the alternative is not a park, but it is going to be urban sprawl, and I think we need to paint that picture.

Mr. Chairman, I have gone over my time.

Senator AKAKA. Thank you. We may have another round if you have more questions.

Let me ask about operation and maintenance (O&M) accounts for fiscal year 2002, and the growing question of whether we can afford what is coming up, excluding the health care account, and the budget request for operation and maintenance account for fiscal year 2002 grows by approximately 9 percent, or \$8.8 billion above the fiscal year 2001 level.

I understand that an increase of this size helps fix many problems or concerns in the readiness area, but I would ask each of you

if you believe we can afford an O&M budget this large in the future while still addressing our other needs, such as modernization.

General Williams, you got it right on this issue on page 3 of your statement, so let me begin with you. Do we have the right balance, or are we giving up too much in other areas to maintain readiness? I would like to hear from each of you.

General Williams.

General WILLIAMS. Yes, sir. At this point we are saddled with a modernization rate that we see as our problem. As long as we keep the older equipment, we see an inflation in operations and maintenance repair cost and spares every year that for aviation repairs, for example, goes up about 14 percent a year. The longer it takes us to replace those aging aircraft, the longer we are going to have to put up with that very steep inflation rate in spares and depot-level reparable.

The same thing at a lower dollar level takes place in ground equipment. We have the right answer, we think, for the replacement equipment for the Marine Corps. The problem is the rate at which we are having to buy it. For example, it is taking 5, 6, or 7 years to replace old trucks. Well, that means for 5 years we are going to carry that old equipment, we are going to spend too much money repairing it. So I think the answer to that balance is to try to speed the rate of modernization in order to flush the old equipment out of the inventory earlier.

Senator AKAKA. General Handy.

General HANDY. Sir, I would approach it similarly. Over the years, the Air Force has tried to produce budgets that balance readiness, modernization, people, and infrastructure. Under extraordinary budget constraints, the one area that has really suffered has been that infrastructure piece of it, and so we have very directly had to borrow from infrastructure to pay readiness and modernization.

At the same breath, we have not been able to entirely solve those problems as we have discussed repeatedly this morning, and so as you look into the future, we have to right now go back and pay a lot of that deficit in the infrastructure accounts. That is certainly part of the O&M.

The other are the issues that General Williams addressed. That is the flying hour program. We have this year fully funded in the 2002 budget as amended our full estimate of the flying hour requirements for 2002, to include the inflation of increased cost of spares, increased cost of fuel.

There are many other metrics that go into that increased O&M. The most tragic, of course, I believe is our aging weapons systems. If you look at the average fleet age of our aircraft today, 22 years, growing, in spite of the C-17 or the F-22, or eventually the JSF, to almost 30 years, 20 years from now, those older weapons systems require more and more dollars to maintain, and so it is not surprising that if you look at our budgets you would see, for those reasons, a significant increase in O&M dollars required.

Senator AKAKA. Admiral Fallon.

Admiral FALLON. Sir, I do not believe we have a single acquisition program today in the Navy that is being run at its most effi-

cient procurement rate, and that is pretty telling, to be in that situation.

I go back to my earlier comment about tradeoffs being made inside the institution, I think for a lot of well-intentioned reasons, but the reality is we have just been shifting the pea under the pod for a long time. We are only going to get well if we fully resource the current readiness, so we are not short-sheeting the folks with the equipment that we have to maintain today, and then making a step increase in investment to modernize.

I believe we will see some payoff. We are starting to see some already, and I think we will see more in the near-term as we adequately resource what we have, but clearly we are going to have to accelerate the buy rates, and there is no other way to arrest the increasing age issue with either ships or aircraft unless we can substantially ramp up the number.

Six ships a year just does not cut it, and whatever the glide slope we are coming down to—Senator Bunning said 240, it is certainly a lot less than 317 as you go out year by year, and the aircraft buy rate is about half what it really needs to be to sustain what we have. It just has to be changed, so it is going to require a step increase to make it happen.

General KEANE. Mr. Chairman, the O&M side of the budget for the Army in 2002 has been plussed-up close to \$3 billion over the 2001 budget, and we have done that to move money primarily into our infrastructure accounts, and that is relieving some pressure, as I stated before.

What is still significantly unfunded, and you put your finger on it, is our procurement and modernization. In that program, to give you a sense of the scale of our problem, when we go back to 1988 as a benchmark year, to the present, and we look at that account, the United States Army has killed or terminated or deferred an incredible 182 systems over the course of 12, 13 years. 103 of those have been terminated or killed. The others have been deferred or delayed, all of which adds to the cost of that program eventually, over time.

That account, from the Army's perspective, is completely unsatisfactory, and we do not have the resources to generate the capital investment in that account that it needs to have, and as my associates have said to you, this is the future readiness of our service that we are dealing with, and to a degree we mortgage our future to take the resources that we do have to pay for the near-term readiness of our service.

That is the Army decision, and that is the decision we have made throughout this decade with declining budgets, and with under-resourced budgets, and that is the decision we are making in the 2002 budget as well, because we are under-resourced again.

Senator AKAKA. General Shinseki's testimony yesterday described the Army's current readiness standards as, "a Cold War legacy that reflects neither the complexity of today's strategic and operational environments nor other important factors." He further stated that the Army was reexamining the methods used to measure readiness, and my question is on improving readiness reports.

One example of this is that earlier this year the Third Infantry Division was accomplishing the mission it was sent to the Balkans

to do, but was reporting lower readiness, because it was not able to meet its timelines under the two major theater war guidelines. This occurred despite the fact that the Army was not expecting the Third Infantry Division to meet those guidelines as long as it was engaged in the Balkans.

General Keane, when do you think the Army will have a new readiness measurement system? In addition to the issue General Shinseki raised of addressing the more complex reality we now face, what steps need to be taken to ensure that our methods of measuring readiness improve our ability to not only predict the future readiness of our forces, but also allow for an assessment of readiness in the past as well as readiness for current operations?

General KEANE. Yes, Mr. Chairman, you are absolutely right, the Third Infantry Division reported a lower C-rating status as a result of its deployment to the Balkans. The C-rating status was being measured against its wartime requirements and, as you know, that particular division is missioned against two of our major theater war requirements, so the division commander was doing what the system asked him to do. Those brigades essentially were not available, and would not be proficient at their wartime requirements due to peace enforcement operations that he was executing.

As a result of that, the Army initiated a study to take a look at this. Now, what has happened is that the Defense Department is also looking at this issue, so our efforts will be rolled into what the Defense Department is doing as a whole, and I am really not certain when that effort will be completed.

I know the Army had intended to finish its work in the fall of this coming year, so I would have to get back to you and find out when the Defense Department is going to finish that. Dr. David Chu is in charge of that effort. He is the Under Secretary of Defense for Personnel and Readiness, and I will have to ask him and get back to you, sir.

[The information referred to follows:]

NEW READINESS MEASUREMENT SYSTEM

The Office of the Secretary of Defense (OSD) and the Joint Staff will meet with Service representatives after Labor Day to discuss future DOD readiness objectives. By January 2002, Dr. Chu, in collaboration with the Services and the Joint Staff, will recommend guidelines and procedures for a comprehensive readiness reporting system that evaluates readiness on the basis of the missions assigned to the forces. The new system should leverage information technology to capture readiness for current missions, provide for the establishment of readiness goals and metric analysis, and allow accurate and timely reporting. The Army intends to provide OSD with an update on its Strategic Readiness System (SRS) progress in September 2001.

The Army is currently revising readiness reporting procedures to move toward a more objective, timely, and accurate reporting system. Modifications to the Army Regulation 220-1 (Unit Status Reporting) and the development of the SRS will enable us to meet this goal. The SRS is a three-phased, multi-year project that started in September 2000. The current timeline reflects this system being implemented by the end of fiscal year 2002.

The SRS will provide the senior Army leadership with an overarching reporting system to facilitate the early detection of critical resourcing issues while measuring readiness of both the operating and generating forces through the use of specific performance measures. This is a readiness management decision support tool that is accurate, scaleable, objective, flexible, and timely in its measurement of the Army's ability to support the National Military Strategy and Title X. The Transformation readiness reporting system will enable senior Army leadership to influence strategic readiness across the Army and measures the entire force, including operating forces, institutions, installations, and power projection platforms.

This holistic readiness system will fundamentally change the readiness reporting culture. In order to truly manage readiness, the system must be predictive. Through the use of leading indicators, readiness projections will be assessed to predict readiness outcomes. This will enable the senior leadership to make resourcing decisions in the out-years to proactively and positively effect enterprise readiness. SRS will integrate existing programs by leveraging and enhancing the information available through the current readiness reporting system while operating within the current information security and management environment. In addition to developing the SRS, modifications to metrics and policy are being made to Army Regulation 220-1. Requiring warfighting units to assess unit readiness against the wartime mission for which the unit was organized and designed, and against the peacetime operational deployment, will enable commanders to make a more accurate readiness assessment.

Senator AKAKA. Let me pass to Senator Inhofe.

Senator INHOFE. I know that we are about out of time, Mr. Chairman. Let me make one comment, getting back to the encroachment problem that we have.

I think most of you are probably aware, with all the environmental impact statements that are required, Congressman Curt Weldon, with whom I was elected in 1986, and I, are going to approach something that would require a national security impact statement when we are asking for an environmental impact statement, just to try to get this out on the table so people will know and be aware.

Sometimes it is difficult, with prejudiced media that we have, to get them to really report the cost of these things and the effect it has on our ability to protect our young men and women in uniform.

One real short question for General Handy. Yesterday, I asked a question about, in the President's budget, that had some kind of assumed savings of \$140 million in outsourcing some of the depot maintenance and apparently there is some kind of analysis to support this statement. Do you have that analysis?

General HANDY. Sir, the short answer is no, that the facts are that we in the Air Force note that no depot budget directly has been decremented, and so we are trying to work with OSD to determine exactly what they are talking about.

What I would assure you, with all the years that you and I have talked about depot issues, the Air Force remains aggressively in support of our current depot system, and we would like to work with you to continue to identify exactly what OSD has in mind. We will work with your staff.

Senator INHOFE. I appreciate that, and you have been very helpful. I am not asking in a critical way at all. I am just very much concerned about it, and you have probably heard yesterday, I was pursuing this as to what point are we going to have the F-22 in to the depots.

If we are talking about core, you know that that is core, and we have to have that capability. I think people lose sight of the fact that there was a national security justification for a 50-50 or a 60-40 for a core capability in a depot to start with, and until something better comes along, we have to keep that in mind.

I am not saying that just because one of the three air logistics centers (ALCs) is in my State. I would feel the same way—in fact, I was at your Army depot at Corpus the other day, expressing my concern there.

One last thing, if I could, to get it in the record. We touched on this spectrum issue. As you know, there is a band of frequencies that they are trying to take from DOD, and it is a tough thing for Senator Akaka and myself, because there is going to be a lot of pressure, and we have been defenders of this spectrum for DOD. I would like to know from each of your services, if we lost that band of frequencies, what types of effect it could have on you folks.

General KEANE. In terms of the Army, Senator, it would be pretty significant, because we are talking about our primary tactical radio relay system, our mobile equipment, high capacity line-of-sight radio, numerous point-to-point microwave systems, and our new Land Warrior radios that we are bringing into the force.

Senator INHOFE. Everything you are mentioning now is in that band—well, it is the 1755 to 1850.

General KEANE. 1755 to 1855 mhz. Everything that I just mentioned to you is in that band, and that has significant impact on the Army's Title 10 responsibilities, obviously, so it is a serious situation as far as we are concerned.

Senator INHOFE. Thank you.

Admiral FALLON. Senator, it is particularly serious for the Navy, because we do not have the option of using terrestrial lines, land lines.

Everything, all of our communications with the fleet have to go through the air, and so we view this continued impingement on the spectrum with significant alarm, because it just narrows the options. We do not want to find ourselves in a position where we have to just use a certain frequency range, or a part of the spectrum. We think we need the redundancy of being able to go through different areas, and we could use some help on this.

Senator INHOFE. There are a lot satellites on that band.

General Handy.

General HANDY. Yes, sir. For the benefit of the record, I would make a couple of comments, but I would also like to offer that we provide you and anyone else the very specific by system, by frequency band in the spectrum that is affected by this initiative. I think we ought to clearly get that on the table.

But from a joint force perspective, from a joint warfighter perspective, the impacts in the negative are monumental if we allow these initiatives to go forward with no consideration for the DOD piece of it. Within the Air Force, it affects space operations, it affects air operations, and it affects significantly ground-to-ground operations, and we will provide you the detail.

Senator INHOFE. Which we would like to have from all of you for the record, because this issue is going to come up.

General Williams.

General WILLIAMS. Yes, sir. We will provide you details.

The only comment that I would add is that we like to talk a lot about quality of life. The best quality of life is a live marine, and every time we introduce another artificiality in training, or every time we do not allow our men and women to use the equipment that we bought for them to the fullest extent that they can in training, we degrade the training, and so we are very concerned that this will be yet another artificiality in our training.

Admiral FALLON. Senator, if I could do one re-attack, this is another example of a certain segment of the population with an interest in a narrow area that impinges on the overall business of our operations and training that taken in and of itself does not appear to be a big deal, but the cumulative effect of all of these encroachments is really becoming a burden, and the end result is, it puts our people at risk.

[The Army information referred to follows:]

In terms of the Army, vacating 1755 to 1850 megahertz (MHz) without comparable replacement spectrum, cost reimbursement, and sufficient time to relocate would have a significant detrimental impact on the ability of U.S. military forces to achieve and maintain warfighting readiness.

Loss of the band would impact the Army's Mobile Subscriber Equipment (MSE) and its components, including the high capacity line-of-sight radio. MSE is the digital backbone that provides command and control capabilities to the warfighter. It also serves as the transport mechanism for intelligence imagery data, logistics data, medical information, and morale and welfare support.

Loss of the band would also impact other communications capabilities such as point-to-point microwave systems, Land Warrior radios, and combat identification radios. Land Warrior radio is a close combat communications system for infantrymen, combat medics, combat engineers, forward observers, and scouts. Voice, data, and imagery are transmitted using the Land Warrior radio. Combat identification radios provide forward combat forces with the ability to identify friendly forces for prevention of fratricide.

Point-to-point microwave systems also require access to the band for backbone communications at military test and training ranges. The Army Corps of Engineers also relies on point-to-point microwave systems to transmit data to control locks, dams, and electrical power generation along U.S. waterways.

[The Navy information referred to follows:]

The potential consequences of the loss of this band of frequencies, as the Deputy Secretary of Defense stated in his February 13, 2001 letter to Secretary Evans is: "Our Nation's Armed Forces would be at a substantial strategic and tactical disadvantage in combat and the execution of military operations could be jeopardized if the Department lost its use of the band [1755-1850 MHz]."

Specific operational impacts to the Navy and USMC from decreased access to this essential force multiplier (radio frequency spectrum) include: additional littoral operational and training frequency limitations, reduction or elimination of tactical aircrew training for our Naval aviators, premature satellite loss impacting our ability to accomplish our mission, system redesign and schedule delays (which translate directly into lost dollars), and elimination of key testing, which in turn, results in systems being fielded with uncertain capabilities.

For example, the Air Force and Navy aircrew combat training system, which provides realistic training with engagement assessment and feedback, is in this frequency band and would be lost if the spectrum were lost. This aircrew training system is one of the main reasons American pilots are the best-trained combat pilots in the world.

Navy operations in the littoral areas of the United States and its possessions are already restricted due to frequency limitations arising from various other users of the spectrum like commercial TV and cellular phone operators. These frequency limitations impact our ability to conduct littoral warfare training, increase our fuel/training costs for sea transit times, and decrease our radar and tactical data link operator proficiency thereby contributing to an overall reduction in fleet readiness. Further spectrum encroachment expected from OBRA-93 and BBA-97 (247 MHz in total) will only exacerbate these current operational impacts due our current frequency limitations. Any further loss of access to the spectrum, to include the 1755-1850 MHz band, without comparable alternate spectrum, adequate and timely compensation, and the flexibility to transition the myriad of incumbent users somewhere else (which has yet to be identified) will severely impact fleet operations, readiness training, and our ability to transform into a leaner, more agile, and more effective force to meet the security challenges of the future. Fundamental to this transformation is the network-centric concept of operations which is already being implemented. RF spectrum is virtually the only way to connect mobile ground forces, ships, aircraft, and satellites.

[The Air Force information referred to follows:]

General Handy did not respond in time for printing. When received, answer will be retained in committee files.

[The Marine Corps information referred to follows:]

The 1755–1850 MHz band primarily supports the Marine Corps' AN/MRC–142 HMMWV-mounted radio system. The way the Marine Air-Ground Team fights today, the AN/MRC–142 is a cornerstone of our tactical, command and control (C²) capability.

The AN/MRC–142 is our primary, expeditionary, wideband (576 kbps), line-of-sight (LOS) system, supporting every battlefield function. For example, it links the Wing Tactical Air Control Center to remote airfields; it provides the path for relay of the real time, ground combat picture, collated at the Infantry Regiment-level, to the Division Command Post; and it ties the Commander, Amphibious Task Force afloat to the Commander, Landing Force Ashore, as marines assault inland.

Designed to be compatible with the Navy's Digital Wideband Transmission System, it is a proven component of an integrated, expeditionary, joint backbone architecture and is accounted for in force lists supporting standing war plans. Trained marines can activate an AN/MRC–142 link in just 40 minutes; simultaneous activations enable the rapid installation of robust, task force, voice and data networks in even the harshest, remote environments.

Marine elements employ 418 systems, each with two radio-transmitters, and 68 additional systems reside in War Reserves. To employ this capability, 877 marines are school-trained operators. Additionally, scores of officers and senior enlisted marines are trained in the systems engineering, embarkation, and maintenance management of the AN/MRC–142.

Estimates to replace the materiel associated with the AN/MRC–142 capability approach \$300 million. However, the need to maintain warfighting readiness—should a replacement system be required—will be a challenge. This does not include the substantial costs associated with research and development, training, embarkation, engineering, system sustainment, testing, and operation plan impacts across the United States Marine Corps prior to fielding a substitute system.

Other electronic systems that would be effected by the loss of this spectrum that impact the Marine Corps include: satellite control links that effect our use of Global Positioning System and communication platforms, Air Combat Training Systems and Joint Tactical Combat Training Systems, Base/Range infrastructure such as microwave towers and security videos, and Remote-Control ordnance neutralization system links (robots).

Senator INHOFE. Thank you. Mr. Chairman, I have other questions for the record, but I know we have gone past our time here.

Let me just mention to you, I appreciate so much all four of you being very straightforward. It makes our job a lot easier here to know what the real problems are. We know that we can depend on you, and I personally appreciate it very much.

Senator AKAKA. I have further questions, too. I will submit them for the record also.

I would like to make some remarks about encroachment and some of the problems that we are facing. I think you are all aware of the problems we are having in Hawaii in Makua, but I praise the General there that is working on that problem with the community. He has done, I feel, an excellent job.

As a matter of fact, I made the remark that he has done so well that what he has done can be used as a model when we face these kinds of problems. He has worked so well with the community, the community has taken it to heart.

I understand that by today, I think there might be a ruling made by the court which may extend the impact statement for a few months, but we will hear from the judge today, but I felt that the success thus far at Makua has been the dialogue that has gone on between the military and the community. I felt that General Dubik

has brought about a feeling of trust between the community and the military, which was tough to do, but he has done real well, and I hope that this can continue.

I thought I would mention this, because I felt that the military has done a good job out there. We will be hearing from the court today.

So with that, I want to say thank you again for being so candid, and the clarity that you bring to the questions that we have will certainly help the subcommittee make the kinds of judgments they will have to make on the budget and other matters.

Again, I want to thank all of you for coming, and thank my friend, Senator Inhofe, for his part in the subcommittee's work. As I said, I want to repeat that I will certainly try to keep the standards that you have set for this subcommittee.

Are there any further questions, or any comments from the witnesses? Otherwise, the subcommittee stands adjourned.

[Questions for the record with answers follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

SPECIAL PAYMENT FOR HIGH OPTEMPO

1. Senator AKAKA. In your testimony, Admiral Fallon, you expressed concern that the Individual TEMPO legislation contained in section 574 of the Fiscal Year 2001 Defense Authorization Bill that requires you to pay a \$100 per diem to service members who are deployed above a certain number of days does not adequately accommodate personnel management practices in the sea services.

Admiral Fallon and General Williams, please give me an estimate of how much you will have to pay your sailors and marines to comply with this legislation in fiscal year 2002, and how much of this requirement is reflected in the budget request? Is the Department of the Navy recommending that Congress alter or repeal this legislation?

Admiral FALLON. Navy is actively tracking deployment of sailors on an individual basis as prescribed. To date, approximately 2 million transactions have posted to Navy's corporate ITEMPO database, translating to over 700,000 ITEMPO events. Concurrently, Navy has been engaged in an ongoing examination of potential ITEMPO monetary costs, as well as global presence and readiness issues that have become the unintended consequences of managing schedules (operational and maintenance) and high OPTEMPO communities (such as the Seabees) in light of ITEMPO. Moreover, we have identified the adverse impact ITEMPO can have on individual sailors as we try to manage their distribution to preclude ITEMPO "busts." While Navy is complying with the intent of the legislation, its ramifications are becoming increasingly evident.

Navy is actively refining projected cost and forecasting models, but this is very challenging since estimates based on the tempo of platforms do not directly or readily translate to estimates of the tempo of individuals. The fundamental expeditionary and forward-deployed nature of the service and the fact that Navy has collected only 9 months of actual ITEMPO data magnify the scope of the challenge. However, even with these limitations, preliminary estimates indicate that Navy's average annual cost for high deployment per diem allowance could be as high as \$160 million. This has been included in CNO's list of unfunded requirements for FY02. It should be noted that this cost estimate is derived solely on operational considerations. Out of homeport maintenance availabilities and the impact of accumulated ITEMPO days when not assigned to a deployable unit will result in an additional cost. Accordingly, we believe it prudent to suspend implementation of the \$100/day pay provision, to permit more time to collect additional data and conduct detailed analyses. In so doing, the full spectrum of consequences could be better understood and measures taken to mitigate them.

General WILLIAMS. The Marine Corps understands the intent of the PERSTEMPO legislation, is fully complying by actively tracking and managing the PERSTEMPO of our marines, and will report to Congress as required. However, we have several concerns: The high-deployment per diem payment equates to "paying premiums" for doing what we do as normal operations and deployments in support of the Nation. PERSTEMPO requirements put our commanders on the horns of a dilemma by

causing them to make decisions they wouldn't ordinarily make: Use scarce operations and maintenance funds to pay per diem; break the continuity and cohesion of units to avoid putting some marines over the 400-day threshold, or; reduce the amount of necessary pre-deployment training so that individuals will not break the 400-day threshold during the deployment.

We ask that Congress recognize that the PERSTEMPO legislation is a new requirement and the full impact is not known at this time. We need time to fully assess the impact and possible unintended adverse consequences and implement any necessary corrective actions. The Marine Corps does not at this time have an accurate assessment of the costs or impact of this legislation. We are currently analyzing the impacts and costs and will make those results known to this subcommittee as soon as possible.

In the meantime, the Marine Corps recommends delaying the requirement to begin paying the high-deployment per diem payments, for those exceeding the 400 day threshold, until 1 October 2003. This delay will allow the Services the time to use the tools we have devised to manage PERSTEMPO before we are required to start the payments. Using our tools we will be able to reduce PERSTEMPO to the least possible amount and have time to budget for the PERSTEMPO per diem that we must pay.

PER DIEM

2. Senator AKAKA. General Handy and General Keane, in Admiral Fallon's testimony he expressed concern that the Individual TEMPO legislation contained in section 574 of the Fiscal Year 2001 Defense Authorization Bill that requires you to pay a \$100 per diem to service members who are deployed above a certain number of days does not adequately accommodate personnel management practices in the sea services.

What are your views on this legislation? Does the fiscal year 2002 budget include any funds for payment for this per diem to Army or Air Force personnel?

General HANDY. The Air Force shares the concerns that motivated this legislation. Extensive deployments have a profound effect on morale and the quality of life of our service members. Because of this concern, we began collecting and tracking individual TEMPO in 1996. Furthermore, as a management tool, the Chief of Staff of the Air Force established a desired maximum of 120 days away from home per 12-month period for all Air Force members. This desired maximum of 120 days is well below the thresholds of 181 and 220 days established by the Fiscal Years 2000 and 2001 National Defense Authorization Acts. Effective 1 October 2000 we began tracking TEMPO based on thresholds that were established and require General Officer oversight/approval. The lowest ranking General Officer in the member's chain of command must approve any member who is projected to be deployed 182 days or more out of the preceding 365 days. MAJCOM Commanders or the Vice Chief of Staff of the Air Force must approve any member who is projected to exceed 220 days deployed out of the past 365 days. Finally, members will receive \$100 per day for each day deployed over 400 days (401 or more days) out of the preceding 730 days. This, in turn, will help minimize the number of members who may become eligible to receive the \$100/day "per diem" as a result of burdensome TEMPO.

We have appropriately included high deployment per diem in our fiscal year 2002 Military Personnel budget submission.

General KEANE. We view the legislation as an opportunity to review, evaluate, and provide to Congress specific information on the impact that operational requirements have on soldiers. However, the level of detail involved in PERSTEMPO tracking requires an increased workload and is an administrative burden at the unit level. The Army has developed and implemented a web-based application program for managing PERSTEMPO in the field Army. The current fund designation for payment to soldiers who become eligible for the high-deployment per diem is Military Personnel Army. Congress did not provide additional appropriations for this program, and funding is not currently programmed for the possible payment to soldiers beginning in fiscal year 2002.

GROWTH IN FLYING HOUR COSTS

3. Senator AKAKA. General Handy and Admiral Fallon, for the past several years both the Navy and the Air Force have requested additional funds because they have been surprised by the growth in the cost of their flying hours. I know that both the Navy and the Air Force budgets for fiscal year 2002 contain significant increases in funding for flying hours. Are you confident that this year's budget fully funds

your program so that you will not need to seek additional funding? What steps are you taking to control this cost growth?

General HANDY. The fact that this budget amendment was submitted in June, almost 5 months past our normal request, gives us better confirmation of the trends we are forecasting. We believe we have taken prudent consideration into building our fiscal year 2002 flying hour funding request. We believe it compensates for the emerging cost growth we have experienced in fiscal year 2001 while also considering the impact of aging aircraft.

As components that were designed to last the life of the weapon system fail and as vendors capable of repairing and/or reverse engineering ancient systems vanish, an aggressive recapitalization program is the only long-term answer to controlling costs of aging weapon systems. However, in the short-term, we must keep current systems viable through modifications. Most modifications, whether designed to improve capabilities or increase reliability, help us sustain these systems.

Admiral FALLON. The fiscal year 2002 budget is sufficiently funded to support the hours required to achieve 83 percent primary mission readiness. The Navy is taking a three-pronged approach to control some of the demand growth per flight hour as our fleet ages.

- We have specific programs targeted to reduce the usage of some of the parts that fail most often; e.g., logistics engineering change proposals and affordable readiness initiatives.
- We have modified planning, programming, and budgeting processes to address increased growth rates in demand, so that we will not have large shortfalls in the execution year. We will adjust this figure as our reliability initiatives begin to take effect.
- Continue to support the modernization and procurement programs such as the F/A-18E/F and JSF that will reduce the average age of our force and our expected future operating and support costs.

READINESS PROBLEMS VS. CAPABILITY SHORTFALLS

4. Senator AKAKA. General Keane, Admiral Fallon, General Handy, and General Williams, DOD's readiness reports speak of the risk of our ability to carry out two nearly simultaneous major operations as being low, moderate, or high. The "risk" is not necessarily caused by shortfalls in the training and readiness of our people. It can be attributed to needed capabilities which are insufficient or completely non-existent.

I ask each of you, without getting into any classified details:

First, what exactly do we mean by risk?

Second, how much of that risk and how much of your concern is in the training and readiness area and how much is on assets or capabilities we don't have enough of, such as airlift or chemical-biological defenses? Where should we be focusing our efforts if we have additional funding?

General KEANE. In broad terms, the Army views risk as an assessment of the probability of operational mission failure and the cost relative to objectives. Most directly, this involves accomplishing commander in chief operational missions. However, there are associated implications and risks beyond this level of activity. Risk is associated with every aspect of military operations—from military engagement to warfighting.

Both the Quadrennial Defense Review (QDR) 2001 legislation and the Joint Strategy Review 2001 address risk in three broad categories: political risk, strategic risk, and military risk.

Political risk is the likelihood of the Nation incurring significant and potentially irreversible damage to its ability to maintain worldwide influence. Political risk impacts American global influence, and must be considered within the political/diplomatic, economic, military, and information instruments of power.

Strategic risk for the military instrument of power is the likelihood of damaging the broadest capabilities of the U.S. Armed Forces, jeopardizing the legitimacy of the national military strategy, and prohibiting accomplishment of national military objectives. Strategic risk affects U.S. global military capability. Military risk is the likelihood of mission failure or prohibitive cost at the operational level in the execution of the missions described by the national military strategy.

Military risk impacts mission accomplishment at the operational level. In practice, military failure translates into strategic and political failure. However, political and strategic failure do not always equate to military failure. While assessment of political risk is beyond the domain of the Army, it is usually considered in terms of U.S. influence, access, and credibility.

Risk assessment is not an exact science. There are many variables, and many of its characteristics are simply not quantifiable. It is a process that by necessity must be both objective and subjective. Risk assessments must be linked to the strategic environment and discrete real-world threats, as well as the costs, consequences, and implications for the Nation and its Armed Forces for both action and inaction. Uncertainty, strategic surprise, and adaptive, determined adversaries all matter. Best military judgment also matters—as present risks are being borne and managed by senior leaders daily.

The Department of Defense terms of reference for the QDR calls for balance among force, resource, and modernization requirements measured against four dimensions of risk. Force management risk addresses management of people and equipment, including OPTEMPO. Operational risk considers mission success at acceptable cost across a range of contingencies. Future challenges risk entails the ability of U.S. forces to transform. Efficiency risk addresses resource consumption, to include infrastructure and business practices.

There is no single formula to help answer your second question. We must be as concerned with training and readiness as we are with the availability of key assets and capabilities. If the best-trained soldiers are not properly equipped to fight, they are as vulnerable as those fully equipped but not properly trained. As nations around the globe integrate key technological capabilities into their national security structures, the challenge to U.S. technological advantage increases. In the end, the American advantage is our culture, economy, and military superiority in training and leader development that ensures success in our national strategic aims.

Assessments of military risk in operational plans must address forward-stationed and deployable units and the status of numerous other critical enablers, such as assured access, availability of strategic lift, chemical-biological defenses, mobilization and power projection capabilities, and command, control, communications, and computers/intelligence, surveillance, and reconnaissance (C⁴/ISR) capacity. These enablers and capabilities are extremely important for joint force effectiveness and merit continued high priority for Office of the Secretary of Defense, Joint, and Service funding.

There will always be tough decisions in the allocation of additional funding. For example, currently, additional resources would allow us to accelerate recapitalization of our counterattack corps, restore necessary OPTEMPO funding, and begin stabilization of our infrastructure. Yet we cannot let our next generation of leaders and soldiers down by failing to prepare for the threats we envision in the mid- and long-term. We cannot break our non-negotiable contract with the American people to win the Nation's wars. The Army's vision—People, Readiness and Transformation—sets a clear and balanced set of priorities where we must invest. DOD faces the same challenge of balancing near- and far-term requirements.

Admiral FALLON. In a dual major theater war (MTW) scenario, risks are assessed to be moderate to high due to precision munition shortfalls, insufficient aviation spare parts, and limited bandwidth available for our forces to communicate and fight at an optimum level in both MTWs.

For the Navy risk is due in part to the readiness degradation observed among our non-deployed forces. The significance of declining readiness among non-deployed forces is that these units constitute critical follow-on forces. The lower the readiness of non-deployed forces becomes, the greater the risk to being able to respond with combat-ready follow-on forces.

We intend to continue efforts to bring all CVBGs up to required readiness. If the Battle Groups could be equipped with the munitions, spares, and communications capabilities necessary to raise their readiness to the C-2 level, for both theaters, I believe low to moderate risk levels would exist.

General HANDY. Regarding the first question, risk, as used in this context (i.e., Quarterly Readiness Reports to Congress, Joint Monthly Readiness Reviews, (JMRR) etc.) is defined as the likelihood of failing to accomplish theater objectives within planned timelines. Risk does not mean that U.S. forces would not prevail, but rather that slower than planned force build-up and delays in counter-offensive operations increase the potential for higher casualties to U.S. forces in the interim and during the fight.

On the second question, part one, all deficiencies degrade the ability to execute National Military Strategy (NMS); however, some drive more risk than others. To ensure senior leadership focuses on the most critical readiness issues, JMRR deficiencies are categorized as either Category 1 (most critical warfighting risk drivers) or Category 2 (important deficiency that contributes lesser levels of risk to the NMS). Additionally, these deficiencies are further categorized as either (1) a capability deficiency or (2) as a readiness deficiency. A capability deficiency is defined as a lack of resources to meet established mission requirement—deficiency concerns re-

sources that do not exist within DOD (i.e., total airlift required exceed total airlift available). A readiness deficiency is defined as a readiness degradation: (1) because of the condition of an existing DOD resource; or (2) due to the inability of an existing capability to fully perform its function (i.e., training deficiencies, broken C-141s).

Currently, approximately 50 percent of Category 1 deficiencies identified with the Air Force are “capability related” deficiencies. As stated earlier, all deficiencies degrade the ability of the force to execute NMS, hence, we are concerned about all deficiencies.

Reference question two, part two, additional funding would be used to support both current and future readiness issues. We must ensure our retention and recruiting efforts provide the people we need to regrow our skilled technicians and operators we’ve lost in the past 3 to 5 years. Also, we must provide these people with the right equipment, training, and spare parts to increase weapon system availability. Finally, we must address aging equipment and infrastructure. Without substantial recapitalization efforts, keeping the existing fleet mission ready will drive higher maintenance/spare cost, challenge us to sustain current readiness levels, and put long-term readiness at risk. Because our current readiness is the result of several years of sustained underfunding, poor retention, TEMPO, and aging systems, it will require several years of substantial and sustained investment to recover readiness.

General WILLIAMS. The risk report you speak of comes from the readiness assessments made on the warfighting scenarios from the Joint Monthly Readiness Reviews (JMRRs). In this context, risk is defined as the likelihood of failing to accomplish theater objectives within planned timelines. It does not mean that U.S. forces would not prevail. Rather, risk means that slower than planned force build-up and delays in counter-offensive operations increase the potential for higher casualties to U.S. forces in the interim and during the fight.

The Marine Corps’ training and readiness are good, but not without concerns. Our readiness is high, because modernization and infrastructure have been the billpayers for current readiness over the past decade. The readiness of our legacy equipment is increasingly being borne on the backs of our marines. The pace of equipment modernization continues to be of great concern.

NAVY END STRENGTH INCREASE

5. Senator AKAKA. Admiral Fallon, the Navy requested an increase of almost 3,400 sailors in fiscal year 2002. Can you elaborate on the rationale behind this request and why you are asking for an increase while deliberations about force structure in Quadrennial Defense Review are still ongoing?

Admiral FALLON. In line with CNO’s top priorities of manpower, current readiness, and future readiness, Navy plans to meet growing manpower requirements, reduce the size of the Sea/Shore Gap, while allowing for greater flexibility in shaping the force through a long-term investment in people.

Due to the success of our fiscal year 2001 end strength strategy, Navy plans to end fiscal year 2001 and begin fiscal year 2002 at close to our fiscal year 2002 end-strength requirement for 376,000 sailors. Our commitment to additional end strength in fiscal year 2002 meets requirements for anti-terrorism force protection, as well as additional readiness and operational demands for ships and squadrons. Second, we have significantly reduced our billet gap (difference between authorized enlisted billets and actual enlisted personnel onboard). In fiscal year 1999, the enlisted gap averaged 18,431 (13,833 at-sea and 4,598 ashore). As a result of personnel initiatives to improve manning and readiness, we have reduced the total gap in billets by more than 26 percent from fiscal year 1999 to today. We have made even greater progress in the at-sea gap, reducing it by almost 67 percent from fiscal year 1999 levels. Executing end-strength to the full 1 percent statutory authority has helped us balance the gap by increasing productive workyears across the fiscal year spectrum—thus diminishing the effects of a cyclical end-strength bathtub that has historically presented an inherent readiness challenge in our manning profile. This will allow us to continue improving readiness and manning into fiscal year 2002.

Finally, in a steady-state force environment, we face significant force de-aging in coming years. If constrained to execute to current end-strength levels, our current retention gains would force us to sacrifice a steady-state level of accessions which would sustain us for 20–30 years. Our strategy is based on maximizing retention gains to sustain an experienced career force and minimize de-aging, while building adequately for the future.

SERVICE RETENTION PROBLEMS

6. Senator AKAKA. General Keane, Admiral Fallon, General Handy, and General Williams, as I understand it, many of the services are struggling with meeting retention goals for mid-career enlisted personnel. Is this because of a systemic problem across the services, or do the causes differ? Have you developed or are you developing, either jointly or independently, an integrated approach to address this problem? What are the short- and long-term readiness impacts of continued short-falls?

General KEANE. The Army exceeded its fiscal year 2000 mid-career reenlistment objective and is well on course to exceed the fiscal year 2001 objective.

The Army has worked with the other services to address pay, well-being, and benefit issues through Congress. We have also taken steps to alleviate the impact of a fast-paced military lifestyle on our soldiers and their families. Improved child-care facilities and installation activities, as well as targeted reenlistment bonuses and improved compensation have all played a major role in our success. In the short-term, our readiness posture is generally healthy. Like our sister services, we have some specialties that we are concerned about, but in the aggregate, our force is in good shape. If we maintain current recruiting and retention rates, there will be no adverse long-term readiness problems. Our recruiting and retention programs have served us well in maintaining personnel readiness.

Admiral FALLON. Navy has developed long-range reenlistment goals that reflect our vision to mold the force profile into a desired shape which would support and sustain a 75.5 percent Top 6 Pay Grade Enlisted Program Authorization (EPA) requirement. The 75.5 percent Top 6 EPA requirement reflects Navy's anticipated manpower needs based on future technology and weapons platforms. Navy's long-range reenlistment goals are listed in the following table along with the reenlistment rates for the last 3 fiscal years.

NAVY ENLISTED REENLISTMENT RATES

FYTD (October-June)	Zone A (<6 years)	Zone B (6+ to 10 years)	Zone C (10+ to 14 years)
Fiscal year 1999	45.8%	60.5%	82.8%
Fiscal year 2000	50.3%	62.5%	83.2%
Fiscal year 2001	59.4%	67.7%	84.4%
Long-range Goals	57%	69%	89%

While still somewhat shy of our long-range goal, the reenlistment rates for our mid-career (Zone B) sailors has shown steady improvement over the levels for the same time period in the previous 2 years. To combat any aggregate personnel short-falls and as a long-term solution, we have concentrated on our Zone A or initial term enlistees. If we don't keep our sailors the first time, we never have the opportunity to keep them again. Our efforts have resulted in a large improvement in Zone A reenlistment rates, which represents a significant step in the right direction as more of these sailors are opting to stay Navy for a second tour. To counter our specific skills shortfalls, we have a very robust Selective Reenlistment Bonus (SRB) program that has helped us keep individuals with high demand skills within our lifelines in the near-term.

Ultimately, as we continue to build on our retention successes of the last 2 years, it is our desire for increased numbers of mid-career sailors to reenlist in the Navy for third (and subsequent) tours.

General HANDY. Service specific retention goals are developed to support vastly different force structures, yet the challenges we face are similar. Within the Air Force, retaining the right number and mix of people has become increasingly more difficult. Our expeditionary mission and complex weapon systems require an experienced force, and we depend on our ability to attract, train, and retain high quality, motivated people to maintain our readiness for rapid global deployment. While patriotism is the number one reason our people, both officer and enlisted, stay in the Air Force, the constant "push" and "pull" factors that influence career decisions put our human resources at risk.

During a decade of sustained economic growth, record low unemployment, increasing opportunity and financial assistance for higher education, and a declining propensity to join the military, we have realized a decline in our enlisted experience levels. We expect the "pull" on our skilled enlisted members to leave the Air Force to persist. Businesses place a premium on our members' skills and training. In fact, exit surveys indicate the availability of civilian jobs is the number one reason our

people leave the Air Force. In addition to the “pull” from the civilian sector, manning shortfalls, increased working hours, and TEMPO continue to “push” our people out of the Air Force.

Our strategy to address these challenges is based on the premise that if we take care of people and their families, many of them will stay with us despite the “push” of increased TEMPO and “pull” from the private sector. To combat the “push” from within, the Air Force implemented structural and cultural changes via Expeditionary Aerospace Force concept to enhance responsive force packaging, as well as to provide our force more stability and predictability in deployment and home station scheduling. We must continue to address the “pull” from the strong economy by focusing on our core Quality of Life priorities: upgrade neglected workplace environments, provide safe and affordable housing, adequately compensate our people, enhance community and family programs, provide improved educational opportunities, provide quality health care, and reduce out-of-pocket expenses for housing, travel, and medical expenses. In addition, we are addressing adequate manpower as one of our core quality of life priorities. In doing so, we are combating TEMPO by balancing resources and requirements. Quality of life initiatives are critical to our future. They affect the welfare of our men and women and are critical factors to our overall readiness.

Retention is only one of a number of interrelated factors impacting personnel readiness. These factors include home station mission demands, availability of training, unit manning, and retention. The Air Force’s Status of Resources and Training System (SORTS), particularly the personnel and training assessment areas, cumulatively reflect the impacts of these factors. The prolonged impact of lower than desired enlisted retention, particularly the retention of our skilled second-term personnel, has been a concern. This loss of experienced personnel coupled with an influx of new personnel has created a skills level imbalance. This imbalance has placed an even greater burden on those who remain in the Air Force than ever before. Experienced personnel serve not only as the trainers for these new members, but they are also the expertise we call upon to carry out the Air Force mission at home and abroad.

General WILLIAMS. The Marine Corps has seen a trend in lower continuation rates among its mid-career enlisted personnel. This trend has caused our First Term Alignment Plan (FTAP) to steadily increase over the last several years.

We are currently developing a Subsequent Term Alignment Plan (STAP) model to clearly identify a reenlistment “target/goal” in the mid-career enlisted force. We are also in the process of determining how to spread our limited Selective Reenlistment Bonus (SRB) resources to better support our mid-career force.

If we continue to see a decline in our mid-career continuation rates, we will take remedial action by placing a higher FTAP requirement, seeking to reenlist more of our first-term population. The drawback of such action is the drop in the experience level we get from our career force.

NAVY DEPARTMENT BUDGET PRIORITIES

7. Senator AKAKA. Admiral Fallon and General Williams, this budget amendment clearly focuses on the personnel and operation and maintenance accounts. Within the Department of the Navy, the active duty Navy’s personnel and O&M accounts would get a 12 increase over the current year’s level, while the active duty Marine Corps budget goes up by 6 percent and the Navy and Marine Corps Reserve budgets would go up by just 3 percent.

What is the rationale for this disparity? Is it your view that active duty budgets were underfunded but that the Reserve components were not?

Admiral FALLON. As you are aware, budgetary levels from year-to-year vary with departmental requirements, inflation, authorized end-strength and congressional action (plus-ups, rescissions, and direction). This budget balances short-term needs (manpower and readiness) with long-term requirements (infrastructure and modernization) in both active and Reserve programs. The budget is currently structured with a total force (Active and Reserve) philosophy to meet known readiness-related requirements and avoid reliance on a supplemental appropriation during execution. When considering differences between the Active and Reserve Forces, the most obvious factor is the sheer size of the Active vs. Reserve components. Additionally, there are significant force structure and manpower differences underlying the levels of O&M and MILPERS funding required to meet CNO goals for readiness programs.

The Department’s fiscal year 2002 amended budget has taken positive steps to help us take care of today’s most pressing readiness problems. The total force ap-

proach used in determining requirements and funding levels ensures adequate resources across active and Reserve, Navy and Marine Corps readiness accounts.

General WILLIAMS. The Marine Corps balances resources across four pillars upon which our readiness is built—marines and their families, current readiness/legacy systems, modernization, and infrastructure—with a focus toward near-term readiness accounts. While military personnel and operation and maintenance accounts are primarily near-term readiness accounts, there are shortfalls in these areas for both our Active and Reserve Forces that do not affect our near-term readiness. I would like to address our military personnel and operation and maintenance accounts separately.

The fiscal year 2002 Marine Corps active duty military personnel account, MPMC, increased 8 percent over the fiscal year 2001 level, primarily due to pay raises, increases in Bachelor Allowance for Housing (BAH) rates for buying down out-of-pocket expenses, and increases in retention bonuses. Our Reserve personnel account, RPMC, increased 3 percent over the fiscal year 2001 level due to pay raises and increases in BAH. While the fiscal year 2002 budget funds our top priority personnel requirements, there are areas in both our active and Reserve personnel accounts where we could use additional funding (e.g., additional bonuses, operational tempo relief (Active Duty Special Work (ADSW)), and new camouflage utility uniforms).

The fiscal year 2002 operation and maintenance account for our active component, O&MMC, increased by 2 percent over fiscal year 2001, and our O&M account for our Reserve component, O&MMCR, decreased by 3 percent, (\$4 million). While these statistics may lead one to believe there is a slight inequity between O&M funding for our active and Reserve accounts, the primary reason for the reduction in our O&MMCR account is congressional increases provided in fiscal year 2001 that were not carried forward into fiscal year 2002 for items such as initial issue, and a decrease in our Defense Finance and Accounting Service (DFAS) bill. The O&M account for our active forces also reflects a decrease for fiscal year 2001 congressional plus-ups which were not carried forward into fiscal year 2002, as well as a reduction in funding for maintenance of real property; however, these decreases were offset by increases for utilities, other base operating support, and a functional transfer of funds from our procurement account to O&MMC for the Navy Marine Corps Intranet (NMCI).

As is the case with our military personnel accounts, while the fiscal year 2002 budget funds our top priority operation and maintenance requirements, there are programs in both our Active and Reserve Forces where we could use additional funding in fiscal year 2002 (e.g., maintenance of real property, initial issue, base operating support, depot maintenance, and operating forces support). These shortfalls do not affect our near-term readiness.

RESERVE COMPONENT FUNDING

8. Senator AKAKA. General Keane, Admiral Fallon, General Handy, and General Williams, it is my understanding that the percentage of funding the active components devote to their respective Reserve components varies from service to service. Are you providing adequate resources for your Reserve components to perform their missions?

General KEANE. The Army has made great strides over the last few budget cycles to address the funding shortfalls in the Reserve components. The Reserve components have received significant increases in some of our O&M accounts that bring the Active and Reserve components close to parity in programs such as OPTEMPO and recruiting advertising. The Army continues a full partnership with the Reserve components in the defense of our Nation.

Admiral FALLON. As the committee is well aware, the Chief of Naval Operations continues to place heavy reliance on the contributions of his Naval Reserve, as reflected in our fiscal year 2002 amended budget submit. The programming guidelines for the Reserve's operational readiness accounts, identical to the active Navy, have ensured that there is adequate resourcing for the Naval Reserve to perform its mission in FY02. Like the active component, the Naval Reserve will benefit from significant increases in Flying Hour Program (\$33 million), Base Operations Support (\$13 million), and Depot Maintenance (\$22 million) funding if the submit is approved.

In addition to sharing the budget's increases with the Active component, however, the Reserves also share in its shortfalls. In a 6 July 2001 letter sent to Representative Skelton of the House Armed Services Committee, the CNO presented a list of requirements that are not funded in the fiscal year 2002 amended budget submit totaling \$12.4 billion. Included in this total is a \$10 million shortfall in the Reserve Personnel Navy appropriation (RPN), a \$48 million shortfall in Operations and

Maintenance, Navy Reserve (O&MNR), and a \$44 million shortfall in Military Construction, Navy Reserve (MCNR). If funding were made available to all the programs as specified in the letter, the Navy would be able to maintain all force readiness programs throughout the year.

General HANDY. The Air Force tries to provide adequate funding to support Reserve component requirements. In the Air Force, we cannot perform our missions without their important contributions. The Reserve components are no longer a force in Reserve but are full partners in the total force. From a resource perspective, the Air Force ensures that the personnel accounts and flying hour programs permit the Reserve components to attract and retain quality people. Funding levels for aircraft depot maintenance are approximately the same as the active Air Force. In addition, their facilities compete for funding using the same criteria as applied to active Air Force facilities. Unfortunately, we have not been able to identify significant additional funding for modernization and equipment upgrades but make incremental progress in areas important to the integration of the Reserve components into the total force.

General WILLIAMS. The Marine Corps Reserve is represented fully in the Marine Corps resourcing process and receives an equitable share of available funding. As part of our total force policy, Marine Corps equipment procurement is accomplished through our single acquisition objective process, wherein all requirements, to include sustainability requirements for both the Active and Reserve component, are considered and resourced. This single acquisition strategy ensures the Reserve component receives the same equipment as the active component. In summary, the Marine Corps Reserve is provided adequate resources, within a balanced Marine Corps Total Force Program, to accomplish its mission.

FORCE PROTECTION

9. Senator AKAKA. General Keane, Admiral Fallon, General Handy, and General Williams, some of you have mentioned efforts to improve force protection. Will you review what you consider to be your most important initiatives in the fiscal year 2002 budget request to address force protection concerns? What steps are you taking to ensure that force protection needs are met, while we maintain readiness and our engagement with other nations? Do the Reserve components have specific roles to play in force protection and antiterrorism missions?

General KEANE. The Army has taken several initiatives to enhance force protection (FP). The primary initiative requiring funding is controlled access to Army installations 24 hours a day, 7 days a week, and mandatory vehicle registration. The Army is also implementing the recommendations and initiatives from the Cole Commission Report, as well as initiatives resulting from antiterrorism (AT) vulnerability and physical security assessments of all Army installations conducted from 1997 to 2001.

General Shinseki directed an Army-wide assessment of the Army's antiterrorism/force protection (AT/FP) posture, inspecting all Major Commands (MACOMs) and installations required to have an AT plan. An FP assessment and training program will be implemented in fiscal year 2002 based on lessons learned from this review.

Our antiterrorism policy is being rewritten, and the final draft of a new antiterrorism regulation is being staffed. An installation commander's guide for antiterrorism and force protection was published in March 2000. In-transit tracking of threat assessments to units moving through high-risk areas was instituted in April 2001. AT/FP training has been elevated to the equivalent of primary mission area, and AT training will be integrated into unit collective and individual training. AT scenarios will be included in all combat training center and battle command training program rotations, as well as mission rehearsals and pre-deployment training. AT training has been enhanced and consolidated and a new AT officer course will begin in August 2001. Antiterrorism operational assessment teams are being established by all MACOMs to test the security procedures of installations. An AT reporting system is being finalized as part of the annual installation status report to show installation shortfalls to better understand how to improve installation AT readiness. Army-wide standards are being implemented for explosive detector dog teams.

The Army Reserve and National Guard have the same responsibilities and fall under the same programs as the active component. A March 2001 draft Army Homeland Security Strategic Planning Guidance outlines the Army's responsibility in conducting domestic support operations as part of the DOD's commitment to defend the United States.

Admiral FALLON. We have included a variety of new initiatives in the fiscal year 2002 budget request. The Navy has increased and accelerated the procurement of harbor patrol boats for our installations, which are essential for the monitoring of our waterside perimeter. Additionally, we have designated funds for waterborne barrier systems and waterside security systems. These are designed to establish the necessary standoff to protect our vital assets and further increase the monitoring of our perimeter. There are also significant funds designated for personnel. We are increasing the number of Master at Arms billets throughout the fleets to further develop the Navy's professional security force. Equally important, NCIS is adding additional special agents, analysts, and security specialists for overseas and domestic support of our ships and aircraft.

The Navy continues to work closely with the Department of State to ensure our force protection needs are met while retaining our essential role of engagement with foreign countries. Secretary Powell issued a cable calling upon all country teams to work with the Navy in establishing desired security support from our host nations. Host nation cooperation continues to be a challenge. However, with the strong support of State Department we are working through these issues.

Reserve components are a vital piece in our force protection activities. The Navy has Naval Reserve Force protection and law enforcement teams augmenting CINCPAC security forces worldwide. Additional Reserve personnel are augmenting base security forces and are assigned to support security teams during special events. Naval coastal warfare units and Coast Guard port security units, both manned by reservists, provide security for harbors in CENTCOM. Additionally, the Navy incorporates Reserve support for the completion of Port Integrated Vulnerability Assessments (PIVA) worldwide. Finally, numerous Master at Arms reservists have returned to active duty to support the growing demand for security personnel.

General HANDY. In December 2000 we completed our first 3-year cycle of conducting higher-headquarters integrated vulnerability assessments at all 99 of our major active and Reserve installations. In addition, although not required until federalization, we have already assessed 19 of the 72 Air National Guard bases. Our most important force protection initiatives in the fiscal year 2002 budget request are to fix the equipment and training shortfalls identified in those vulnerability assessments which place the most people and resources at risk. The assessments identified shortfalls in personal protective equipment, alarms and sensors, thermal imagers, moveable barriers, and other equipment items.

We are putting organizational and fiscal emphasis on force protection to ensure our needs are met while maintaining readiness and engagement with other nations. The majority of the \$89 million added in our fiscal year 2002 force protection request is for equipment upgrades. We are making force protection an enabler of all mission areas. For example, we're improving defensive countermeasures for aircraft and more aggressively using ISR at the tactical and strategic levels for force protection. Finally, we're making greater use of robotics for explosive disposal and purchasing better sensors and upgraded small arms to improve our force protection posture.

The Reserve components have become fully integrated into our total force. They provide personnel in support of Aerospace Expeditionary Forces and also provide day-to-day protection for their home stations. They face the same force protection challenges and risks as their active counterparts.

General WILLIAMS. Our most important force protection initiative is effective first responder capability to a weapon of mass destruction (WMD) event. First responders are law enforcement, firefighter, emergency medical, selected facilities, and command personnel. Our fiscal year 2002 budget request includes funding for communications equipment suites to allow Marine Corps first responders to communicate with their civilian counterparts. Mutual aid and support with the civilian community is essential if we are to respond effectively to a WMD event. It also includes funding for mass notification systems. These systems provide instantaneous notification of installation personnel in the event of a change in the force protection condition, or any base-wide emergency.

Training is an essential part of our Anti-Terrorism/Force Protection (AT/FP) program. We have sought additional funding to conduct AT/FP training and exercises. We recently completed a bio-terrorism table-top exercise at Camp Pendleton that reinforces the requirement that this be a community-wide response, and that our installations are part of the larger community. We intend to pursue additional exercises of this nature to ensure well-established lines of communication with our Federal, state, and local counterparts.

In ensuring that our future force protection needs are met, we remain convinced that the best force protection measure is, and will continue to be, a well-trained marine. We will continue to devote the resources necessary to train our marines and

commanders to recognize the threat and be prepared to protect themselves and others from terrorist events. An example of our engagement with other nations in this regard is the recent deployment of our Chemical and Biological Incident Response Force (CBIRF) to the Middle East where they trained with their counterparts in Bahrain and Jordan.

The Marine Corps Reserve provides marine emergency preparedness liaison officers to support the ten FEMA regions and the two continental U.S. armies. They coordinate Marine Corps support to the lead Federal agencies in the event of a disaster or a large-scale emergency.

ARMY DEPOT MAINTENANCE

10. Senator AKAKA. General Keane, what percentage of Army requirements for depot maintenance of ground combat equipment and aviation equipment would the fiscal year 2002 budget amendment fund?

General KEANE. Ground depot maintenance is funded to 75 percent of requirements in fiscal year 2002, and aircraft depot maintenance is funded to 51 percent of requirements in fiscal year 2002.

QUESTIONS SUBMITTED BY SENATOR RICK SANTORUM

FASTER SHIPS

11. Senator SANTORUM. Admiral Fallon, the June 21, 2001 edition of the *Wall Street Journal* reported that the Department of Defense is reassessing the strategy of waging two major conflicts simultaneously because of its focus on current rather than future threats. Specifically, the article discussed the use of new technologies such as faster ships to address future threats in light of the increased intelligence capabilities of potential enemy states.

As you may be aware, the FastShip project of Philadelphia involves the use of Maritime Administration Title XI loan guarantees to finance the construction of four 38-knot, U.S.-flag, roll-on/roll-off, commercial cargo ships, with the research and development costs for this project already being borne by the private sector. Each of these ships is capable of transporting 300 helicopters to the Persian Gulf in less than 11 days and of carrying 10,000 tons of military cargo over about 5,000 nautical miles at a speed of 36 knots without refueling.

In your opinion, would the availability of such a fast sealift vessel be consistent with DOD's new emphasis?

Admiral FALLON. We recognize that aspects of some military service missions may be enhanced by the use of high-speed sealift. No joint OSD/JCS mobility studies have been conducted that specify a requirement for such ships in inter-theater service.

12. Senator SANTORUM. Admiral Fallon, would you support increased funding for the Title XI loan guarantee program to allow for the construction of such militarily useful vessels?

Admiral FALLON. The administration does not support increased funding for the Title XI program. FastShip can compete for funds remaining in the program.

[Whereupon, at 11:31 a.m., the subcommittee adjourned.]

**DEPARTMENT OF DEFENSE AUTHORIZATION
FOR APPROPRIATIONS FOR FISCAL YEAR
2002**

THURSDAY, AUGUST 2, 2001

U.S. SENATE,
SUBCOMMITTEE ON READINESS
AND MANAGEMENT SUPPORT,
COMMITTEE ON ARMED SERVICES,
Washington, DC.

**INSTALLATION PROGRAMS, MILITARY CONSTRUCTION
PROGRAMS, AND FAMILY HOUSING PROGRAMS**

The subcommittee met, pursuant to notice, at 2:30 p.m. in room SR-232A, Russell Senate Office Building, Senator Daniel K. Akaka (chairman of the subcommittee) presiding.

Committee members present: Senators Akaka, Levin, and Inhofe.

Committee staff members present: David S. Lyles, staff director.

Majority staff members present: Maren Leed, professional staff member; Peter K. Levine, general counsel; and Michael McCord, professional staff member.

Minority staff members present: George W. Lauffer, professional staff member; Ann M. Mittermeyer, minority counsel; and Cord A. Sterling, professional staff member.

Staff assistants present: Gabriella Eisen, Jennifer L. Naccari, and Daniel K. Goldsmith.

Committee members' assistants present: Christina Evans, assistant to Senator Byrd; Davelyn Noelani Kalipi, assistant to Senator Akaka; Brady King, assistant to Senator Dayton; John A. Bonsell, assistant to Senator Inhofe; George M. Bernier III, assistant to Senator Santorum; Robert Alan McCurry, assistant to Senator Roberts; and Derek Maurer, assistant to Senator Bunning.

**OPENING STATEMENT OF SENATOR DANIEL K. AKAKA,
CHAIRMAN**

Senator AKAKA. The subcommittee will come to order. I want to say good afternoon to all of you and especially to the witnesses, welcome. The Readiness and Management Support Subcommittee meets today to review the amended budget request for fiscal year 2002 for military construction, family housing and other installation programs of the Department of Defense. We had originally planned to have this hearing 3 weeks ago, but we had to postpone it. I am pleased that we were able to reschedule this hearing and thank the witnesses for their cooperation in this effort.

This afternoon we will hear from Mr. Ray DuBois, the Deputy Under Secretary of Defense for Installations and Environment, and from senior military representatives from each service: Maj. Gen. Robert Van Antwerp, the Assistant Chief of Staff of the Army for Installation Management; Rear Adm. Michael Johnson, Commander of the Naval Facilities Engineering Command; Maj. Gen. Earnest Robbins, The Civil Engineer of the Air Force; and Lt. Gen. Gary McKissock, the Deputy Commandant of the Marine Corps for Installations and Logistics.

We are still receiving and reviewing the details of the fiscal year 2002 budget request. Today we will ask our witnesses to provide an overview of their budget requests for military construction and family housing programs, and what philosophies and priorities you used in putting the request together.

This year's budget makes a substantial investment in the Department's facilities, an area that has been too low on the funding priority lists of the Department for too long now. Despite an increase in emphasis on quality of life in recent years, we still have a long way to go to get all our facilities up to the level our men and women in uniform deserve. This year's budget request for installation programs is a step in the right direction. Both the Department of Defense and Congress need to make sure we make a sustained effort to address these issues in the coming years, because a one-time increase is not enough to solve this problem.

I want to take a moment before we turn to our witnesses to recognize the contributions of Paul Johnson, the senior career civilian responsible for installation and military construction issues in the Department of the Army, who is retiring this week after over 50 years of Federal military and civilian service. Eighteen of those years were spent in his current position as Deputy Assistant Secretary of the Army for Installations and Housing. This is a remarkable record of public service. Many of us have worked with Paul Johnson over the years to resolve difficult issues in our States. On behalf of the subcommittee I want to congratulate him on a job well done. I am sure General Van Antwerp would agree that his retirement leaves big shoes to fill in the Army's management of its facilities.

So, I would like to say thank you very much Paul Johnson for your service. Will you rise to be recognized if you are here, Paul?

General VAN ANTWERP. Sir, he is not here, but I will pass those kind words on to him.

Senator AKAKA. Please do that.

General Van ANTWERP. We had a wonderful farewell for him yesterday.

Senator AKAKA. Tell him I asked him to rise.

General Van ANTWERP. I will tell him, thank you sir. I will make him stand on your behalf.

Senator AKAKA. Thank you so much. Finally, I would like to apologize in advance to our witnesses for my temporary absence during this hearing. I must attend a hearing and markup in another committee this afternoon and I will return as soon as I am able. In the meantime, Senator Inhofe is here, though he has to leave as well.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. We have a serious problem, Mr. Chairman. So that everyone understands, the reason we have several Republicans missing is that Mr. Bunning, Mr. Smith and I are meeting with the President at 3 o'clock. It is of a nature that we really have to be there. So, I apologize. I am going to waive my statement, but I would like to enter it for the record. There are a couple of things that I wanted to get to, but I am going to have to leave, so I do not know how you want to do this Mr. Chairman.

Senator AKAKA. Yes, I thank you for doing what you are doing. We will enter your statement in the record. My reason for leaving, I want to tell you, I must introduce someone in another committee. However, I will be right back after that. It should take me just about 5 minutes. I will now call upon our witnesses and would ask each of you, as we usually do, to try to summarize your statements in 5 minutes. Without objection your entire printed statements will be included in the record of this hearing.

PREPARED STATEMENT BY SENATOR JAMES M. INHOFE

Mr. Chairman, I want to join you in welcoming our witnesses. Although the military construction and sustainment, restoration, and modernization (SRM)-RPM to the old timers—accounts are funded at the highest levels since I began my service in the Senate, the challenges of carrying out the program have not diminished. Each of our service representatives has a long history of working with this subcommittee and I have the highest regard for their abilities to get the job done. Mr. DuBois, congratulations on your appointment as the Deputy Under Secretary of Defense for Installations and Environment. I expect we will be seeing a great deal of you and I hope you will not hesitate to contact the subcommittee for consultation on the many issues that you will need to resolve in the coming months.

As I indicated, this is a robust military construction and family housing funding request. The \$10 billion request represents a \$1.2 billion increase over the fiscal year 2001 enacted level and is a strong indicator of the administration's commitment to improving the living and working conditions of our military personnel and their families. I especially want to recognize Secretary Rumsfeld for his emphasis on working conditions. I have always contended that the conditions of the facilities where our sailors, soldiers, airmen, and marines work is not only a readiness, but also a quality of life issue. The working conditions of our people have as much of an influence on retention as do the barracks and family housing. This budget request reflects that philosophy in that the request for maintenance and production facilities is almost twice the amount requested last year. Although on the grand scheme this is a good military construction (MILCON) program, I am concerned that it will create expectations the administration will not be able to fulfill in the out years as the bills for equipment modernization and the transformation become due.

Mr. Chairman, finally, I believe this subcommittee had a critical role in bringing a focus on the Department's lack of direction on facility replacement. Over the past several years, the subcommittee has held hearings on real property management and the Department's underfunding of both the military construction and RPM accounts. The hearings identified a lack of standard and directions of facility management. This year's budget sets the goal for facility replacement at 67 years. This standard, although not achieved in this budget, will reduce the replacement cycle for our facilities from more than 200 years, and, in the long-term perspective reduce the operating cost of our facilities.

Mr. Chairman, this is a good MILCON budget for the people and the Nation. Our task is to ensure that the standards set by this request are carried out in future budgets.

Senator AKAKA. I would like to begin with Mr. DuBois, who serves as principal advisor to the Secretary of Defense on issues affecting military installations, including military construction, family housing, base closure, and environmental issues. This is your

first appearance before this subcommittee and we welcome you and look forward to working with you in the future.

Mr. DuBois.

STATEMENT OF RAYMOND F. DuBOIS, JR., DEPUTY UNDER SECRETARY OF DEFENSE, INSTALLATIONS AND ENVIRONMENT

Mr. DuBOIS. Thank you, Mr. Chairman. In order to try and telescope our opening statements the distinguished gentlemen on my right and left have agreed to dispense with theirs and I will make just a few opening remarks. The Secretary of Defense has testified that his strategic review and ultimately the Quadrennial Defense Review (QDR) will place a high priority on the adequacy of installations. The importance of installations is reflected in the budget, which includes a substantial increase in resources for installations and facilities.

Four key recommendations included in that budget submission are that installations must be adequately funded, number one. Number two, facilities must be sustained. Number three, the facilities must be modernized. Number four, the facilities must be restored.

A fifth point, however, needs to be mentioned. A few minutes ago Under Secretary of Defense Pete Aldridge made the announcement at the Pentagon that the Department of Defense would be forwarding to Congress prior to the recess, proposed legislative language pertaining to an efficient facilities initiative. I am sure there will be some questions around that, but just let me say that Secretary Rumsfeld and the entire department believe that this infrastructure realignment and reduction is a necessary ingredient to husbanding, if you will, the resources that you appropriate for us.

Facilities sustainment, restoration and modernization investments will, as a practical matter should we be authorized to enter into this process, not be stretched so far. In that light, the Secretary also signed yesterday a memorandum, a directive if you will, to the CINCs to develop an overseas strategic basing plan, which is due to the Secretary 6 months subsequent to the completion of the QDR.

Finally, Mr. Chairman, to ensure that our facilities deficiencies are eliminated in the long run we continue to refine the long-range facilities strategic plan. In addition, your comments about, "Would this be a one-time fix," if you will, "to the problems that we have with respect to installations and facilities?" Our answer is that we are going to work very hard to enter into the Future Years Defense Program (FYDP) with the involvement of the three military departments and appropriate levels of spending that will continue to bring down our recapitalization rate, as we did this year from 192 years to slightly over 100 years. Our objective, as you probably know, is 67 years.

In conclusion, Mr. Chairman, thank you again very much for the opportunity to appear, and my colleagues and I will try to answer your questions to the best of our ability.

[The prepared statement of Mr. DuBois follows:]

PREPARED STATEMENT BY RAYMOND F. DUBOIS, JR.

INTRODUCTION

Mr. Chairman and distinguished members of this subcommittee, thank you for the opportunity to discuss the Department of Defense’s fiscal year 2002 programs for military installations and facilities. Our military installations and facilities are integral components of military readiness. I look forward to working with you to ensure that they continue to support America’s military superiority and the men and women who live and work at our installations.

I will address our infrastructure and our plan for its improvement, our military construction and family housing request, our operations and maintenance request, proposed legislation, the installations’ vision for the future and our action plan.

RENEWING THE INSTALLATIONS FRAMEWORK

For years we allowed our installations and facilities to deteriorate due to competing budget priorities and indeterminate requirements. Last year’s Installations Readiness Report showed 69 percent of the Department’s facilities are rated C–3 (have serious deficiencies) or C–4 (do not support mission requirements). Much of our infrastructure—the seen and the unseen—is old and in various stages of decline. Our average facilities age across the Department is 41 years. Without adequate sustainment and recapitalization, facility performance degenerates, operational readiness and mission support suffer, service life is lost, and total costs rise.

This administration is committed to restoring our installations and facilities to perform as designed. Secretary Rumsfeld has stated that the fiscal year 2002 budget balances “preparation for the future with current needs—through robust funding to improve morale, boost readiness, transform defense capabilities and upgrade aging facilities.” We are breaking the current cycle of “pay me now or pay me much more later,” and our fiscal year 2002 budget initiates an aggressive program to renew our facilities.

For fiscal year 2002, we are requesting a total of \$10 billion for military construction, family housing and base realignments and closures, an increase of \$2 billion over the previously submitted fiscal year 2002 budget request. The amended fiscal year 2002 request represents the down payment on a long-range plan to streamline and improve the performance of our facilities and housing. Key to achieving the long-range goal will be successful implementation of the Department’s Efficient Facilities Initiative (EFI), designed to realign and reduce base infrastructure by approximately 25 percent, and ultimately, save several billion dollars annually. We must also fully sustain our facilities and halt, actually, reverse the unacceptable aging of the Department’s facilities by accelerating our recapitalization rates. Finally, we must restore the readiness of inadequate facilities, modernize facilities to meet future challenges, and dispose of, or demolish, obsolete facilities.

SUMMARY OF REQUEST

[Estimated President’s Budget as amended—\$ Billions]

Facilities	Fiscal Year 2002 Request
Real Property Services (O&M)	4.0
Sustainment (O&M)	5.3
Restoration and Modernization (O&M/MilCon)	4.1
New Footprint (MilCon)	2.0

Two principles guide our effort to improve and maintain our infrastructure: first, the quality of our infrastructure directly impacts readiness; and second, it is more cost effective in the long-term to ensure facilities perform as they are designed than it is to allow them to deteriorate and replace them when they are not useable. By investing money now and sustaining that investment over time, we will restore and sustain readiness, stabilize and reduce the average age of our physical plant, reduce operations costs, and maximize our return on investment. We plan a comprehensive review of our infrastructure needs through 2020 during the ongoing Quadrennial Defense Review.

Secretary Rumsfeld has made it quite clear that he intends to significantly change the business practices of the Department. Not that terminology causes change, but it certainly sends a rhetorical signal that the Secretary is serious about not just transforming our force structure but also our infrastructure by virtue of military requirements and necessity. We use outcome-oriented terms that emphasize perform-

ance—sustainment, restoration, and modernization (SRM)—rather than the misleading legacy term “real property maintenance” (RPM) that represents just one activity of many. Our Facilities Sustainment Program funds the required and scheduled maintenance and repairs for the inventory using operations and maintenance funds. Sustainment preserves the inventory and allows it to reach its expected service life. Our Facilities Restoration and Modernization Program repairs or replaces damaged or obsolete facilities and implements new or higher standards where necessary. The restoration and modernization terminology recognizes the contribution of both military construction and operations and maintenance appropriations to recapitalizing our facilities and housing.

MILITARY CONSTRUCTION AND FAMILY HOUSING REQUEST

The fiscal year 2002 amended budget request for the military construction and family housing program is robust. Over \$2 billion was recently added to the military construction request, targeted toward replacing or renovating what we currently own. This investment takes the Department from a recapitalization rate of 192 years to a rate of 101 years in fiscal year 2002—much closer to the Department’s goal of a 67-year replacement cycle. Most importantly, this funding should aid the Department in moving toward restoring its facilities to at least a C–2 readiness condition.

Our fiscal year 2002 request for military construction is \$5.9 billion, of which \$5.2 billion is for regular military construction—an increase of 46 percent over last year’s request, \$163 million is for NATO security investment, and \$524 million is for implementing previously legislated base realignments and closures.

We are requesting \$1.1 billion for family housing construction and \$3.0 billion for operating and maintaining our almost 300,000 family housing units. This budget request reflects the Department’s initiative to restore and modernize its existing facilities and also reflects President Bush’s initiative to improve housing for our service members and their families. On February 12, 2001, in a speech to the troops at Fort Stewart, Georgia, President Bush stated that “we owe you and your families a decent quality of life. We owe you the training and equipment you need to do your jobs. . . . You and your families are the foundation of America’s military readiness.” Secretary Rumsfeld added \$400 million to the program to make this a reality, increasing the family housing construction program by over one third. A substantial portion of this increase will be utilized to increase our housing privatization efforts, which allow us to leverage our appropriated funds and improve the quality of our housing more rapidly.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

[President’s Budget as amended—\$ millions]

	Fiscal Year 2001 ¹ Appropriation Request	Fiscal Year 2001 Final Appropriation	Fiscal Year 2002 Appropriation Request
Military Construction	3,189.1	4,215.3	5,210
NATO Security Investment Program	190	172	162.6
Base Realignment and Closure IV	1,174.4	1,024.4	532.2
Family Housing Construction	748	904.1	1,114.4
Family Housing Operations & Debt	2,732.1	2,701.1	2,940
Homeowners Assistance			10.1
Total	8,033.6	9,016.9	9969.3

¹ Does not include FY01 supplemental request. Does not include general provision (sec. 125 and 132) reductions.

Contingency Funding: Military construction projects typically include contingency funds to address problems that arise due to changes in missions changes or design, unanticipated site conditions, or other unexpected circumstances. The Department’s fiscal year 2002 budget request includes a 5 percent contingency for all of the services and defense agencies.

NATO Security Investment Program: The NATO Security Investment Program (NSIP) provides for the acquisition of common use systems and equipment; construction, upgrade and restoration of operational facilities; and other related program and projects in support of NATO. The request for the NATO Security Investment Program (NSIP) is \$163 million in fiscal year 2002. The Department anticipates recoupments of approximately \$11 million, and together with unliquidated

balances of \$25.4 million from prior years, the NSIP program will total \$199.4 million.

Completion of Prior Base Realignment and Closure (BRAC) Rounds: The fiscal year 2002 budget requests \$524 million in BRAC appropriations to complete prior rounds, which is less than half of our fiscal year 2001 request. Over 86 percent is for environmental cleanup and the balance will support operations and maintenance costs. We currently estimate that the four previous BRAC rounds will save approximately \$15 billion through fiscal year 2001 and generate an estimated \$6 billion in annual recurring savings thereafter.

Overseas Construction: The fiscal year 2002 budget for military construction at overseas bases is \$720 million for regular construction. Over \$350 million is directed toward projects that support quality of life issues such as child development centers, family housing, enlisted barracks, school facilities and medical/dental facility upgrades. The remaining projects are operational or support facilities.

OPERATIONS AND MAINTENANCE REQUEST

We are requesting \$10.3 billion to fund installations' operations and maintenance costs in fiscal year 2002. Of this total, \$4.0 billion will provide real property services (RPS) support and \$6.3 billion will provide for facilities sustainment, restoration, and modernization (SRM) and the demolition of unneeded facilities. RPS is a must-pay cost, and it funds contracts such as grounds maintenance, painting and elevator and crane maintenance. Sustainment funds pay for the day-to-day maintenance and repair costs. Restoration and modernization funds major repairs and upgrades to damaged or obsolete facilities and infrastructure.

The demolition program has been a success story for the Department. In May 1998, we set a goal to eliminate 80 million square feet of obsolete facilities by 2003. Over the past 3 years, the Department demolished and disposed of over 44.9 million square feet of excess and obsolete facilities and other structures, such as fuel tanks and engine test pads, and the program is 5.5 million square feet ahead of our goal. The program has been expanded to include several defense agencies and will continue past its current planned completion in 2003.

POSSIBLE ENABLING LEGISLATION

During this past year, we have actively solicited ideas from the services, our public employees, private industry, and local communities to improve the operation and management of our installations. Based upon this feedback, we have submitted several legislative proposals for your consideration, and we are also examining other innovative ideas:

Legislative Proposals

- Amend Section 2805 of Title 10 United States Code to increase the minor construction threshold from \$500,000 to \$750,000 and from \$1,000,000 to \$1,500,000 for projects involving life safety issues. The current threshold limits the Department's ability to complete projects in areas with high costs of construction. Without this relief, there may be a 2 or 3 year delay in completing smaller, unforeseen construction projects if the Department of Defense components must submit such projects for military construction appropriations.
- Amend the 1990 and 1988 base closure statutes to revise the guidelines for leasebacks. The proposed legislation seeks authority for Federal tenants to obtain facility services and common area maintenance directly from the local redevelopment authority (LRA) or the LRA's assignee as part of the leaseback arrangement rather than procure such services competitively in compliance with Federal procurement laws and regulations. The proposed legislation also expands the availability of the leaseback authority to property on bases approved for closure through the 1988 base closure statute.
- Amend Section 2853(d) of Title 10 United States Code to exclude environmental hazard remediation from the 25 percent allowable cost increases on construction projects. This provision would not change in any way our environmental responsibilities. It would give us flexibility to use existing funds to respond to requirements while moving ahead with construction. Experience has shown that unforeseen environmental cleanup costs alone can account for more than 25 percent of cost increases, a problem that becomes unmanageable if construction costs are also higher than anticipated. With the current situation, some military construction projects must be stopped prior to completion so as not to exceed the current 25 percent cap. Excluding unforeseen environmental hazard remediation from the cap provides

greater flexibility and enables the Department to more expeditiously execute contracts and respond to the unforeseen environmental conditions.

- Amend Section 276a of Title 40, United States Code to increase the thresholds for application of the Davis-Bacon Act from \$2,000 to \$1,000,000. This threshold has remained unchanged for over 35 years. Increasing the threshold reduces costs, provides greater flexibility in purchasing commercial items, simplifies acquisition procedures and competition requirements, and enables the Federal Government to conduct business in a more commercial manner. The Department could achieve savings of \$190 million in fiscal year 2002 alone if this threshold is increased.

Ideas Undergoing Departmental Consideration

- The Efficient Facilities Initiative is an effort by the Department to achieve an approximately 25 percent reduction in base infrastructure. This initiative is key to allowing the Department to more efficiently support force structure, increase operational readiness, and facilitate new ways of doing business.
- The Department is considering the possibility of extending the authorities contained in the Brooks Air Force Base Development Demonstration Project (Section 136 of the Military Construction Appropriations Act, 2001, Public Law 106-246) to all military installations. This effort would permit the Military Departments to explore ways of supporting their missions and people more effectively and at less cost while maintaining operational readiness.
- We are considering the amendment of Section 2801 (Alternative Authority for Construction and Improvement of Military Housing), Chapter 169 of Title 10, United States Code, to provide permanent authority to the Military Housing Privatization Initiative (current program authority expires in December 2004). We are also examining the MHPI to determine any lessons learned and recommend any legislative changes to improve the process.

INSTALLATIONS' VISION

To ensure that our facility deficiencies are eliminated in the long run, the Department is articulating a long-term Facilities Strategic Plan with a time horizon consistent with the military operations that installations support. The Facilities Strategic Plan is the foundation for long-term initiatives directly linked to our mission, our vision for installations, our goals, and the needs of our customers. Our installations' vision recognizes that America's security depends on installations and facilities that are available when and where needed with the capabilities necessary to support current and future military requirements. The Facilities Strategic Plan is based on four goals: right size and place, right quality, right resources, and right tools and metrics. Accomplishing these four goals will enable us to create the installations required to support a 21st century military.

Right Sizing and Locating Our Installations and Facilities: We must shape and size our infrastructure on the basis of military necessity. Our first goal is to improve the balance between the installations and facilities inventory on hand and the inventory required by today's and tomorrow's military forces and missions. This also includes preserving access to and integrity of the Department's operational test and training ranges from encroachment issues. Right sizing through the Efficient Facilities Initiative also allows the Department to align operational forces with the installations best suited to their 21st century missions. Our Facilities Strategic Plan assumes that 25 percent of the current inventory will become excess to future needs and can be disposed through additional base realignments and closures.

The Department has been successful in reducing infrastructure through previous base closures and realignments. By the end of fiscal year 2001, the Department will complete implementation of the base realignment and closure recommendations, to include the closure of 97 and realignment of 55 major installations. We are looking at ways to enhance the initiative to privatize our utility infrastructure and are revisiting program guidance and goals to incorporate lessons learned and input from industry.

Providing the Right Quality Installations and Facilities: Our second goal is to provide facilities that possess the qualities needed to support military operations, training, maintenance, housing and community support, which in turn, enable readiness. "Right quality" means facilities capable of meeting warfighting missions and enhancing quality of life for our service members and their families. As General Shelton, Chairman of the Joint Chiefs of Staff, said during a speech at the Defense Orientation Conference Association Annual Meeting on October 4, 2000 ". . . we

must *not* continue to ignore the aging infrastructure at our posts, bases and stations that has such a dramatic impact on our service members' quality of life."

The Department has accelerated the restoration of degraded facilities by requesting \$4 billion for fiscal year 2002 for facilities restoration and modernization. Many facilities with current readiness ratings of C-3 or C-4 will be improved to C-2 readiness condition as a result.

Providing the Right Resources: Our third goal is to allocate the right resources to achieve the right size and quality of our installations and facilities. Sustainment requirements are computed using the Facilities Sustainment Model, which determines sustainment costs based on commercial benchmarks and the planned inventory. Recapitalization requirements are computed using a standard design life on average for all facilities of 67 years. New footprint construction is determined based on service and defense agency requirements to meet new missions or to satisfy long-standing deficiencies.

Using the Right Tools and Metrics: Our fourth goal is to develop analytical tools and metrics to allow us to more accurately develop our requirements and assess our level of improvement. We are implementing management tools and performance measures to enable us to assess the current and future condition of our physical plant and directly link them to our Installations' Readiness Report.

Over the past year, the Department has made major strides in improving our management tools and metrics. We developed a standard Department-wide terminology for facility classification, which has been institutionalized across the Department. The Facilities Assessment Database (FAD), which incorporates the services' real property databases, has expanded to include personnel data, weapon system inventory and costs of real property maintenance activities and base support, where available. In addition, the FAD has transitioned into the source database for other Department-wide databases and management tools, including the Facilities Sustainment Model. Another effort involves improving the Base Information System databases and integrating them among the services so more accurate tools are available to guide and monitor management decisions.

The Facilities Sustainment Model was used by the services to determine sustainment requirements for their fiscal year 2002 budget submissions, and the Facility Aging Model enables us to assess the impact of planned facility actions on the useful life of the facilities' inventory. In its second year, the Installations' Readiness Report has effectively characterized the effect our installations and facilities have on military readiness.

We are also developing a tool to capture recapitalization requirements and predict restoration and modernization requirements. In a companion effort to the Facilities Sustainment Model, the Department restructured its program elements to reflect the new focus of sustainment, restoration and modernization.

FRAMEWORK FOR ACTION

America's security, today and in the future, depends on installations and facilities that support operational readiness and changing force structures and missions. The fiscal year 2002 budget request demonstrates our dedication to that mandate. We have taken a four-pronged approach to achieve our vision: right size and place, right quality, right resources, and right tools and metrics for our installations and facilities. We developed the Defense Facilities Strategic Plan to provide the framework for accomplishing these goals and enable us to provide ready and capable facilities for our warfighters.

We will continue to transform our installations and facilities into those required for the 21st century, both through increased resources and through better use of existing resources. We will capitalize on the strengths of the private sector through housing and utilities privatization and competitive sourcing initiatives. We will also develop a plan for managing unused and underutilized property and facilities and actively explore opportunities for outleasing.

We look forward to continued collaboration with Congress and welcome your ideas for identifying additional opportunities to provide the right quality and quantity of installations in the most cost-effective manner.

CONCLUSION

This concludes my prepared testimony. In closing, Mr. Chairman, I sincerely thank you for giving me this opportunity to describe our new focus on installations and facility programs and for your very strong support for a robust military construction program.

Senator INHOFE. Mr. DuBois, I appreciate this. Again, I apologize on behalf of the members of this subcommittee for the sparse attendance. I know the reason on this side. One thing I did want to get to, because it was a surprise for all of us, were some of the quotes that you have made. You have been quoted—I assume accurately quoted—as saying, “Some operations could be transferred out of the southeast where an increase in civilian aircraft and suburban sprawl has become a hindrance, and that some 150 military operations in the Norfolk, Virginia area probably would be eliminated.”

This is a bad thing to have coming out. In fact, in a way, if this were organized in a decision that you were announcing, I think there could be some benefit to it, because I have always said that there ought to be some way to stop this municipal purgatory that comes with a BRAC round. I understand that there is language coming to our committee, but it is not here yet.

What I had requested was that you take categories—if our infrastructure is not a problem in some areas. I will just give you a couple of examples. If you were to use basic pilot training, or any of these areas where we have already gone through and squeezed quite a bit through infrastructure: air logistics centers, we had five, now we are down to three. If anything could be taken off the table, then that would dramatically reduce the hysteria out there and make life a lot easier for everyone who is not here today who should be.

Now first of all, let me ask you if you want to comment on the statements that you made and then we will have some more to talk about in terms of the language that is going to be used.

Mr. DUBOIS. Yes sir. I am going to begin by saying, in answer to many of the comments made to me subsequent to those statements, some of which were taken out of context, that there is no list. There is no pre-conceived notion around which region of the country or which categories of installations would be a focus of realignment.

Senator INHOFE. Would not be?

Mr. DUBOIS. Would not be.

Senator INHOFE. Would be or would not be?

Mr. DUBOIS. There is not a list that would address any category or any region for that matter. As you know, we have not begun, and nor will we until authorized by Congress, the comprehensive, integrated analysis necessary to come to any kind of conclusions and recommendations that would inform an effective, mission-oriented base realignment and closure package.

The second district of Virginia I know. I have lived there. My father had a cruiser out of Newport News. In no way was I meaning to address, as I said, a locality. I think one must, as you have pointed out correctly, look at things like basic or initial pilot training and where it might best take place not for the weapons systems that are in the inventory today, but for the weapons systems that may be in the inventory tomorrow, which have larger performance envelopes and environmental and noise attributes different than the aircraft in our inventory today.

On the issue of categorization, I have looked at many of the installations and facilities in the Department of Defense in the

United States and worldwide, and there are very few that remain, as opposed to 25 years ago when I served in the Defense Department, single use or single activity installations. I think to try to take a category off the table or even part off the table, flies in the face of many of the multi-use installations that we have today. That would make it extremely difficult to do an appropriate, integrated, cross-service cut at what installations and facilities meet our mission requirements as dictated by our QDR process.

That, in the final analysis, sir, is I think what the Secretary is reaching for here; a process with integrity which addresses what infrastructure is necessary to support the mission, the national security requirements. That, of course, includes, as you and I have discussed: force structure, which means end-strength; weapons systems in today's inventory; weapons systems that we can project reasonably, at least performance-wise to be in inventory 10 or 20 years from now.

Senator INHOFE. The information that we have heard is that you had some language ready and were prepared to send it. You mentioned the mission—is it your opinion that we know enough, or you know, because we certainly do not, what our strategy, our mission will be? I have always said that you do not want to consider changing the infrastructure until you know what our mission is going to be so you know what is going to be needed. Do you know that at this point?

Mr. DUBOIS. The Secretary of Defense would agree with you wholeheartedly insofar as any analysis, any guiding principles for that analysis must be driven by the national military strategy. That in turn drives a force structure. The infrastructure must map to the force structure requirements.

Now, many questions have arisen around timing. I would only submit that past history has indicated to both Congress and the executive branch that in order to effectively address the installation and the infrastructure capacity, and to be able to present to Congress—in this case in the summer of 2003—it must be authorized in the 2002 defense authorization act. Because the totality of what we are facing, in conjunction with working with Congress and the communities, is an analysis that as a practical matter is going to take us 15 months to do. Then, as our language has indicated, and as was the case in previous BRACs, a commission needs to assess the recommendations of the Secretary, which would happen in the spring of 2003, and certify that the Secretary's recommendations followed the law, followed the stated criteria as published, and gives every opportunity through the commission process for the communities involved to testify and to express their views.

So that in the summer of 2003, on or about the Fourth of July recess, the President would submit to Congress for their determination a full package. It is the timing that has always been a frustration to both Congress and the executive branch. I think together, at least in 1990, it was agreed that this kind of approach, given the fact that it took 18 months to 2 years to complete, was the appropriate approach.

Senator INHOFE. I came to Congress, I was in the House at that time in 1987, which was the year that Dick Arme passed what I thought was a very good approach to this, to try to take politics

out. For the first three rounds it worked fairly well. The last round, it did not. I believe I can accurately say that the first time it was really politicized was in the last round.

Now, it is my understanding that you are coming up with all new language that will not be the same as our current draft language that is there. So you are starting maybe with other criteria, with different ways of forming commissions, maybe with a different number of people on the commission, and all these things. Why would you want to make all those changes if there was only the one problem, as far as I know, that in the fourth round it was politicized? Is it to try to prevent that from happening again?

Mr. DUBOIS. I think one of the principal objectives of some of the new language, and let me interject here that the overall architecture of what we are proposing is very similar to the architecture of past BRAC rounds. In fact, it is in architecture and in timing, very similar to the current bill in front of you that Senator Levin and Senator McCain have co-sponsored. There are some differences. The differences are principally differences wherein we thought, given our conversations with Members of Congress and their staff, would lessen the—and let us face facts—the internal politics of the Pentagon and the external politics in this process.

There are aspects of it that we have included that we think expand upon some of the themes that have come out of the last four rounds, that you and your colleagues have said to us, “Are you going to address this?” So the language, mostly hortatory, we think does expand and enhance the approach, but does not change the basic architecture and the discipline involved in a so-called BRAC commission process.

Senator INHOFE. Mr. DuBois and the rest of the distinguished panel, I do apologize. I am going to have to put this hearing in recess because I have 10 minutes to get to the White House. It is a meeting I really cannot miss. I apologize for that. We are in recess at this time.

Mr. DUBOIS. Thank you.

[Recess]

Senator AKAKA. The subcommittee will come to order. Mr. DuBois, again, I am delighted you are here. I believe Under Secretary of Defense Aldridge just held a press conference.

Mr. DUBOIS. Yes, Mr. Chairman.

Senator AKAKA. He did call me the other day, and this press conference was to announce the base closure proposal being released by the Department of Defense. Has this proposal now been cleared by the Office of Management and Budget? When will the department submit its Efficient Facilities Initiative proposal to Congress?

Mr. DUBOIS. Mr. Chairman, the final, formal OMB clearance has not been signed yet. However, it is the intention of the Secretary to transmit to Congress, prior to your August recess, the proposed legislative language of the Efficient Facilities Initiative.

Senator AKAKA. Do you know whether any decisions have been made within the Department of Defense as to which bases should be closed if another round of base closures is authorized?

Mr. DUBOIS. I can say categorically, Mr. Chairman, that there is no list, nor is there a list of categories that would necessarily attract more attention than others.

Senator AKAKA. Mr. DuBois, some Members of Congress have advocated excluding some bases from review in a future base closure round. Does the Department's legislation propose to exclude any bases from the Department or the commission's reviews—will there be any such proposal?

Mr. DUBOIS. Mr. Chairman, we have taken under serious consideration, from several members of the Senate and the House, such an exclusion list or so-called pre-selection list. We have concluded, for essentially two reasons, that it would be an inappropriate and inadvisable course of action. Number one, the analysis that we would undertake, as a practical matter, must address all facilities and installations in toto. Many of those installations and facilities are no longer single use, but rather are multi-use, and in some cases multi-service installations. That makes it difficult to say that a single use installation over here, the operations may be better moved somewhere else.

But I must confess, that the issue that became most compelling to me was that were there such a pre-selection list or exclusion list published at some point during this 12 to 15 month analytic process, that it would put enormous pressure on Members of Congress, on members of the executive branch, from the point of view that some member had an exclusion and some member did not. I would fear, quite frankly, that the pressures would become excruciating between the colleagues here in Congress, not to mention the kinds of pressures that would be brought upon the Secretary of Defense and even the President. I think in that regard, we concluded that this was not an advisable course of action.

Senator AKAKA. Does the Secretary of Defense believe we should follow the traditional approach of putting everything on the table and judge every base on its merits?

Mr. DUBOIS. The Secretary subscribes to the philosophy that the infrastructure that we have now has excess capacity. One must remember that does not mean that some set percentage of all facilities are excess. That means in the aggregate there is excess capacity. Unfortunately, and this is what makes this a very complex, difficult task, that excess capacity exists in a number of different installations. But, it does not necessarily force one to the conclusion that an installation becomes therefore excess.

The second part of your question, sir, was?

Senator AKAKA. Will they put everything on the table based on its merits?

Mr. DUBOIS. Exactly. The merit, and this is where your colleague, Senator Inhofe, implied that there are changes in the legislative language. The principle measure of merit, to use your term which I think is a very good one, should be: does our infrastructure match the central missions and the operational requirements of our military? Primarily, the criteria about cost savings are secondary to that. It is in essence the military necessity that ought to drive our selection criteria and our analysis. That is why one must begin, it seems to me, with all of our facilities of whatever nature and wherever they might be, on the table.

As I mentioned earlier today to a group of folks, I searched for an analogy. While this may not be accurate, it did come to my mind as I watched my young children put together one of those

1,000 piece puzzles. What we are looking at is we have a 1,000 piece puzzle today. We need to reduce those pieces to 800, but the pieces still must fit together in a coherent manner. That is not an easy task and that is why you must start with all 1,000 pieces.

Senator AKAKA. If Congress were to attempt to exclude some bases from the review process, how could we rationally devise a list of such bases for inclusion in authorizing language this year before you have completed your Quadrennial Defense Review?

Mr. DUBOIS. I, of course, would hesitate to step on the prerogatives of Congress, but I think as I have stated, I believe it is unwise to take that course of action. As I have suggested, not just because of the analytic discipline that looking at all of this creates for those of us who have to go through this arduous process, but also for the idea that it avoids the injection of—I know of no other term but pure politics—into the process. I believe that it would be an error should Congress ask us to do so prematurely.

Senator AKAKA. Let me begin with questions for Admiral Johnson. Secretary England believes the Navy can find a replacement for Vieques by 2003. He has stated that he is not looking for an exact replica of Vieques. If, as a result of the November referendum the Navy ends up leaving Vieques, do you anticipate that creating or expanding a replacement training range would require an environmental impact statement?

**STATEMENT OF REAR ADM. MICHAEL R. JOHNSON, USN,
COMMANDER, NAVAL FACILITIES ENGINEERING COMMAND**

Admiral JOHNSON. Mr. Chairman, that process has just gotten underway at the Center for Naval Analyses and others are involved. I think, as they work through that process, the environmental impact statement requirements under the National Environmental Policy Act and other statutory requirements will be an integral part of that analysis, as they look at the alternatives that might be out there as a potential replacement for Vieques.

Senator AKAKA. When we think of looking for another range we, of course, think of the possible costs. Can you give us a ballpark figure on the costs, including military construction dollars, of acquiring and setting up a new training range? Also, how long do you believe it is likely to take to get a new training range up and running to replace Vieques?

Admiral JOHNSON. Mr. Chairman, due to where we are in the process, I have no earthly idea to even guess at a range on either one of those. I will just have to wait, and we will work through the process, and we will see where we end up. But, it is much, much too early to even guess.

[The prepared statement of Admiral Johnson follows:]

PREPARED STATEMENT BY REAR ADM. MICHAEL JOHNSON, USN

INTRODUCTION

Mr. Chairman and distinguished members of the subcommittee, thank you for the opportunity to discuss the Navy's military construction, family housing, and base realignment and closure programs. I am Rear Adm. Michael Johnson, Commander, Naval Facilities Engineering Command.

The Navy's amended fiscal year 2002 military construction budget request inaugurates a strong commitment by the Navy and the administration to upgrade our

aging infrastructure. It increases funding to meet current needs and begins a long-range plan to streamline, restructure, and upgrade the Navy's facilities.

PROGRAMMATIC APPROACH

Adm. Vern Clark, Chief of Naval Operations, has clearly articulated his top five priorities for the Navy: manpower, current readiness, future readiness, quality of service (quality of life and work), and alignment. These priorities provide our "road map" for handling our daily operations in support of the fleet and play a significant role in shaping the Navy's strategies for future investment in facilities and infrastructure.

The military construction program directly supports the CNO's top five priorities through a set of programmatic categories that we use to evaluate infrastructure investments. These categories are: restoration and modernization (primarily waterfront and airfields); environmental compliance; deficit reduction (primarily bachelor quarters and QOL); new mission; and family housing. By using these programmatic categories as our guide, the Navy's military construction program is properly aligned with fleet requirements.

FACILITIES INVESTMENT

The Navy owns more than 160,000 facilities valued in excess of \$125 billion. Our infrastructure includes operational, training, maintenance, administration, housing, research, development, testing, and evaluation (RDT&E), supply, and medical facilities, as well as utility systems. The Navy's infrastructure is old, and its age and condition are negatively impacting readiness. Forty-three percent of our infrastructure was constructed before 1950. The average age of Navy facilities is 45 years. The Navy reported 67 percent of its facility categories in a C-3 or C-4 condition in the fiscal year 2000 Installation Readiness Report (IRR) submitted to Congress by the Secretary of Defense in February 2001. A C-3 condition code is used to identify facilities that marginally meet mission demands with major difficulty. A C-4 condition code identifies facilities that do not meet the vital demands of the mission category. Our desired state is C-2 (meets mission demands with some minor deficiencies that have a limited impact on mission capability) or C-1 (meets mission demands with minor deficiencies that have a negligible impact on mission capability).

The Secretary of Defense is committed to a Facility Strategic Plan that will streamline, restructure, and upgrade our facilities. One of the goals of this plan is to reduce the age of the Department of Defense's facilities by reducing the Navy's historic average recapitalization rate of over 160 years to 67 years.

The Navy has adopted a new investment strategy for our facilities that is founded on the Facility Sustainment Model (FSM). The FSM provides a life cycle based approach to computing our sustainment requirement by multiplying facility quantities (most often square feet) from our inventory times unit cost factors (most often dollars per square foot) from industry. Sustainment is defined as the annual maintenance and scheduled repairs required to maintain an inventory of facilities in their current condition without incurring additional deterioration. The portion of facility investment that goes beyond sustainment to improve facility conditions is called restoration and modernization, and includes both operations & maintenance (O&M) funded repair projects and military construction projects. The "SRM" (sustainment, restoration, and modernization) program replaces what was previously known as the "real property maintenance" (RPM) program. By linking SRM and military construction together in a complete facility investment strategy, the Navy can prepare a more comprehensive and credible analysis of these requirements. The Navy will use this methodology for developing the fiscal year 2003 military construction program.

SUSTAINMENT, RESTORATION, AND MODERNIZATION FUNDING

In fiscal year 2002, our SRM investment is projected to be \$1.36B, or 2.1 percent of plant value. While this is a 10 percent increase over our fiscal year 2001 funding, it is still short of accepted industry standards. Several independent industry studies have recommended an acceptable range for SRM funding of 2-4 percent of current plant value, with the private sector funding at closer to 3.5 percent. The Navy has averaged only 1.6 percent over the past 10 years, and is clearly well below industry standards. As a result, the Navy faces a significant \$2.6 billion backlog of critical deficiencies. The critical backlog represents those deficiencies that result in significant negative impact to environmental, safety, quality of life, or mission related requirements. Of our total SRM funding, \$1.09 billion or 80 percent is required for sustainment, leaving insufficient restoration and modernization funds to significantly reduce the critical backlog and improve installation readiness ratings.

MILITARY CONSTRUCTION BUDGET

The Navy's military construction budget includes these appropriations: military construction, Navy (MCON); military construction, Naval Reserve (MCNR); family housing, Navy (FHN); and base realignment and closure (BRAC). The Navy's fiscal year 2002 military construction program totals \$1.83 billion, approximately 2 percent of the entire Department of the Navy fiscal year 2002 budget.

The overall Navy military construction request for fiscal year 2002 is lower than the fiscal year 2001 enacted amount due primarily to decreases in base realignment and closure (BRAC) and family housing. However, the budget request for military construction, Navy (MCON), military construction, Naval Reserve (MCNR), and family housing operations and maintenance are 19 percent, 133 percent, and 3 percent respectively, greater than the fiscal year 2001 requested amounts. The following table outlines the Navy's fiscal year 2002 military construction budget request compared to the fiscal year 2001 budget request and enacted amounts (not including the recent supplemental bill):

FISCAL YEAR 2002 MILITARY CONSTRUCTION BUDGET REQUEST

Account	Fiscal Year 2001 Request	Fiscal Year 2001 Enacted	Fiscal Year 2002 Request	Percent Growth Request Fiscal Year 2002-2001
MCON	\$607.0M	\$733.1M	\$724.1M	19
MCNR	\$9.5M	\$43.3M	\$22.1M	133
Family Housing Construction	\$294.8M	\$339.9M	\$195.0M	-34
Family Housing Ops & Maint.	\$736.6M	\$733.9M	\$759.0M	3
BRAC	\$447.0M	\$467.2M	\$131.5M	-71
Total	\$2,094.9B	\$2,317.4B	\$1,831.7B	-13

Our BRAC request for fiscal year 2002 is of some concern. I will discuss this in more detail later.

PROGRAM GOALS AND OBJECTIVES

Utilizing CNO's top five priorities and corresponding programmatic categories as our "programming benchmark," the fiscal year 2002 military construction budget was developed based on the following guidance:

- Maintain and modernize essential existing infrastructure while reducing excesses
- Meet all legislative, regulatory, or agreement-based compliance requirements
- Improve readiness
- Improve quality of service for members and families

The fiscal year 2002 budget request continues to support the Navy's specific philosophy of improving living conditions for members and families. Fifty-five percent of the fiscal year 2002 budget request (excluding BRAC) will fund quality of life projects. The current budget will significantly reduce inadequate family housing and reduce the housing deficit in high cost areas by 2009 through a combination of construction, improvements, and public/private ventures (PPV). Central heads in the Navy's bachelor quarters will be eliminated by fiscal year 2008. We are constructing and renovating bachelor quarters to comply with the 1+1 room configuration for permanent party personnel. The budget also includes four bachelor quarters to begin addressing berthing required for the 25,000 sailors who now live aboard ship while in homeport. Specific highlights for the various military construction appropriations are described below.

MILITARY CONSTRUCTION, NAVY & NAVAL RESERVE

Our military construction, Navy and Naval Reserve programs continue our approach of budgeting for those projects that meet the highest priority of readiness and quality of service needs of the fleet and Reserves. The Navy convenes a Shore Installations Programming Board (SIPB) each year to evaluate and prioritize military construction projects with other installation investments. Projects are selected based on a number of different criteria, including fleet priorities and the most critical readiness, quality of service, and compliance needs.

The Navy's fiscal year 2002 military construction program (including Reserves) is \$746.2 million, 21 percent greater than the fiscal year 2001 budget request. The

Navy is making significant investments to improve existing infrastructure by earmarking 74 percent of the fiscal year 2002 program for restoration and modernization projects. Approximately 23 percent of the program is dedicated to deficit reduction projects and 3 percent to projects supporting new mission. The majority of projects supporting deficit reduction and new mission are for bachelor quarters.

Phase Funded Projects

The Navy continues to utilize phase funding for projects with a cost greater than \$50 million. Full authorization is requested for each project in the first year and the appropriation in annual increments, generally over 2 to 3 years. Phase funding is generally used for pier projects because they are very expensive and require a lengthy construction period.

In the fiscal year 2002 program, we are requesting the final increment of funding for pier replacements at Naval Station, San Diego, California and Naval Shipyard, Puget Sound, Bremerton, Washington. Additionally, we are requesting funding to complete the CINCPAC Headquarters building at Camp HM Smith, Hawaii. The budget also includes a request for full authorization and the first increment of funding for a pier replacement at Naval Station, Norfolk, Virginia.

Operational and Training Facilities

Our construction program funds 18 operational facilities (including phase funded projects) totaling \$189 million. Examples include:

- Pier replacement at Naval Station, Norfolk, Virginia: This \$61.5 million project replaces pier 3 that was originally constructed as a supply pier. The new pier will provide the capability to berth all classes of ships (except aircraft carriers) that are currently homeported or planned to be homeported at NAVSTA Norfolk.
- Pier replacement at Naval Station, San Diego, California: This \$53.2 million project replaces piers 10 and 11 that have deteriorated beyond economical repair. The new pier will support large deck amphibious assault ships and surface combatants that are currently homeported or planned to be homeported at NAVSTA San Diego.

There are also three training projects totaling \$19 million. Examples include:

- Surface Warfare Officers School Applied Instruction Building at Naval Station, Newport, Rhode Island: This \$15.3 million project provides a properly sized and configured training facility to meet current and future student population.
- Reserve Center addition at Naval Reserve Center, Duluth, Minnesota: This \$3 million project provides an addition and renovates existing space to adequately support training and administration of assigned Naval Reserve units.

Maintenance Facilities

There are 16 maintenance projects totaling \$122 million. Examples include:

- Aircraft maintenance hangar at Naval Air Station, Brunswick, Maine: This \$41.7 million project constructs a new six bay hangar to replace inadequate and structurally unsound facilities.
- Drydock Support Facility at Naval Shipyard, Pearl Harbor, Hawaii: This \$7.9 million project constructs permanent waterfront facilities for shipyard personnel working on ships undergoing major maintenance at the forward section of drydock 2.

Utilities

There are eight projects in the program totaling \$77 million to support utilities improvements. Examples include:

- Waterfront electrical upgrades at Naval Station, Norfolk, Virginia: This \$15.6 million project upgrades the capacity of the electrical distribution system to support ships' electrical demand requirements.
- Sewer force main at Public Works Center, Pearl Harbor, Hawaii: This \$16.9 million project provides a new sewer main to replace an aging force main from Pearl Harbor Naval Shipyard to the Navy's water treatment facility.

Quality of Life

There are important quality of life projects included in our fiscal year 2002 budget. The single largest effort is for the construction and modernization of bachelor quarters (BQs). Today, we have 75,000 single sailors assigned to shore duty and 16,000 recruits in training at NTC Great Lakes. Our responsibility is to provide

quality shelter for these sailors in the most cost effective manner possible, considering facilities on base or in the community. To provide a greater degree of privacy for single military members, the Department of Defense adopted a 1+1 construction standard in 1995 for permanent party personnel. This configuration consists of two individual living and sleeping rooms with closets, and a shared bath and service area. The 1+1 standard does not apply to recruits, students, and transients. Since 1995, the Navy has constructed 41 projects to support 12,900 sailors.

The Navy has 14 BQ projects to support 4,722 sailors in the fiscal year 2002 budget totaling \$303 million:

- Two recruit barracks at NTC Great Lakes housing 2,112 recruits
- Two barracks modernization projects for permanent party enlisted personnel providing 444 bed spaces at Naval Activities Guam, and Naval Station Norfolk, Virginia.
- Two replacement barracks projects for permanent party enlisted personnel providing 300 bed spaces at Naval Air Facility Washington, DC, and Naval Construction Battalion Center Gulfport, Mississippi.
- Two new barracks projects for permanent party enlisted personnel providing 256 bed spaces at Headquarters Command Larissa, Greece and Naval Air Station Lemoore, California.
- Two barracks for transient students providing 410 bed spaces at Naval Air Station Brunswick, Maine and Naval Air Facility El Centro, California.
- Four new barracks providing 1,200 bed spaces for shipboard sailors at Naval Station Mayport, Florida, Naval Station San Diego, California and Naval Station Pearl Harbor, Hawaii. Two of these four barracks also support permanent party enlisted personnel at Pearl Harbor.

NAVY HOMEPORT ASHORE PROGRAM

In addition to our ongoing program to improve the living conditions for our shore station sailors, the Navy is addressing one of its most pressing challenges: the 25,000 E-1 through E-4 enlisted unaccompanied sailors who now live aboard ship while in homeport. Studies and surveys have shown that these young sailors have the worst accommodations in the Department of Defense. When deployed, these sailors have no choice but to sleep in bunk beds in open spaces with dozens of their shipmates, and little more than a small locker to store their personal belongings. When the ship returns to homeport, these sailors must continue to live aboard ship. In contrast, unaccompanied E-1 through E-4s assigned to aviation squadrons or submarines live aboard ship when deployed, but merit BQ spaces when the ship is in homeport. A 1999 Navy Quality of Life Domain Study concluded that shipboard life and standards of living are major dissatisfiers for target retention groups.

The Chief of Naval Operations has committed to developing a Homeport Ashore program that will provide these sailors accommodations, either in a BQ or in the community, when their assigned ship is in homeport. We have a pilot project underway at Naval Base Pearl Harbor, Hawaii, where a unique combination of recent fleet reductions, a large initial inventory of BQ spaces, and a desire of more senior enlisted to live in the community, has made BQ spaces available. About 1,500 shipboard E-1 through E-4 sailors are afforded the opportunity to "move ashore" into BQ spaces when their ships return from deployments. Initial results are extremely positive. While the Navy is focused on retaining sailors at all levels, the efforts at Naval Base Pearl Harbor have contributed to increases in first term sailor retention of 7.7 percent above the Pacific Fleet (PACFLT) average and an overall increase in retention of 2.3 percent above the PACFLT average.

The Navy remains committed to providing BQs that meet the 1+1 construction standards. While I am pleased to announce the broad commitment, there are key aspects that must still be resolved. Specific procedures associated with the housing of the shipboard sailors, the rate at which we will construct to meet our needs, individual stations' ability to support the construction effort while continuing operations, and the mix of construction for shore sailors or shipboard sailors must be evaluated and weighed carefully.

FAMILY HOUSING

Our family housing program continues our commitment to eliminate inadequate family housing and reduce the housing deficit in high cost areas by fiscal year 2010 through a combination of construction, improvements, and public/private ventures (PPV). In fact, the updated Family Housing Master Plan that we will be submitting to Congress will show that the Navy will eliminate inadequate housing in 2009 due in part to an acceleration of PPV projects.

The Navy's fiscal year 2002 family housing construction program is \$232 million, 32 percent less than the fiscal year 2001 enacted amount, due in part to our focus on PPVs. However, we are still constructing, replacing, and improving family housing in our inventory. Major projects in our fiscal year 2002 program include the following:

- Construction of 160 homes at Naval Station, Pascagoula, Mississippi for \$23.4 million;
- Replacement of 70 homes in Hawaii for \$16.8 million;
- Replacement of 10 homes at Naval Air Station, Sigonella, Italy for \$2.4 million; and
- Improving 1,290 homes at various locations for \$123 million.

We are continuing to have success with our PPV efforts. Since the implementation of "differential lease payments," bringing military member's out-of-pocket expenses to zero, the percentage of military occupants at the Everett and south Texas locations continues to grow.

The second phases of both Kingsville and Everett PPV's were executed in November and December 2000, respectively. Phase I of a San Diego privatization effort for 3,248 homes is scheduled to begin this summer. Later this year, we anticipate executing PPV agreements at New Orleans and south Texas, totaling more than 1,500 homes. The fiscal year 2002 budget includes a follow-on phase of a privatization effort in San Diego that will help alleviate the housing shortage in one of the Navy's highest cost of living areas. Additionally, we are about to enter negotiations with the Virginia Housing Development Authority on a Hampton Roads, Virginia project and have notified the congressional committees of our intent to issue a solicitation for a regional Pennsylvania project.

The Navy's fiscal year 2002 family housing, operations and maintenance program is \$759 million, 3 percent greater than the fiscal year 2001 enacted amount. This increase is due primarily to increasing utility costs. These funds are essential to maintain our existing inventory by funding operations, utilities, maintenance, and leasing costs.

BASE REALIGNMENT AND CLOSURE

While I want to highlight our accomplishments in this program, I also want to put these past successes in context of the future. Our base closure account, due to several factors, is becoming a limiting factor on property conveyance.

Realignment and Closure Status

We are implementing four rounds of base realignment and closure (BRAC), 1988 under Public Law 100-526 and 1991, 1993, and 1995 under Public Law 101-510. As a result of these decisions, we are executing a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments.

We will complete closure and realignment of all bases by July 2001, except two moves from leased space to Government owned space. One remaining activity is the Naval Management Systems Support Office (NAVMASSO) Chesapeake, VA. The primary actions were completed in October 1997 when NAVMASSO was disestablished and re-established as the Space and Naval Warfare Systems (SPAWAR) Center Chesapeake, an Echelon III command under SPAWAR. Relocation of this activity has been deferred until January 2002 due to construction delays of the joint use facility NAVMASSO will be occupying. The other remaining BRAC action will move the Assistant Secretary of the Navy (Research, Development, and Acquisition) and Chief of Naval Operations, Environmental Readiness Directorate offices from leased space in Crystal City into the Pentagon in April 2003.

BRAC COSTS AND SAVINGS

We have closed or realigned bases to make the Navy's shore infrastructure more proportional to its force structure and to provide resources to recapitalize our weapons systems and platforms. We are reaping the financial rewards of our investments; through fiscal year 2000, we had spent approximately \$10 billion on all four BRAC rounds to construct new or adapt existing facilities, move personnel, equipment, ships and aircraft to their new homeports, and clean up contamination. By the end of fiscal year 2001, the Navy will achieve a net savings of \$5.8 billion. Beginning in fiscal year 2002, we will save an additional \$2.5 billion annually. These net savings estimates have been validated by several independent sources.

Environmental Cleanup

Our main focus is now on finishing environmental cleanup and completing property disposal. This is no easy task. We have already spent more than \$1 billion through fiscal year 2000 on environmental work at our BRAC bases.

Each base has established a BRAC cleanup team composed of remediation managers from the Navy, the state, and the Environmental Protection Agency to review, prioritize, and expedite the necessary cleanup consistent with reuse plans. We recognize the dynamics of reuse and stand prepared to phase our cleanup plans as required to support community redevelopment needs.

We're making good progress in cleanup of contaminated property. The Navy identified about 900 contaminated sites at 51 BRAC installations. A contaminated site crosses the "cleanup finish line" when it achieves Remedy-in-Place/Response Complete (RIP/RC) and the environmental regulator subsequently concurs. As of the end of fiscal year 2000, we had achieved RIP/RC status at 64 percent of the contamination sites. By the end of fiscal year 2001, we expect to have completed cleanup at 79 percent of all BRAC sites.

Property Reuse

The National Environmental Policy Act (NEPA) of 1969 requires that we consider the potential environmental impacts of disposal and reuse of base closure property before we convey property. We evaluate issues involving historic preservation, air quality, noise, traffic, natural habitat, and endangered species. The NEPA process concludes with the issuance of a Record of Decision (ROD). The Navy has three disposal RODs remaining to be issued for the former Naval Station Treasure Island, Fuel Depot at Point Molate, and Naval Air Station South Weymouth.

All Local Redevelopment Authorities (LRA) have developed their reuse plans. We strive to support immediate reuse opportunities through interim leases and leases in furtherance of conveyance. This immediate reuse effort enables communities to move in and transform the property from vacant buildings to an interim use while we pursue final transfer.

Section 334 Early Transfer

Section 334 of the fiscal year 1997 Defense Authorization Act established a framework for the Department of Defense (DOD) to initiate an early transfer of contaminated property to the community. This authority allows DOD to defer the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) requirement that all remediation actions have been taken before the date of property transfer. We had previously completed two such transfers: the former Fleet Industrial and Supply Center Oakland, CA was conveyed to the Port of Oakland in June 1999, and the former Naval Air Station Memphis, TN was conveyed to the Municipality of Millington in December 1999. Since last year's budget submission, we have completed four additional early transfers.

- The former Fleet Industrial and Supply Center Alameda Annex, CA was conveyed to the City of Alameda in July 2000.
- A portion (51 acres) of the former Naval Training Center San Diego, CA was conveyed to the San Diego Unified Port District in February 2001 to be used for airport operations.
- The former Naval Air Station, Guam, consisting of approximately 1,800 acres, was transferred to the Guam Aviation Authority in September 2000.
- The fourth early transfer consisted of several parcels of property, approximately 1,500 acres, located on Guam. This property was transferred to the local government in April 2001.

Property Disposal

The Navy must dispose of approximately 580 parcels of land covering 161,000 acres at 88 BRAC bases. Each BRAC base has a disposal strategy tailored for that base that incorporates LRA reuse plans with environmental cleanup timetables, NEPA documentation, conveyance plans and schedules.

To date, the Navy has conveyed over 65,000 acres through economic development conveyances, negotiated sales, public sales, or public benefit transfer.

After a base closes, disposal of the base closure property presents the most complex challenge. Section 2821 of the National Defense Authorization Act for fiscal year 2000 (Public Law 106-65), amended the Department of Defense's Economic Development Conveyance (EDC) authority to give us the authority to transfer property to local redevelopment authorities exchanging consideration for job creation opportunities. Section 2821 also provides authority to modify previously approved EDC agreements if a change in economic circumstances necessitates such a modification. Although LRAs have applied for "no cost" EDCs of our remaining bases, this will

only expedite disposal of base closure property to a certain extent. LRAs must still satisfy regulatory criteria to acquire property by way of an EDC. The key to disposal of BRAC property is environmental remediation of the property.

BRAC Fiscal Year 2002 Budget

The BRAC account has been buffeted by budget reductions from the Department of Defense to Congress in the last few years, primarily due to the expectations that prior year unexpended balances could be used to fund current requirements. The Naval Audit Service has been reviewing task order documents across all commands with BRAC prior year unexpended funds, and will conclude their analysis in a few months.

I regret to report that because of competing budget needs, we were unable to fully fund our BRAC funding requirement in the fiscal year 2002 budget. I cannot predict if we will be able to substantially reduce, through negotiations with regulators, the amount of work specified in state and Federal cleanup agreements.

We have other initiatives underway to make our infrastructure more effective and cost efficient. Two of those efforts, privatization of utilities and demolition, are described below.

PRIVATIZATION OF UTILITIES

Defense Reform Initiative Directive 49 directed all of the military services to privatize all their natural gas, water, wastewater, and electrical systems, except where uneconomical or where the systems are required for unique security reasons. This is expected to reduce costs while providing quality utility service. The Navy has 735 systems valued at \$16.8 billion available for privatization.

We are moving forward and making good progress in issuing all requests for proposals for these systems by September 30, 2001. The goal is to award all contracts by September 30, 2003.

DEMOLITION

The demolition program eliminates aging and unneeded facilities and their associated operating and maintenance costs. Defense Reform Initiative Directive 36 directed the Navy to dispose of 9.9 million square feet by the end of fiscal year 2002.

The centralized demolition program has been a huge success for the Navy. We are currently on track to meet this goal by the end of fiscal year 2001. However, we are not stopping at the directive's goal. We are continuing to demolish facilities either through the centralized program or as a result of military construction projects. The fiscal year 2002 plan is to demolish 2 million square feet utilizing the centralized demolition program.

CONCLUSION

As Admiral Clark has stated on many occasions, the fleet is the essence of the Navy and must remain the focal point of our efforts. Quality facilities and infrastructure are key elements in maintaining high fleet readiness, now and in the future. There is no "quick fix" to correct our infrastructure deficiencies. The fiscal year 2002 military construction program is a positive step in a multi-year program to: (1) bring our facilities and infrastructure to a level that meets fleet readiness and (2) sustain that level of readiness. Continued support by both Congress and the administration over the long-term is vital to improve the condition of our facilities.

This concludes my statement. I thank you for the support that this subcommittee and staff has given to the Navy and ask for your continued support and assistance in enabling the Navy to achieve its vision of facilities and infrastructure which support fleet readiness both now and in the future. I am prepared to respond to your questions.

Senator AKAKA. Mr. DuBois, according to their press release, the House Armed Services Committee will include legislation in their bill that would cancel the referendum to be held in Vieques in November, and direct the Navy and Marine Corps to continue training at Vieques until the Chief of Naval Operations and the Commandant certify that a new training range is available. What is the Department's position on this House proposal?

Mr. DUBOIS. Mr. Chairman, I was unaware of that. I knew the general provisions of the proposal. I was unaware of the specific ones that you just mentioned. But, I think it would be best for me

to defer to the Secretary of the Navy on those questions and I will certainly convey them to him when I see him later on today.

Senator AKAKA. General Robbins, our staff recently received a report from the Air Force Association that they found Air Force facilities in the Pacific theater to be in considerably worse shape than elsewhere in the Air Force. In particular, they cited the conditions of our F-16 base in Kunsan, Korea as the worst in the Air Force, and stated that they "border on deplorable." For example, they found missile maintenance facilities without electricity where our personnel perform their duties using flashlights. In general, these problems appear to be the result of insufficient funding for real property maintenance, or SRM as it is now being called. How would you assess the status of Air Force facilities in the Pacific theater, especially in Korea? What steps are being taken to address the problems you will identify?

**STATEMENT OF MAJ. GEN. EARNEST O. ROBBINS II, USAF,
CIVIL ENGINEER, UNITED STATES AIR FORCE**

General ROBBINS. Mr. Chairman, I am not familiar with the report that you mentioned, but I am aware of the installation readiness report that the Air Force generated and submitted to OSD regarding all major commands in the Air Force. I cannot verify or vouch that the conditions across the Pacific Air Forces is worse than across other major commands. But, I will acknowledge that in Korea some of our worst problems exist.

It is a reflection not just of the O&M funding, but also of underfunding in the MILCON account in previous years. Osan and Kunsan do have serious problems. I am aware of the shelter problem you mentioned. I know that Pacific Air Forces (PACAF) is endeavoring to repair those through the O&M account.

In Osan, we have tremendous problems with housing our enlisted personnel, and so you will see projects in this year's budget submission to construct dormitories for our enlisted folks. Likewise in 2003, we hope to submit a project that will begin to move our military families on base at Osan. Right now they live, basically, in the community. So, within PACAF certainly the worst conditions exist at those two Korean bases. The Air Force is aware of them and through prioritization we are trying to address those.

[The prepared statement of General Robbins follows:]

PREPARED STATEMENT BY MAJ. GEN. EARNEST O. ROBBINS II, USAF

INTRODUCTION

Mr. Chairman and members of the subcommittee, I appreciate the opportunity to appear before you and present the Department of the Air Force fiscal year 2002 military construction program. Today, I will share with the subcommittee our investment strategies for facilities, housing, utility systems, and environmental programs.

OVERVIEW

Our total force MILCON and military family housing programs play a vital role supporting Air Force operational needs, workplace productivity and quality of life. Adm. David Jeremiah, USN (Ret.) acknowledged this fact in the recent Special Department of Defense Report on Morale and Quality of Life. Two of the top four issues, improving the workplace environment and providing better housing, rely on the success of our MILCON and military family housing programs.

For several years reduced funding for our facilities has led to a steady deterioration in Air Force infrastructure. The good news is that our fiscal year 2002 total force MILCON budget request is double what it was last year and stands at over \$1.2 billion. With this fiscal year 2002 budget and the investment levels projected through the Future Years Defense Plan, we will reduce our recapitalization rate from its present 250-plus years to about a 190-year recapitalization rate, still far below our desired rate of recapitalization, but this is clearly a step in the right direction.

However, even with additional MILCON funding in fiscal year 2002, the Air Force infrastructure challenges remain the same. We must continue to balance funding among the priorities of people, readiness, modernization, and infrastructure. Increases in the overall defense budget this year will help meet the most pressing Air Force needs. However, previous underfunding of military construction and operation and maintenance required us to develop "work-arounds," which impacted the Air Force's combat capability, operational efficiency, and quality of workplace environment. Although we continue to operate and support the world's premier aerospace force, we cannot correct overnight the negative impact reduced funding has had on our infrastructure.

For fiscal year 2002, we are requesting a program of \$2.7 billion for our total force MILCON and military family housing. This request is comprised of \$1.1 billion for traditional active MILCON, \$1.4 billion for military family housing, \$149.1 million for Air National Guard traditional MILCON, \$53.7 million for Air Force Reserve traditional MILCON. These Air Force programs were developed using a facility investment strategy with the following objectives:

- Accommodate new missions
- Invest in quality of life improvements
- Continue environmental leadership
- Sustain, restore and modernize our infrastructure
- Optimize use of public and private resources, and
- Continue our demolition programs

Mr. Chairman, the Air Force clearly could not maintain the quality of our facilities and the advantages they provide without the strong support we have always received from this committee and for that we are most grateful. With this background, I would like to discuss our military construction budget request for fiscal year 2002.

ACCOMMODATE NEW MISSIONS

New weapons systems will provide the rapid, precise, global capability that enable our combat commanders to respond quickly to conflicts in support of national security objectives. Our fiscal year 2002 new mission MILCON program consists of 32 projects, totaling \$283 million. These new missions include important initiatives to improve Air Force operational capabilities. However, they and the infrastructure to support them should be considered in light of ongoing Quadrennial Defense Review (QDR) activities in the Department.

These projects support a number of weapon system beddowns; two worthy of mention are the F-22 fighter and the C-17 airlifter. The F-22 Raptor is the Air Force's next generation air superiority fighter. The location for the F-22 flight-training program is Tyndall Air Force Base, Florida with Langley Air Force Base, Virginia serving as the first operational base. The fiscal year 2002 MILCON includes two F-22 projects at Tyndall totaling \$15 million and three F-22 projects at Langley totaling \$39 million.

The C-17 Globemaster III aircraft is replacing our fleet of C-141 Starlifters. The C-17 provides rapid global mobility by combining the C-141 air speed and long-range transport capabilities, the C-5 capability to carry outsized cargo, and the C-130 capability to land directly on short, forward-located airstrips. To support this program, our request includes a \$5 million facility at McChord Air Force Base, Washington, two Air National Guard projects for \$22.2 million at Jackson International Airport, Mississippi, and five projects for \$36.5 million at McGuire AFB, New Jersey.

Other new mission requirements in fiscal year 2002 include the C-130J at Little Rock Air Force Base, Arkansas; the Space Based Infrared Radar System (SBIRS) at Schriever Air Force Base, Colorado; and a Telescopic/Atmosphere Compensation Lab at Kirtland Air Force Base, New Mexico.

INVEST IN QUALITY OF LIFE

The Air Force is committed to taking care of our people and their families. Quality of life initiatives acknowledge the sacrifices our airmen make in support of the Na-

tion and are pivotal to recruiting and retaining our best. When our members deploy, they want to know that their families are stable, safe and secure. Their welfare is a critical factor to our overall combat readiness, and our family housing program, dormitory program, and other quality of life initiatives reflect our commitment to provide them the facilities they deserve. I would also like to thank the President for his support and additional funding to improve the quality of life for Air Force personnel and their families.

Our Air Force Family Housing Master Plan provides the road map for our housing MILCON, O&M, and privatization efforts to meet the Department of Defense goal to provide safe, affordable and adequate housing for our members by 2010.

The \$518 million fiscal year 2002 MFH replacement and improvement program will replace more than 700 worn-out units at 8 separate locations, improve more than 2,100 units at 15 locations, and supports privatization of more than 10,000 units at 12 locations. I'll discuss our housing privatization program in more detail in a few minutes. Our fiscal year 2002 housing operation and maintenance program totals \$869 million.

Just as we are committed to provide adequate housing for families, we have an ambitious program to house our single junior enlisted personnel. The Air Force Dormitory Master Plan is a comprehensive, requirements-based plan, which identifies projected unaccompanied enlisted housing requirements and prioritizes MILCON projects. The plan includes a three-phased dormitory investment strategy. The three phases are: (1) Fund the replacement or conversion of all permanent party central latrine dormitories; (2) construct new facilities to eliminate the deficit of dormitory rooms; and (3) convert or replace existing dormitories at the end of their useful life using the Department of Defense 1+1 room standard. Phase 1 is complete, and we are now concentrating on the final two phases of the investment strategy. Our total requirement is 75,200 Air Force dormitory rooms. We currently have a deficit of 11,400 rooms and the existing inventory includes 5,300 inadequate rooms. The remaining cost to execute the Air Force Dormitory Master Plan and achieve the fiscal year 2009 Air Force goal to buy out our deficit and replace our worst existing dormitories is just over \$1 billion.

The fiscal year 2002 dormitory program consists of 13 enlisted dormitory projects, with 8 projects at 7 CONUS installations, and 5 projects overseas, for a total of \$157 million. On behalf of all the airmen affected by this important quality of life initiative, I want to thank the committee. We could never have made it this far without your tremendous support of our dormitory modernization program.

Other traditional quality of life investments include community facilities such as fitness centers and child development centers, vital in our efforts to attract and retain high quality people and their families. A strong sense of community is an important element of the Air Force way of life, and these facilities are important to that sense of community as well as to the physical and psychological well being of our airmen. The fiscal year 2002 MILCON program includes fitness centers at F.E. Warren AFB, Wyoming, Laughlin AFB, Texas, Kunsan AB, Korea, Mildenhall AB, United Kingdom, and Buckley AFB, Colorado.

Overseas quality of life continues to be a priority to us. Even though the majority of our Air Force personnel are assigned in the United States, 21 percent of our forces are serving overseas. The Air Force overseas base structure has stabilized after years of closures and force structure realignments. Now, old and progressively deteriorating infrastructure at these bases requires increased investment. Our fiscal year 2002 MILCON program for our European and Pacific installations totals \$273 million totaling 27 projects. The program consists of a variety of quality of life and infrastructure projects in Korea, the United Kingdom, Germany, Italy, and Turkey as well as critical facilities on Guam, Wake Island, and Greenland. We ask for your support of these operational and quality of life projects.

Rounding out the MILCON fiscal year 2002 request are the planning and design and unspecified minor construction requirements. Our request for fiscal year 2002 planning and design is \$87 million. These funds are required to accomplish the design for current mission projects added as a result of the amended budget for the fiscal year 2002 program, complete design of the fiscal year 2003 construction program, and to start design of our fiscal year 2004 projects. We have requested \$21 million in fiscal year 2002 for our total force unspecified minor construction program, which is our primary means of funding small, unforeseen projects that cannot wait for normal MILCON.

CONTINUE ENVIRONMENTAL LEADERSHIP

The Air Force continues to enhance mission capability and sustain the public trust through prudent environmental stewardship. We are meeting our environ-

mental cleanup commitments and planning guidance for policy goals through effective outreach and partnering with Federal and state regulators and team building with stakeholders and communities. Meeting our legal obligations remains a primary objective of the Air Force Environmental Quality Program. Our record of environmental stewardship illustrates our environmental ethic, both here in the United States and overseas. In addition to ensuring our operations comply with all environmental regulations and laws, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We continue to seek partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of better understanding and trust. By focusing on our principles of enhancing operational readiness, being a good neighbor, and leveraging our resources, we remain a leader in environmental compliance, cleanup, and pollution prevention. We have reduced our open enforcement actions from 263 in fiscal year 1992 to just 10 at the end of fiscal year 2000.

Our environmental compliance MILCON program in fiscal year 2002 includes three projects totaling \$10.2 million in support of the Clean Water Act. Our program includes restoring the environment, and constructing or modifying two fire-training facilities to meet environmental requirements. These fire-training facilities are located at Robins AFB, Georgia and Andrews AFB, Maryland. In addition, we are upgrading the wastewater system at Eareckson AS, Alaska. All of these projects satisfy DOD Class-1 requirements, which either refer to conditions or facilities currently out of compliance with environmental laws or regulations, including those subject to a compliance agreement, or refer to projects and activities which, if not corrected, will result in an out of compliance situation in the current program year.

SUSTAIN, RESTORE, AND MODERNIZE OUR INFRASTRUCTURE

To sustain, restore, and modernize what we own we need to achieve a balance between our military construction and operation and maintenance programs. Military construction allows us to restore and recapitalize our antiquated facilities while operation and maintenance (O&M) funding allows us to perform needed sustainment, restoration and modernization throughout the life cycle of a facility. Since the early nineties, constrained defense budgets resulted in reduced MILCON funding. For a few years adequate O&M funding partially offset this MILCON decline. However, since fiscal year 1997, competing priorities have forced the Air Force to cut sharply into both MILCON and O&M funding. Our effort to sustain and operate what we own is further strained by minimally funded O&M, which forces us to defer much-needed sustainment and restoration requirements. Currently, our sustainment, restoration and modernization (SRM) share of the Air Force O&M funding is only at \$1.6 billion. This is short of the \$1.7 billion sustainment level, which is the minimum funding required to provide only the day-to-day maintenance and life cycle repairs necessary during the planned life of a facility. There is no funding for any restoration and modernization work, to fix things such as deteriorated water lines or failed airfield pavements. Our O&M funded restoration and modernization backlog now exceeds \$5.6 billion. We appreciate Congressional support in this area which has recently been successful in improving many of those facilities where we eat, sleep, play, and pray—fixing numerous dining halls, dormitories, fitness centers, and chapels. Without that congressional support, those facility enhancements could not have occurred.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

In order for the Air Force to accelerate the rate at which we revitalize our inadequate housing inventory, we have taken a measured approach to housing privatization. We started with a few select projects, looking for some successes and “lessons learned” to guide our follow-on initiatives. Since awarding our first housing privatization project, at Lackland AFB, Texas in August 1998, 321 of the 420 housing units are now constructed and occupied by military families. The remaining 99 units are scheduled for completion this November. We have awarded three more projects that will result in 670 privatized housing units at Robins AFB, Georgia, 402 units at Dyess AFB, Texas and 828 units at Elmendorf AFB, Alaska. We are working with the City of San Angelo on an unsolicited proposal to privatize 298 housing units at Goodfellow AFB, Texas. Kirtland AFB, New Mexico, is in the middle of its housing privatization solicitation process, which potentially will privatize 1,164 housing units. Additionally, we have two more projects that will be out for solicitation shortly at Wright-Patterson AFB, Ohio and Patrick AFB, Florida. Our fiscal year 2002 program includes 12 privatization projects for over 10,000 units at a cost of \$135 million vice \$868 million had we relied on traditional housing MILCON. This year’s privatization projects are at Beale (1,444 units), Nellis (1,313), Andrews

(115), McGuire (1,882), Lackland (564), Altus (978), Hickam (1,356), Hurlburt (330), Buckley (201), Langley (1,268), Elmendorf (624), and Barksdale (432). We're realizing, on average, a five to one leverage on our MILCON investment for housing privatization and we see this kind of favorable ratio holding steady or perhaps even increasing on other projects in the out-years.

Our housing privatization initiatives are making great strides in the right direction. We firmly believe that through housing privatization we can provide improved housing to more airmen in less time than using the standard military construction process.

We continue to aggressively pursue privatization of utility systems at Air Force installations. Our goal is to privatize utility systems where it makes economic sense and does not unduly impact national security. The Air Force has identified 434 of our 645 systems as potential privatization candidates. We have released requests for proposals for 178 systems and have completed the process on 75 systems. The Air Force is working diligently towards the goal established by the Department of Defense to privatize eligible utility systems by 2003.

CONTINUE DEMOLITION PROGRAMS

In an effort to reduce infrastructure, the Air Force plans to demolish or dispose of, non-housing building space that is no longer economical to sustain or restore. From fiscal year 1996 through fiscal year 2000, we demolished 14 million square feet of non-housing building space. This is equivalent to demolishing six Air Force bases equal to the combined square footage of Whiteman, Goodfellow, Moody, Brooks, Vance, and Pope Air Force Bases. Air Force demolition efforts continue to be a success story enabling us to reduce the strain on our infrastructure funding by getting rid of facilities we don't need. We support OSD's request for authority to conduct additional rounds of base closures, which would allow us to realign our forces for better efficiency and accelerate the disposal of unneeded infrastructure and facilities.

In conclusion, Mr. Chairman, I thank the committee for its strong support of Air Force military construction and family housing. With your help, we will ensure we meet the most urgent needs of commanders in the field while providing quality facilities for the men and women who serve in, and are the backbone of, the most respected aerospace force in the world. I will be happy to address any questions.

Mr. DUBOIS. Mr. Chairman, if I might add to that, I was recently in Korea with a Congressional delegation from the House of Representatives. I did visit Osan and many of the other installations there. I have testified on more than one occasion about the deteriorating infrastructure in Korea, both with the Army and the Air Force.

It is not just the infrastructure that we see, it is the infrastructure that we do not see that is also of grave concern to the Secretary of Defense. Working with the Secretary of the Air Force and the committees on the Hill, we hope that there is \$2 billion more in our military construction budget request, more than our 2001 request. While it is a down payment, and one must recognize that we, as I mentioned before, are going to work to keep it in the FYDP so that this "sustains" this approach to fixing the problem.

Senator AKAKA. I will suspend and yield at this time to the chairman of the full committee, Senator Levin.

STATEMENT OF SENATOR CARL LEVIN

Senator LEVIN. Thank you Senator Akaka and thank you for convening this hearing today. These are really important subjects that you are covering. I want to talk to our panel mainly about base closures, savings that will hopefully be derived if we have another round or two of base closures, how the proposal of the administration to select the commission in any new base closing round is different from what existed previously, and if so why they are proposing changes. I will have questions in that vein.

So, first Mr. DuBois, let me ask you about the General Accounting Office's report this month that concluded that although no method or system has been established to track savings on a routine basis, in their words, "audits of BRAC financial records have shown that BRAC has enabled DOD to save billions of dollars." Do you agree with that conclusion?

Mr. DUBOIS. I think that the headline that we saw in this morning's news, and I will address that and I believe it addresses your question Mr. Chairman, that categorized the savings as imprecise, in an ironic kind of way is correct, on the one hand. On the other hand the title of the GAO report that you referred to is, "DOD's Updated Net Savings Estimate Remains Substantial." As you have indicated, I believe that while these cost and savings estimates have fluctuated over time, and this also comes from their brief introduction, the GAO's own analysis of the data showed, and I quote, "that the net savings increase through fiscal year 2001 was due primarily to an overall reduction of about \$723 million in reported costs and an increase of about \$610 million in expected savings resulting from the closure actions."

Now to my way of thinking, for the GAO to use numbers with that kind of precision belies the headline. I also am gratified by seeing the GAO say, "In addition to our audits," GAO's audits, "reviews by the CBO, by the Department of Defense IG, by the Army Audit Agency, have affirmed that net savings are substantial after initial investment costs are recouped."

Senator LEVIN. You agree with that conclusion?

Mr. DUBOIS. Yes I do, sir.

Senator LEVIN. Relative to the base closure proposal that the Department has sent to us, or is sending to us today or perhaps tomorrow, you had an outline presented to us of that proposal. Under this proposal the number of people who are consulted is expanded to include chairmen and ranking members of the defense committees in the House and the Senate, in addition to the leadership.

Mr. DUBOIS. Correct.

Senator LEVIN. All of those folks may consult with the President about all of the nominees, as I understand your proposal, rather than the way in which it has existed thus far, where the leadership in both the House and the Senate is consulted on either two for the majority leader or one for the minority leader. That, in effect, was considered to mean that they would make the selection subject to the President approving that selection; because it was narrower. Under the previous procedure you spread out appointment power among more people. All the appointees were not appointed by the President.

We had four people, along with the President making appointments under the existing law. But now, what you are proposing is to have more people consult and one person make all the appointments—that seems to me to be the inevitable outcome of what you are proposing. I would like to know what the reason for that change is? It seems to me you are going to have a lot less credibility in any process where that much power is in the hands of any person, even the President.

Mr. DUBOIS. It was our conclusion, after many discussions with staffers and members here on the Hill, that one of the perceived—

perhaps not real, but perceived—difficulties faced by commissioners individually and commissions as a whole in the past, was that the specification of a commissioner having been the Majority Leader's appointment or the Speaker's appointment, added a layering of political pressure on that individual commissioner that could otherwise have been avoided. You point out correctly that in previous legislation only the leadership of both Houses was consulted. Yes, while they could specify, they were, according to legislation, the only members consulted.

Secretary Rumsfeld felt quite strongly that the chairman and ranking member of the defense committees needed to play a very strong role in the selection of the members of this commission. Therefore, we deleted the specification language and expanded the consultation language to include yourself, for instance.

Senator LEVIN. I think the appearance is that we have a stronger role. The reality is that we have a weaker role, because instead of our leaders appointing people, that is stripped away. The consultation is not an appointment, so we have less power. I would much rather have the Majority Leader in the Senate appoint two people. I personally as chairman would have, I think, a greater role in the selection process with the Majority Leader picking two people, than I will have in consulting on nine people. But we asked for your reason, that is the reason that you give.

Let me just ask you one other question. You say that there was a perception that, based on who the commissioner was appointed by, that created a certain political perception. Was that known? Was the information regarding who those appointments were recommended by made public?

Mr. DUBOIS. My understanding was that it was clearly understood where—

Senator LEVIN. Publicly, not just by the person appointed?

Mr. DUBOIS. Yes sir, not just by the cognoscenti.

Senator LEVIN. All right. Perhaps the more significant change that you are proposing is that you would allow a secretary to take off the list that the commission comes up with any facility or any base that is proposed for closing or for realignment that was added by the commission, that was not on the original list of the secretary. You have inserted a major political factor.

Now you have the Secretary who is in a position of deciding whether or not a facility which has been added by the commission will be on that final list presented to Congress. That re-politicizes the whole thing. Instead of the commission making that decision and the Secretary saying yea or nay to the whole list, or the President saying yea or nay to the whole list, and instead of Congress saying yea or nay to the whole list, now you are in a situation where if the commission adds half a dozen actions that were not on the original proposal you could have the chairman of a committee or a powerful Member of Congress or somebody that is going to cast a key vote for the President saying, "You know, there is a commission there that just added a facility on my base that was not on that original list. I have to tell you Mr. President, unless the Secretary of Defense eliminates that, you can forget my vote for judge so-and-so, or my vote for such-and-such."

What you are now re-inserting into this process is exactly what we were trying to avoid—which is a political factor where you can pick and choose, rather than have up or down on the whole list. I would like to know what your thinking is behind that?

Mr. DUBOIS. Yes sir, and the issues that you raise are quite frankly issues that still haunt us, if you will. We came at this from the point of view of trying to de-conflict, to use a military term that I learned the other day, the notion that who in the final analysis will Congress turn to and ultimately abide by or subscribe to in terms of military judgment? One of the criticisms, complaints, concerns expressed to us over the past couple of months on this process was that the Joint Chiefs of Staff, the senior military officers, did not have enough involvement in this process in the past, either as individuals or as a collective body, number one.

Number two, we believe that—

Senator LEVIN. Now that, of course, could be corrected by the creation of that original list, right?

Mr. DUBOIS. Right.

Senator LEVIN. That is not what I am talking about.

Mr. DUBOIS. But the other issue was, in the final analysis what organization, what body of individuals, which individual should have the ultimate say in terms of whether or not the infrastructure plan as presented by the Secretary of Defense, mapped to the force structure and defense strategy of the country? What is central to our mission? We believed, in the Pentagon—in the Defense Department, that the Secretary of Defense and the service chiefs should have that final say.

Senator LEVIN. Not Congress, or the President?

Mr. DUBOIS. No, Congress in terms of the totality of the package, the President in terms of the totality of the package. But while the commission could subtract—that if the commission suggests to the Secretary that for reasons that they articulated he should revisit an issue that they believed was either wrongly added or wrongly not included, the Secretary must take it under advisement and testify to what he believes is the right answer. It was a balance between where the military judgment should ultimately lie. Having said that, Senator, I would defer to the committee and to your judgment if you believe that is a situation wherein the previous construct was better.

Senator LEVIN. We may have misread your proposal, but I do not think so because I do not think it is a matter of revisiting. I think it is a matter of deciding whether or not an item added by the commission will be left on that list for the final vote.

Mr. DUBOIS. The Secretary could change his mind at the request of the commission, but if he chose not to change his mind and stuck to his original recommendations, then yes sir, his and the service chief's decision would essentially trump the commission on additions to the list.

Senator LEVIN. You are repoliticizing it. It is not just revisiting. Let us be accurate here. It is deciding.

Mr. DUBOIS. Sir, it puts an enormous pressure on the Secretary of Defense.

Senator LEVIN. Well, the pressure on the Secretary of Defense should not be from political sources. If an item is added to the list

by that commission the pressure then comes from people who do not want that added on the list. Then the Secretary can pick and choose which of the add-ons he is going to leave on that list.

It is one thing to re-visit and make a recommendation back to the commission. But once you have that final decision of whether an add-on is left there or not, you have then put that power right back into political hands instead of the commission's hands. We are trying to separate, to the extent it is humanly possible, this decision from politics. In fact, it was an allegation that this process became politicized a few years back which has made it impossible for us to re-authorize a BRAC round. But we have your thinking on it and even though I disagree with it we appreciate your testimony relative to it.

My final question, if I could ask one more Mr. Chairman?

Senator AKAKA. Go right ahead.

Senator LEVIN. I do not know what your schedule is here, but you made a statement to the press the other day, Mr. DuBois, which really creates problems for us in terms of trying to have a credible process without pre-judgment. You are quoted as saying in *USA Today* that, "Bases in the fast growing southeast, where encroachment from civilian aircraft and suburban sprawl is a growing problem could see some operations transferred. Some pilot training which can be hampered by heavy civilian air traffic could be moved to the northern plains states. Training areas near urban sprawl are not as valuable today as they were 20 years ago. Some of the 150 military operations in the Norfolk, Virginia area might be whittled down. Will they all stay in the Norfolk area? Probably not."

[A full copy of the article follows:]

Pentagon plans to move, close more bases

By Andrea Stone, USA TODAY

WASHINGTON — The Pentagon wants to consolidate its bases by relocating some operations from congested areas to more sparsely populated regions, a top defense official says. The plan is sure to stir howls of protest in Congress, which is reluctant to close military facilities.

Raymond DuBois, deputy undersecretary of Defense for installations and environment, revealed some of the first clues to the Pentagon's plan for transferring or shutting operations.

The Pentagon says it has 25% more bases than it needs and could save \$3.5 billion a year by consolidating operations.

"We've got to do whatever we can to squeeze out unneeded expenditures on infrastructure," DuBois said in an interview.

He did not name bases he'd like to close. That's up to Congress, which has appointed commissions to make the choices so lawmakers could insulate themselves from angry communities.

But DuBois offered hints:

- Bases in the fast-growing Southeast, where encroachment from civilian aircraft and suburban sprawl is a growing problem, could see some operations transferred. Some pilot training, which can be hampered by heavy civilian air traffic, could be moved to the northern Plains states. Training areas near urban sprawl "are not as valuable today as they were 20 years ago," DuBois said.
- Some of the 150 military operations in the Norfolk, Va., area might be whittled down. "Will they all stay in the Norfolk area? Probably not," DuBois said.
- Some redundant functions might be consolidated. "If there were four labs for advanced electronics, you have to ask yourself: Do we need four?" DuBois said.
- Unlike in past years, when facilities such as laboratories, arsenals and military schools were considered off-limits for closure, nothing is off the table.

DuBois said Defense Secretary Donald Rumsfeld — not the heads of the Army, Navy, Air Force and Marines — will recommend which bases should be shut.

Virginia Sen. John Warner, top Republican on the Armed Services Committee, said he was "dumbfounded" and "gravely concerned" by DuBois' ideas, especially the mention of military activities in his state. He said such statements could doom a base-closing bill.

Congress has little appetite for additional shutdowns. Four rounds of closings from 1988 through 1995 eliminated 97 bases.

You have just set back our efforts, if those are accurate quotes. What we are trying to do is tell people there is no pre-judgment. We are going to have a commission that is going to do this. It is not going to be Mr. DuBois or anyone else. It is going to be a commission making this assessment and this is the kind of problem which has increased the fear factor. By the way, we all appreciate it. I mean every one of us have states with facilities in it which have an element of fear that a facility or facilities might be closed and realigned. So, what were you thinking of when you did this?

Mr. DUBOIS. Thank you. There is no list. There is no category. There is no geography. There is no locality that has any designation one way or the other. I regret having specified a certain area.

The conversation that I was having with the reporter was focused on the encroachment problem, a problem I did not face when Secretary Rumsfeld and I were in the Pentagon 25 years ago. I was addressing a national issue. I regret that I specified any particular locality. I should have kept it in the abstract. I will submit to you sir, my regret.

However, I think encroachment is an issue that the gentlemen on my right and left would also testify to as being a serious issue, and one that includes spectrum competition. It includes urban encroachment. It includes endangered species. It includes other issues that did not exist necessarily in the same intensity or in combination as they perhaps existed 25 years ago.

But I did want to make it very clear, notwithstanding my remarks, some of which were taken out of context, that it was in no way meant to imply that there was any preconceived notion. As a practical matter, the Secretary of Defense and I have discussed this. The notion that there would be some list, exclusion or otherwise, is antithetical to his philosophy that the analysis proper cannot take place until the National strategy, through the QDR process and a force structure, is determined.

Senator LEVIN. Well, I think it is not only ill-advised to make any reference to any specific location, but unless you are going to list every factor which would be taken into consideration by the Department in making a recommendation to the commission, to single out some factors like encroachment, those factors could be overcome by other factors.

Mr. DUBOIS. That is quite correct, sir. It was just a factor that is becoming a much larger issue and concern of all the four services than it ever has been before. That was the context of the discussion.

Senator LEVIN. Mr. Chairman, thank you. Thank you all.

Senator AKAKA. Thank you very much, Senator Levin. I will return to questions to General Van Antwerp. The Army recently announced the location for the next four Interim Brigade Combat Teams (IBCTs), and one of these will be the Second Brigade of the 25th Infantry Division at Schofield Barracks in Hawaii. I have been hearing about it, and I want all of you to know that I support the Army's transformation efforts.

It is important that the Army provides the funding needed to make both the interim brigades and its larger transformation goals successful. The first step in providing this funding is to identify what support is needed and when. The question is, has the Army determined what funding will be required for the four interim brigades in terms of military construction and land acquisition and equipment purchases? What would be the time period for such funding?

**STATEMENT OF MAJ. GEN. ROBERT L. VAN ANTWERP, JR., USA,
ASSISTANT CHIEF OF STAFF FOR INSTALLATION MANAGEMENT**

General VAN ANTWERP. Thank you, Mr. Chairman. We, too, are proud that this Interim Brigade Combat Team (IBCT) is going into Hawaii. I think it meets very well with our strategy, what we are trying to accomplish and our focus on that region. We have, in this year's budget, \$56 million for Fort Lewis only, for five projects.

So the first year that we will begin to fund for the additional four IBCTs starts in 2003. We have identified, via a template that we built based on our experience at Fort Lewis an estimate of our requirements. We have overlaid that template over each of the four sites to determine what is needed facilities-wise to support the equipment and the people going in. This ranges everywhere from barracks space to housing to child care centers to libraries to the motor pools, etcetera.

We do have a rough estimate right now but we are still waiting for the actual project documentation to come in. The commands are getting that to us, the 1391s. We estimate that it will be in the neighborhood of about \$500 million over the FYDP. We have about \$300 million that we earmarked, knowing that we were going to need it for transformation, but it was not site specific.

So we think probably our programming shortfall, which we will deal with within the Army, is about \$200 million. The price tag is roughly \$500 million for the entire package. We will know as we get clarity of the specific projects as they come in from the commands.

Senator AKAKA. I wish you well.

General VAN ANTWERP. Thank you, sir.

[The prepared statement of Major General Van Antwerp follows:]

PREPARED STATEMENT BY MAJ. GEN. ROBERT L. VAN ANTWERP, JR., USA

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Army's Active and Reserve components' military construction requests for fiscal year 2002. These requests include important initiatives to improve the infrastructure of America's Army. Any dollar amounts beyond fiscal year 2002 discussed herein are, of course, dependent upon the results of the Secretary of Defense's Strategic Review, and should be considered in that light.

This budget provides a substantial increase in construction and family housing resources essential to support the Army's role in our national military strategy. It supports the Army's vision and transformation strategy. Our budget includes the increased funding necessary to improve our installations: infrastructure in keeping with our leadership's commitment to having world class installations.

The program presented herein requests fiscal year 2002 appropriations and authorizations of appropriations of \$1,760,541,000 for military construction, Army (MCA); \$1,400,533,000 for Army family housing (AFH—in two separate accounts); \$267,389,000 for military construction, Army National Guard (MCNG); \$111,404,000 for military construction, Army Reserve (MCAR) and \$10,119,000 for the Homeowners Assistance Fund, Defense.

The Army is and must remain the most respected Army in the world. Our commitment to meeting the challenges requires a comprehensive transformation of the Army and the Army's installations.

Army transformation represents a move to forge a more strategically responsive, yet dominant, force for the 21st century. The new force will be more mobile and sustainable, and able to respond to the full spectrum of operations. Transformation also includes a rigorous training program, full integration of the Active and Reserve components, comprehensive initiatives to protect the force, and provides first class installations from which to project our forces. A fully-funded transformation will keep the Army capable and ready until it has achieved an objective force that is more responsive, deployable, versatile, agile, lethal, survivable, and sustainable. We are working closely with the Transformation Task Force to ensure installation needs are identified and addressed.

The Army must sustain a force of high quality, well-trained people; acquire and maintain the right mix of weapons and equipment; and maintain effective infrastructure and power projection platforms to generate the capabilities necessary to meet our missions. Taking care of soldiers and families is a readiness issue and will ensure that a trained and qualified soldier and civilian force will be in place to support the objective force and the transformed Army.

As the Army transforms, we must ensure that Army installations are transformed to meet the needs of the force. Army installations and Reserve component facilities must fully support our warfighting needs, while providing soldiers and their families with a quality of life that equals that of their peers in civilian communities.

FACILITIES STRATEGY

The Army's facilities strategy is the centerpiece of our efforts to fix the deplorable current state of Army facilities. It addresses our long-term need to sustain and modernize Army-funded facilities in both Active and Reserve components by framing our requirements for sustainment, restoration and modernization (SRM) and military construction (MILCON) funding. Sustainment, restoration, and modernization (SRM) has replaced the term, "real property maintenance" (RPM). SRM includes funds for annual maintenance and scheduled repair—sustainment; and military construction funding to repair or replace facilities damaged due to failures attributable to inadequate sustainment or emergencies or to implement new or higher standards—restoration and modernization.

The first pillar of the strategy requires us to halt further deterioration of our facilities. Our programmed sustainment funding, which comes from the SRM accounts has greatly improved. This level of funding may be sufficient to prevent further deterioration of Army facilities. We are funded at 94 percent of our requirements in fiscal year 2002. Our current C-3 conditions are a result of years of underfunding and migration of funds from the SRM accounts. We must have sufficient SRM resources to sustain our facilities and prevent facilities from deteriorating further, or we put our MILCON investments at risk.

The second pillar of the strategy is to tackle the enormous backlog that has grown over numerous years of underfunding. Since we can't afford a quick fix to the \$17.8 billion SRM backlog, and a significant deficit for construction of Army-funded facilities, we will focus centrally managed resources toward a critical set of facility types. This modernization requirement will primarily require MILCON funding supplemented by SRM project funding. Our goal is to raise Army facilities from current C-3 ratings to C-2 in the long-term by bringing our focused set of facilities to C-1 in 10-year increments. Our first 10-year increment includes ARNG Readiness Centers, Army Reserve Centers, fitness facilities, basic training barracks, general instruction facilities, and tactical vehicle maintenance shops and supporting hardstands at a cost of approximately \$10 billion. There are a number of MILCON projects in the fiscal year 2002 budget that support this first increment.

We have based the Army facility strategy on commanders' ratings of our facilities in our Installation Status Report. The facilities we have chosen to modernize under this centrally managed program are critical to the Army's mission and to our soldiers. It is essential that both the sustainment (SRM) and the modernization (MILCON and SRM) pieces are funded as a single, integrated program. Only then will we be able to improve the health of Army real property and its ability to successfully support our worldwide missions and our soldiers.

In addition to implementing our facilities strategy, we continue to eliminate excess facilities throughout the entire Army. During fiscal years 1988–2003, our facilities reduction program, along with the base realignment and closure process, will result in disposal of over 200 million square feet in the United States. We continue our policy of demolishing at least one square foot for every square foot constructed. By 2003, with our overseas reductions included, the Army will have disposed of over 400 million square feet from its fiscal year 1990 peak of 1,157,700,000 square feet.

Additionally, we are pursuing innovative ways to modernize our infrastructure and reduce the cost of our facilities. One example is installation utilities systems. Our goal is to privatize all utility systems in CONUS by 2003, where it is economically feasible, except those needed for unique security reasons. We are expanding the privatization of military family housing, in an effort to provide quality residential communities for soldiers and their families.

Executive Order 13123, "Greening The Government Through Efficient Energy Management," sets higher goals for reducing energy consumption. As of June 30, 2001, the Army had awarded 74 task orders on Energy Savings Performance Contracts (ESPCs), with a total private sector investment of \$328 million and an anticipated annual energy savings in excess of two million MBtu's (the equivalent to 16 million gallons of oil). We are also pursuing opportunities to purchase electrical power generated from renewable sources such as wind, solar and geothermal. We have installed hundreds of solar lighting systems that use no energy in our facilities.

Next, I will discuss our budget.

MILITARY CONSTRUCTION, ARMY (MCA)

The MCA program focuses on six major categories of projects: mission facilities, operations facilities, transformation, well being, installation support, and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In fiscal year 2002, there are 36 mission facility projects to ensure the Army is deployable, trained, and ready to respond to meet its national security mission. The projects continue the Army's Strategic Mobility Program (ASMP) to ensure deployment within specified timelines, provide enhanced training via live fire ranges and simulators, and maintain equipment readiness by ensuring Army vehicles are repaired and operational.

Army Strategic Mobility Program: The 15 mobility projects in our budget facilitate movement of personnel and equipment from CONUS bases for both the Active and Reserve components to meet Army and Defense timelines for mobilization operations. They are part of an important program to upgrade our strategic mobility infrastructure, enabling the Army to maintain the best possible power projection platforms. We are requesting \$128.75 million. The fiscal year 2002 projects will complete 93 percent of the Strategic Mobility Program. Although the Strategic Mobility Program is scheduled for completion in fiscal year 2003, it is anticipated that there may be a follow-on phase as a result of changes in force structure and stationing.

These include 11 projects totaling \$94.9 million to improve our rail and air deployment capability by expanding an aircraft hardstand at Fort Campbell, extending a runway at Fort Benning, and providing air and rail passenger and materiel staging complexes at Fort Benning, Fort Campbell, Fort Sill, Fort Lewis and Sunny Point Military Ocean Terminal. To improve our port capability, we are upgrading a pier to support the mission of the 7th Transportation Group at Fort Eustis. Two projects at Sunny Point Military Ocean Terminal will improve the outloading of ammunition by constructing a canopy over the storage area, widening the road and constructing truck pads for safe transport and outloading of cargo and ammunition. An assembly building is programmed to support deployment at Fort Wainwright.

Training: To improve soldier training, we are requesting phase II to complete the Digital Multi-purpose Training Range at Fort Hood. This project was fully authorized by Congress in fiscal year 2001. Our request includes a Record Fire Range and Night Fire Range at Fort Leonard Wood and a Modified Record Fire Range at Fort Riley. These ranges will provide our soldiers with M16 rifle qualification and train-

ing and also will provide for the integration of the Next Generation Targetry System for single and multiple targets. General Instruction Buildings are included in our program for Camp Jackson, Korea and Fort Sam Houston. These buildings will enable the Army to provide much needed classrooms for training of our soldiers. We are also requesting phase II of the Battle Simulation Center at Fort Drum that was also authorized in fiscal year 2001. A Comanche simulator training facility at Fort Rucker to train pilots on the Army's new helicopter is also requested. An Airborne Training Facility at Fort Lee will support training for our Enlisted Parachute Rigger and Aerial Delivery and Material Officers courses.

Readiness: We are requesting 9 projects that will provide vehicle maintenance facilities and tactical equipment shops to ensure unit equipment readiness: Baumholder, Mannheim, Fort Stewart, Fort Drum, Camp Casey, Fort Bragg, Fort Gordon, and two projects at Fort Hood: a vehicle maintenance facility, and a tactical equipment shop. The request also includes two projects at Anniston Army Depot: a project to improve the safety conditions in the main combat vehicle disassembly and rebuild facility and a repair and demilitarization of combat armor. An Ammunition Surveillance Facility at Aberdeen Proving Ground is requested to maintain control and accountability of foreign munitions.

OPERATIONS FACILITIES

The fiscal year 2002 budget request includes command and control facilities, laboratories, operations facilities, and a physical development center which began construction in fiscal year 1999.

Two Command and Control Facilities are in the request for Pohakuloa Training Area, Hawaii, and phase 2 of the Command and Control Facility at Fort Hood, where we are completing a project that began in fiscal year 2001. Three laboratory projects include a Criminal Investigation Forensic Laboratory at Fort Gillem, which will provide forensic support and expert testimony in judicial cases for all DOD investigative agencies; a Chemistry Laboratory at Edgewood (Aberdeen Proving Ground—APG) for life cycle chemical agent research, development, and evaluation; and a Climatic Test Facility at APG to provide controlled temperature and humidity test environment for critical weapons testing.

We are requesting a Military Entrance Processing Facility at Fort Lee for processing applicants from 77 counties in the State of Virginia and reducing the high cost of leased facilities. This project has a payback period of less than 3 years.

Field Operations Facilities at Fort Drum and Fort Eustis will provide criminal investigative support for the Army. The budget request also includes a Shipping Operations Building at Pearl Harbor; a Readiness and Operations Facility at Fort Polk; an Explosive Ordinance Detachment Operations Building at Fort Gillem; an Operations Facility at the Humphreys Engineer Center for the Information Security Command; and a Parachute Team General Purpose Building at Fort Bragg. This request also includes phase 3 for the United States Military Academy Cadet Physical Development Center, which was fully authorized in fiscal year 1999.

TRANSFORMATION

Our budget contains five projects at Fort Lewis that support the deployment, training and equipment maintenance of the new transformed force. These projects include two maintenance facilities for new vehicles, an expanded ammunition supply storage facility to support training and deployment of the increased force, a combat vehicle trail and a pallet handling facility to support the logistic deployment of equipment and supplies. As new transformation installations are identified, we will continue to identify and validate additional requirements associated with transformation and will include these projects in future budgets.

WELL BEING PROJECTS

The well being of our soldiers, their families and civilians has a significant impact on readiness. Therefore, 40 percent of our MCA budget is dedicated to providing these types of facilities. Although our first priority is to get soldiers out of ganglatrine type barracks, we are also requesting two basic combat trainee barracks, child development centers, physical fitness training centers, a dining facility, two education centers, a soldier service center, and a chapel. These projects will improve not only the well being of our soldiers and families, but also the readiness of the Army. We are requesting appropriations and authorization of appropriations of \$701.2 million for well being projects this year.

Barracks Modernization Program: Modernization of barracks for enlisted permanent party soldiers continues to be the Army's number one facilities priority for military construction. It provides single soldiers with a quality living environment that

approximates conditions off the installation, or enjoyed by our married soldiers. New or renovated barracks provide increased personal privacy and larger rooms, closets, new furnishings, adequate parking, and landscaping. In addition, administrative offices are separated from the barracks. With the approval of our budget, as requested, 73 percent of our barracks requirement will be funded at the new standard for our permanent party soldiers. Our plan is to invest an additional \$4.2 billion in MCA and host nation funds between fiscal years 2003 and 2008, supplemented by \$0.6 billion in sustainment, restoration, and modernization (SRM) to fix barracks worldwide to meet our goal of providing improved living conditions for all of our single soldiers by fiscal year 2008. While we are making considerable progress at installations in the United States, we will request increased funding for Germany and Korea in future budgets to compensate for these areas being funded at lower levels than the CONUS installations. A large portion of the remaining modernization effort, 44 percent, is in these overseas areas.

In fiscal year 2002, we are planning 20 barracks projects. This includes 6 projects in Europe and 3 projects in Korea. Our budget completes the Schofield barracks and Fort Bragg barracks complexes that were authorized in fiscal year 2000 and incrementally funded in fiscal year 2000 and fiscal year 2001. Fort Bragg's large soldier population and poor barracks conditions require sustained high investment through fiscal year 2008 to provide quality housing. We are continuing with the second phase of two additional barracks complexes at Fort Bragg that were authorized in fiscal year 2001. At Fort Richardson, Fort Lewis, and Fort Carson, we are requesting authorization for all phases of the barracks complex which extends over several fiscal years; however, we are only requesting the funding needed for the fiscal year 2002 phase. Our plan is to award each complex, subject to subsequent appropriations, as a single contract to gain cost efficiencies, expedite construction, and provide uniformity in building systems.

Basic Combat Training Complexes: We have included phase 2 to complete the basic combat training complex at Fort Leonard Wood that was authorized and begun in fiscal year 2001. This project provides a modern, initial entry basic training complex that includes separate and secure housing to support gender-integrated training, and provides for the administrative and training functions that are organic to the mission of the basic training battalion. We also are requesting full authorization for a basic combat training complex at Fort Jackson. However, we are only requesting the funding necessary to execute the first phase in fiscal year 2002.

Community Facilities: Our budget request includes three new child development centers to replace failing or inadequate facilities in Wiesbaden, Fort Riley, and Fort Meade. To improve soldier physical fitness and community wellness, our budget includes physical fitness training centers at Camp Carroll, Bamberg, Wiesbaden, and Fort McNair. A new dining facility to provide for the soldiers at Redstone Arsenal, two education centers at Fort Polk and Fort Stewart, and a Soldier Service Center also at Fort Stewart are included in our request. With this budget request we will implement the Chapel of the Year Program with a chapel at Fort Belvoir to improve the quality and availability of religious facilities for the well being of our soldiers and their families.

INSTALLATION SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. We have requested nine projects with an appropriations and authorization of appropriations request of \$79.3 million.

Projects in the budget request include a Cold Storage Warehouse at Kwajalein Atoll; an Effluent Reuse System at Fort Huachuca; a Power Plant Cooling Tower at Fort Wainwright; a Sanitary Sewer System at Camp Hovey; Electrical Distribution System at Camp Carroll; an Electrical Substation at Fort Campbell; a Hazardous Materials Storage Facility at Fort Drum; an Information Systems Facility at Fort Gordon; and a Fire Station at Sunny Point Military Ocean Terminal.

A classified project is also included in our budget request.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chemical Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stockpiled) materiel. It also provides for emergency response capabilities, while avoiding future risks and costs associated with the continued storage of chemical warfare materiel.

The Office of the Secretary of Defense devolved the Chemical Demilitarization Program to the Department of the Army in fiscal year 1999. Although Congress has consistently authorized and appropriated funding for the Chemical Demilitarization

Construction Program to the Department of Defense, the overall responsibility for the program remains with the Army and we have included it in this year's Army budget.

We are requesting appropriations and authorization of appropriations for \$172.5 million in the Army's fiscal year 2002 budget to continue the chemical demilitarization projects previously authorized. Table 1 summarizes our request:

TABLE 1.—FISCAL YEAR 2002

Installation	Type	Amount
Aberdeen Proving Ground, MD	Ammun Demil Facility, Ph III	\$66,500,000
Blue Grass Army Depot, KY	Ammun Demil Facility, Ph II	3,000,000
Newport Army Depot, IN	Ammun Demil Facility, Ph IV	66,000,000
Pine Bluff Army Depot, AR	Ammun Demil Facility, Ph VI	26,000,000
Pueblo Army Depot, CO	Ammun Demil Facility, Ph III	11,000,000
Total	\$172,500,000

The destruction of the U.S. stockpile of chemical weapons by the 2007 deadline in the Chemical Weapons Convention is a major priority of the Army, DOD and the administration. The MILCON funding for the chemical weapons destruction facilities is essential to achieving that goal.

PLANNING AND DESIGN

The fiscal year 2002 MCA budget includes \$134.098 million for planning and design. The fiscal year 2002 request is a function of the construction programs for three fiscal years: 2002, 2003, and 2004. The requested amount will be used to design-build a portion of the fiscal year 2002 program, complete design in fiscal year 2003, and initiate design of fiscal year 2004 projects.

Host nation support (HNS) planning and design (P&D): The Army, as executive agent, provides HNS P&D for oversight of host nation funded design and construction projects. The U.S. Army Corps of Engineers oversees the design and construction to ensure the facilities meet our requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that will require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where \$1 of United States funding gains \$60 worth of host nation construction. The fiscal year 2002 budget request for \$23.1 million will provide oversight for approximately \$850 million of construction in Japan, \$50 million in Korea, and \$50 million in Europe.

BUDGET REQUEST ANALYSIS

Summary: The fiscal year 2002 MCA budget includes a request for appropriations and authorization of appropriations of \$1,760,541,000.

Authorization Request: Request for authorization is \$1,558,673,000. The authorization request is adjusted for those projects previously authorized in prior fiscal years. These projects include the chemical demilitarization projects, phase 3 of the West Point Cadet Physical Development Center, phase 2 of the Fort Hood Digital Multi-purpose Training Range, phase 2 of the Fort Drum Battle Simulation Center, phase 2 of the Basic Training Complex at Fort Leonard Wood, and the phases of the Whole Barracks Renewal Complexes at Fort Bragg and Schofield barracks. Additionally, it is modified to provide full authorization of \$375 million for the barracks complex at Fort Carson, Fort Lewis, Fort Richardson, and Fort Jackson. Only \$144 million in appropriations is required for the first phase of these projects. Table 2 displays the projects which are phased over several fiscal years.

Table 2
PHASED PROJECTS

Location	Authorization (\$M)				APPROPRIATION (\$M)			
	FY1999	FY2000	FY2001	FY2002	FY1999	FY2000	FY2001	FY2002
Cadet Physical Dev Ctr	85.0				12.0	14.0	13.6	37.9
Schofield Barracks-Brks		95.0				25.0	46.4	23.0
Fort Bragg (Tagaytay Rd)-Brks		74.0				16.5	38.6	17.5
Fort Bragg (Butner Rd) - Brks			130.0				26.0	49.0
Fort Bragg (Longstreet Rd) - Brks			79.6				45.6	27.0
Fort Carson- Barracks				86.0				25.0
Fort Richardson - Barracks				97.0				45.0
Fort Lewis - Barracks				150.0				48.0
Fort L Wood - Trainee Complex			61.2	4.4			38.6	27.0
Fort Jackson - Basic Trainee Cmplx				62.0				26.0
Fort Drum - Battle Sim Ctr			18.0	3.0			12.0	9.0
Fort Hood - Digital Range			26.0	3.0			16.0	13.0

Chem Demil Projects	Authorization (\$M)				APPROPRIATION (\$M)			
	FY 1999 & Prior	FY2000	FY2001	FY2002	FY1999 & Prior	FY2000	FY2001	FY2002
Aberdeen - Ammo Demil Fac	184.5			37.6	26.5	53.5	45.7	66.6
Blue Grass - Ammo Demil Fac		195.8		47.2				3.0
Newport - Ammo Demil Fac	189.6				11.5	35.9	34.4	66.0
Pine Bluff - Ammo Demil Fac	154.4			23.0	58.0	49.8	43.6	26.0
Pueblo - Ammo Demil Fac	179.0	24.5					10.7	11.0

The fiscal year 2002 request for appropriations and authorization for fiscal year 2002, by investment focus, is shown in table 3:

Table 3
INVESTMENT FOCUS
Appropriations

Fiscal Year 2002

<u>CATEGORY</u>	<u>AUTHORIZATION</u> <u>(\$000)</u>	<u>APPROPRIATIONS</u> <u>(\$000)</u>	<u>PERCENT</u> <u>APPROP'N</u>
Well Being	\$ 793,143	\$ 701,243	39.8%
Mission (Mobilization, Training and Readiness)	\$ 344,300	\$ 360,300	20.5%
Operations and Labs	\$ 173,900	\$ 211,800	12.0%
Transformation	\$ 56,200	\$ 56,200	3.2%
Installation Support	\$ 79,300	\$ 79,300	4.5%
Planning and Design/ Minor Construction	\$ -	\$ 175,198	10.0%
Subtotal Army MILCON	\$ 1,446,843	\$ 1,584,041	90.0%
Chemical Demilitarization	\$ 107,830	\$ 172,500	9.8%
Classified Project	\$ 4,000	\$ 4,000	0.2%
Total Program	\$ 1,558,673	\$ 1,760,541	100.0%

Table 4 shows the fiscal year 2002 distribution of the appropriations request among the Army's major commands:

TABLE 4.—COMMAND SUMMARY
[Military Construction, Army—Fiscal Year 2002]

<u>Command</u>	<u>Appropriations</u> <u>\$000</u>	<u>Percent of</u> <u>total</u>
INSIDE THE UNITED STATES:		
Army Materiel Command	248,850	14.1
Army Test and Evaluation Command	9,000	0.5
Criminal Investigations Command	32,900	1.9
Forces Command	630,600	35.8
Information Security Command	36,300	2.1
Medical Command	2,250	0.1
Military District of Washington	22,350	1.3
Military Entrance Processing Command	6,400	0.4
Military Traffic Management Command	11,400	0.6
Training & Doctrine Command	129,850	7.4
United States Army Recruiting Command	7,700	0.4
United States Army, Pacific	162,100	9.2
United States Military Academy	\$37,900	2.2
Classified Project	\$4,000	0.2
SUB-TOTAL	1,341,600	76.2
OUTSIDE THE UNITED STATES:		
Eight, United States Army	109,443	6.2
Space and Missile Defense Command	11,000	0.6
United States Army, Europe	123,300	7.0

TABLE 4.—COMMAND SUMMARY—Continued
[Military Construction, Army—Fiscal Year 2002]

Command	Appropriations \$000	Percent of total
SUB-TOTAL	243,743	13.8
TOTAL MAJOR CONSTRUCTION	1,585,343	90.0
WORLDWIDE:		
Planning and Design	157,198	8.9
Minor Construction	18,000	1.0
SUB-TOTAL	175,198	10.0
TOTAL APPROPRIATIONS REQUESTED	1,760,541	100.0

ARMY FAMILY HOUSING

The family housing program provides a major incentive that is necessary for recruiting and retaining dedicated individuals to serve in the Army. Adequate and affordable housing continues to be a major concern to soldiers when asked about their quality of life. We have waiting lists at nearly all of our major posts and out-of-pocket expenses for soldiers living off post are approximately 15 percent of the total cost of their housing. The Army supports the initiative to increase the basic allowance for housing (BAH) to eliminate the out-of-pocket costs being paid by service members for off-post housing in the United States. Maintaining and sustaining safe, attractive, and convenient housing for our soldiers and families is one of our continuing challenges. This budget represents an increase in the family housing program for additional family housing construction and expanded privatization. This increase will assist us in providing improved housing quicker and to more of our military families. Our current plan ensures we meet the Secretary of Defense's goal of 2010 to provide adequate housing to all military families. I would like to thank the President for his support and extra funding to improve quality of housing for Army personnel and their families.

Privatization is an essential element in solving our acute family housing problem. The Army's privatization program, Residential Communities Initiative (RCI), utilizes the authorities granted by Congress in 1996 and extended to December 31, 2004, and includes the initial pilot privatization projects at Fort Carson, Colorado; Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland, plus 24 additional privatization sites.

We are especially pleased with the progress being made with our first privatization project at Fort Carson. The first new homes were occupied by Army families in November 2000. A total of 840 new units are being built and the rest (1,823) are being fully renovated. This project will provide our soldiers a quantum leap in quantity and dramatic improvement in the quality of our on-post housing in a short period of time.

For the remaining Government-owned units in the United States and overseas, the Army has programmed sufficient MILCON and major maintenance and repair funds to eliminate all inadequate units in Europe, Korea and the United States by 2010.

Our fiscal year 2002 request for appropriations and authorization of appropriations request is \$1,400,533,000. Table 5 summarizes each of the categories of the Army Family Housing Program.

TABLE 5.—ARMY FAMILY HOUSING
[Fiscal Year 2002]

Facility category	Authorization of appropriations		Appropriations	
	(\$000)	Percent	(\$000)	Percent
New Construction	59,200	4	59,200	4
Post Acquisition Const	220,750	16	220,750	16
Planning and Design	11,592	1	11,592	1
Operations	178,520	13	178,520	13

TABLE 5.—ARMY FAMILY HOUSING—Continued
[Fiscal Year 2002]

Facility category	Authorization of appropriations		Appropriations	
	(\$000)	Percent	(\$000)	Percent
Utilities	258,790	18	258,790	18
Maintenance	446,806	32	446,806	32
Leasing	196,956	14	196,956	14
Privatization	27,918	2	27,918	2
Debt	1	<1	1	<1
Total	1,400,533	1,400,533

FAMILY HOUSING CONSTRUCTION

The total fiscal year 2002 request for construction is \$291,542,000. It continues the Whole Neighborhood Revitalization (WNR) Initiative approved by Congress in fiscal year 1992 and supported consistently since that time. This successful approach addresses the entire living environment of the military family. The projects are based on life-cycle economic analyses and support the Department of Defense's 2010 goal by providing units that meet current construction and adequacy standards.

New Construction: The fiscal year 2002 new construction program provides WNR projects that replace 220 units at four locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. Some existing housing, 278 units, will be demolished, in order to reduce the housing density. New construction projects are requested at Camp Humphreys, Korea, for 54 units, where adequate off-post family housing is not available and no on-post family housing exists. These units serve command sponsored personnel living in substandard, off-post quarters and those personnel who are unaccompanied due to a lack of adequate family housing on or off-post. All of these projects are supported by housing surveys which show that adequate and affordable units are not available in the local community.

Post Acquisition Construction (Renovation): The Post Acquisition Construction Program is an integral part of our housing revitalization program. In fiscal year 2002, we are requesting funds for improvements to 14,404 existing units at 10 locations in the United States, including privatization at seven installations: six locations in Europe, and one site in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure, energy conservation and elimination of environmental hazards.

FAMILY HOUSING OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance, and leasing programs comprise the majority of the fiscal year 2002 request. The requested amount of \$1,108,991,000 for fiscal year 2002 is approximately 79 percent of the total family housing budget. This budget provides for the Army's annual expenditures for operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, and funds supporting the Military Housing Privatization Initiative. With current funding, housing units can be kept habitable and open; however, their condition will continue to deteriorate.

FAMILY HOUSING LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$196,956,000 in fiscal year 2002 to fund existing section 2835 project requirements, temporary domestic leases in the United States, and approximately 8,700 units overseas.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

The military construction request, \$267,389,000 for the Army National Guard, focuses on readiness centers, maintenance support shops, and training facilities. These projects are mission focused and are centered on the well being of our soldiers.

MISSION FACILITIES

Fiscal year 2002 contains 26 mission facility projects.

Readiness Centers: In support of the Army facility strategy, the Army National Guard is requesting \$56,228,000 million for 11 projects. Our fiscal year 2002 budget request is for readiness centers in Iowa, Idaho, Mississippi, New Hampshire, Ohio, Tennessee, Alabama and two 60 year old readiness centers in Louisiana. Also, in support of Army National Guard Division Redesign Study (ADRS), we are requesting funding for the addition/alteration to readiness centers in California and Montana. The California project is particularly significant, because it eliminates smaller facilities on land desperately needed by the local community in the Los Angeles Basin.

Maintenance Support Shops: There are 10 maintenance shops planned as part of our revitalization plan: a unit training equipment site in Alabama, a maneuver and training equipment site in California and New York, a combined support maintenance shop in South Dakota and Michigan (phase II), and four organizational maintenance shops located in Massachusetts, Maryland, Tennessee, and Wisconsin. The majority of these facilities were built in the 1950s. Also, as part of the ADRS initiative, we have included one organization maintenance shop for addition/alteration in Kansas for this fiscal year. Sites in California, Indiana, Kansas, Michigan, Montana, and Nebraska were selected to begin the conversion process, which started this year. These projects are essential for the units to successfully maintain the additional heavy equipment they will receive during ADRS phase I. A total of \$85,080,000 million is being requested for these Army National Guard maintenance support shops.

Training Facilities: The Army National Guard is requesting \$90,264,000 for five training facilities: Army aviation facilities in Arizona, Maine, New Hampshire, Texas, and phase II of the military education facility in Mississippi. Two illustrations of this need are in Texas and New Hampshire. Since Austin, Texas, closed the airport the Aviation facility in Texas is spread between seven temporary facilities. New road construction by the city at our New Hampshire aviation facility will cut off all access to the runway.

BUDGET REQUEST ANALYSIS

Summary: The MCNG budget request includes a request for appropriations and authorization of appropriations of \$267,389,000 for fiscal year 2002. The fiscal year 2002 request for appropriations and authorization for fiscal year 2002, by investment focus, is shown in table 6:

TABLE 6.—INVESTMENT FOCUS ARMY NATIONAL GUARD
[Appropriations Fiscal Year 2002]

Category	Authorization (\$000)	Appropriations (\$000)	Percent appropriation
Major Construction	236,924	236,924	89
Unspecified Minor Construction	4,671	4,671	2
Planning and Design	25,794	25,794	9
Total	267,389	267,389	100

Table 7 shows fiscal year 2002 distribution of the appropriations request among the 54 States and territories supporting the Army National Guard:

TABLE 7.—PROJECT SUMMARY
[Military Construction Army National Guard—Fiscal Year 2002]

Location	Project title	Appropriations (\$000)	Percent of total
Huntsville, AL	Unit Training Equip Site	7,498	3
Mobile, AL	Readiness Center add/alt	5,333	2
Marana, AZ	Aviation Maintenance Hanger	14,358	5
Fort Irwin, CA	Maneuver & Training Equip Site	21,953	8
Lancaster, CA	Readiness Center (ADRS)	4,530	2
Gowen Field, ID	Readiness Center PHI	8,117	3
Estherville, IA	Readiness Center	2,713	1
Fort Riley, KS	Organ Maint Shop (ADRS) add/alt	645
Carville, LA	Readiness Center	5,677	2

TABLE 7.—PROJECT SUMMARY—Continued
 [Military Construction Army National Guard—Fiscal Year 2002]

Location	Project title	Appropriations (\$000)	Percent of total
Camp Beauregard,	LA Readiness Center	5,392	2
Bangor, ME	Army Aviation Support Fac. PH1	11,618	4
Framingham, MA	Organizational Maintenance Shop	8,347	3
Salisbury, MD	Organizational Maint Shop add/alt	2,314	1
Lansing, MI	Combined Support Maint Shop PH11	5,809	2
Gulfport, MS	Readiness Center	9,145	4
Camp Shelby, MS	Mil Education Center PH11	11,444	4
Kalispell, MT	Readiness Center add/alt (ADRS)	822
Concord, NH	Army Aviation Support Facility	27,185	10
Concord, NH	Readiness Center	1,868	1
Fort Drum, NY	Maneuver Area Trng & Equip Shop	17,000	6
Cincinnati, OH	Readiness Center	9,780	4
Mitchell, SD	Combined Support Maint Shop	14,228	5
Alcoa, TN	Readiness Center	8,203	3
Henderson, TN	Organizational Maint Shop	2,012	1
Austin, TX	Army Aviation Support Facility	25,659	10
Oshkosh, WI	Organizational Maintenance Shop	5,274	2
Various	Planning and Design	25,794	10
Various	Unspecified Minor Construction	4,671	2
Total appropriation and authorization of appropriations requested		267,389	100

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

The MCAR program focuses on mission facilities projects. In fiscal year 2002, there are nine Army Reserve projects to assist the USAR with its mission requirement of providing trained and ready forces to support the missions of the United States Army. The USAR's program continues to emphasize readiness, quality of life, modernization, and installation and base support.

MISSION FACILITIES

Fiscal year 2002 contains eight mission facilities projects and one land acquisition project.

United States Army Reserve Centers: Our fiscal year 2002 USAR budget request is for the construction of five U.S. Army Reserve Centers in Arizona, Kentucky, Washington, New Hampshire, and American Samoa, and one Armed Forces Reserve Center in Colorado. The Reserve Centers in American Samoa, New Hampshire, and Kentucky are to replace severely overcrowded facilities that were constructed in the 1950s. The Army Reserve Center in Tafuna, American Samoa, also represents the sole presence of the Department of Defense on the island. The current center's utilization rate is 293 percent. This facility will also serve as a command and control facility for the local authorities, as well as a safe haven for the local populace. The project in Washington also includes an Aviation Support Facility needed to maintain the Army Reserves' new aviation assets assigned to Fort Lewis. The projects in Arizona and Colorado are to improve facilities transferred to the USAR as a result of the 1995 base realignment and closure (BRAC). These facilities are overcrowded and in need of renovation and new construction. A land acquisition project is required in Cleveland, Ohio to support future construction of an Army Reserve Center.

Maintenance Facilities: There are six Organizational Maintenance Shops (OMS) included as part of our construction plan. The OMS in American Samoa is required for use by a vehicle repair platoon and an engineer detachment, and the OMS in Arizona will support the routine maintenance requirements for the units assigned to that Reserve Center. Currently, there is no maintenance facility at the Reserve Center in Mesa, Arizona. The OMS in New Hampshire and Washington are part of the replacement plan for out-dated facilities. The OMS in Texas will replace an existing 1958 facility. Also included is an Aviation Support Facility at Fort Lewis, Washington. These new maintenance facilities will improve the equipment readiness of the units assigned and provide a modernized workplace for the mechanics to train.

Barracks Renovation: There is a project to renovate the Officer Education School barracks at Fort Dix, New Jersey. The current barracks were constructed in 1970 and do not currently meet the requirements for training soldiers. The renovation of

these barracks will provide the students an environment that is both safe and conducive to learning.

The fiscal year 2002 request is for appropriations and authorization of appropriations of \$111,404 million for military construction, Army Reserve, as shown on table 8:

TABLE 8.—COMMAND SUMMARY
[Military Construction Army Reserve—fiscal year 2002]

Location	Appropriations (\$000)	Percent of total
Arizona, Mesa (USARC/OMS)	10,900	9.8
American Samoa, Tafuna (USARC/OMS)	19,703	17.7
Colorado, Fort Carson (USARC)	9,394	8.4
Kentucky, Fort Knox (USARC)	14,846	13.3
New Hampshire (USARC/OMS)	9,122	8.2
New Jersey, Fort Dix (OES Barracks Upgrade)	12,000	11.0
Ohio, Cleveland (Land Acquisition)	1,200	1.1
Texas, Texarkana (OMS)	1,862	1.7
Washington, Fort Lewis (USARC/OMS/ASF)	21,978	19.7
TOTAL MAJOR CONSTRUCTION	101,005	90.7
WORLDWIDE:		
Planning and Design	8,024	7.2
Minor Construction	2,375	2.1
SUBTOTAL	10,399	9.3
TOTAL AUTHORIZATION OF APPROPRIATIONS REQUESTED	111,404	100.0

HOMEOWNERS ASSISTANCE FUND, DEFENSE

The Army is the executive agent for the Homeowners Assistance Program. This program provides assistance to homeowners by reducing their losses incident to the disposal of their homes when the military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. The fiscal year 2002 request is for \$10.119 million in appropriations, along with a companion request for authorization and authorization of appropriations for the same amount. Fiscal year 2002 will be funded with appropriations, carryover, and anticipated authority to transfer monies from the BRAC account to the Homeowners Assistance Fund.

The request will provide assistance to personnel at approximately 14 locations that have been impacted with either a base closure or a realignment of personnel resulting in adverse economic effects on local communities. The Homeowners Assistance Program is funded not only from the resources being requested in this budget, but is also dependent, in large part, on the revenue earned during the fiscal year from the sale of properties.

SUSTAINMENT, RESTORATION, AND MODERNIZATION (SRM)

In addition to military construction and family housing, the third area in the facilities arena is the SRM program. SRM is the primary account in base support funding area responsible to maintain the infrastructure to achieve a successful readiness posture for the Army's fighting force. Installations and Reserve component facilities are the platforms of America's Army and must be properly maintained to be ready to support current Army missions and any future deployments.

SRM consists of two major functional areas: (1) facilities sustainment of real property and (2) restoration and modernization. Facilities sustainment provides resources for maintenance and repair activities necessary to keep an inventory of facilities in good working order. It also includes major repairs or replacement of facility components, usually accomplished by contract, that are expected to occur periodically throughout the life cycle of facilities. Restoration and modernization provides resources for improving facilities. Restoration includes repair and replacement work to restore facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident or other causes. Modernization includes alteration of facilities solely to implement new or higher standards, including regulatory changes, to ac-

commodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Within the SRM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the long range utilities strategy. At the completion of the fiscal year 2002 program, as requested, we will have funded adequate housing to meet or approximate the DOD 1+1 barracks standard for 73 percent of our soldiers. The fiscal year 2003–2008 Military Construction Program will provide barracks for another 20 percent of eligible soldiers. We will use SRM resources to renovate barracks to an approximate DOD 1+1 standard for the remaining 7 percent of barracks residents. The Army is grateful for congressional support for well being programs. We allocated \$86 million of appropriated quality of life enhancements, Defense (QOLE,D) funds to bring more of our permanent party barracks in the United States, Europe and Korea to an approximate 1+1 standard and to renovate Advance Individual Training (AIT) and reception barracks in the United States. The Army is committing an average of about \$120 million per year in SRM to continue the efforts to upgrade housing for our single soldiers. This substantial funding keeps our barracks program on track to build new or renovate all barracks to an approximate 1+1 or equivalent standard worldwide by 2008.

The second area to highlight within the SRM program is our long range utilities strategy to provide reliable and efficient utility services at our installations. Privatization or outsourcing of utilities is the first part of our strategy. All Army-owned electrical, natural gas, water, and wastewater systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. We continue to successfully privatize utility systems on Army installations. Recent successes include privatization of the electrical distribution system at Fort Knox, the gas system at Fort Sill, the water system at Fort Lee, and the waste water system at Presidio of Monterey. Of the 320 Army systems available for privatization since 1998, 19 have been privatized, 28 have been exempted, and the remaining are in various stages of privatization. The second part of the strategy is the Utilities Modernization Program. We are upgrading utility systems that are not viable candidates to be privatized, such as central heating plants and distribution systems. We have executed approximately \$177 million in utility modernization projects in fiscal years 1998 through 2000 and in future years we plan to accomplish \$94 million in additional projects. Together, privatizing and modernizing utility systems will provide reliable and safe systems.

We are making progress in upgrading barracks and improving utility services, and funding for the basic maintenance and repair of Army facilities has improved to 94 percent of the OMA, OMNG, and OMAR requirement in fiscal year 2002. However, we still need to strive toward fully funding sustainment to keep facilities from getting worse and to protect the large infrastructure investment requested in this budget. The Installation Status Report shows Army facilities are rated C–3 (not fully mission capable) due to years of underfunding. At the end of fiscal year 2000, 26 percent of the Army's facilities were "red"—unsatisfactory; 44 percent were "amber"—marginal; and only 30 percent were "green"—good. The Army National Guard rated 40 percent red, 54 percent amber and 6 percent green and the Army Reserve rated 45 percent red, 27 percent amber, and 28 percent green.

BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support the Army of the 21st century. For BRAC in fiscal year 2002, we are requesting appropriations and authorization of appropriations of \$164.3 million. This budget represents the Army's first budget required to continue environmental restoration and property management of those facilities not yet disposed from the first four rounds of BRAC. In fiscal year 2000, the Army saved \$911 million and will save \$944 million annually upon completion of these first four rounds of BRAC. Although these savings are substantial, we need to achieve even more, and bring our infrastructure assets in line with projected needs. We must reduce the total cost required to support our facilities and manage and maintain our real property inventory. BRAC has significant investment costs, but the results bring to the Army modern and efficient facilities at the remaining installations. The resulting savings are critical to modernization, sustainment, and infrastructure improvements.

The Army is now in the final year of the 13-year process to implement the first four rounds (112 closures and 27 realignments). We are accelerating all BRAC actions to obtain savings and return assets to the private sector as quickly as available resources will allow. However, BRAC savings do not come immediately because

of the up-front costs for implementation and the time it takes to close and dispose of property. Environmental costs are significant and are being funded up-front to facilitate economic revitalization. The remaining challenges that lie ahead are implementing the final round, BRAC 95, ahead of schedule; cleaning up contaminated property, disposing of property at closed bases; and assisting communities with reuse.

The fiscal year 2002 budget includes the resources required to continue environmental cleanup of BRAC properties. These efforts will make 14,321 acres of property available for reuse in fiscal year 2002 and complete restoration activities at 12 additional locations. This budget includes the resources required to support projected reuse in the near term and to continue with current projects to protect human health and the environment.

Base Realignment and Closure—Overseas: Although the extensive overseas closures do not receive the same level of public attention as those in the United States, they represent the fundamental shift from a forward-deployed force to one relying upon overseas presence and power projection. Without the need for a commission, we are reducing the number of installations by 70 percent, roughly equal to the troop reductions of 70 percent. In Korea, the number of installations is dropping 20 percent. The total number of Army overseas sites announced for closure or partial closure is 677. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments.

Base Realignment and Closure Program Status: The Army has completed all realignments and closure actions from the BRAC 88, BRAC 91, BRAC 93, and BRAC 95 rounds. The Army continues with the difficult challenges of environmental cleanup and disposal actions to make the property available to local communities for economic redevelopment. Introduction of economic development conveyances and interim leasing has resulted in increased property reuse and jobs creation. Negotiations and required environmental restoration continue at the closed and realigned installations, and additional conveyances will occur in the near future.

The Army has completed environmental actions at 1,414 of a total of 1,973 environmental cleanup sites through fiscal year 2000. Environmental restoration efforts were complete at 77 installations through fiscal year 2000, out of a total of 116 installations. The Army remains focused on supporting environmental cleanup actions required to support property reuse and will continue to fund environmental cleanup actions that are required in support of property transfer and reuse of the remaining approximate 255,000 acres.

Summary: The BRAC process has proven to be the only viable method to identify and dispose of excess facilities. The closing and realigning of bases saves money that otherwise would go to unneeded overhead and frees up valuable assets for productive reuse. These savings permit us to invest properly in the forces and bases we keep to ensure their continued effectiveness. We request your support by providing the necessary BRAC funding to continue environmental restoration and property management in fiscal year 2002.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through no cost economic development conveyances as well as the early transfer of properties along with cooperative agreements to accelerate the completion of remaining environmental remediation. The Army is also making use of interim leasing options made possible by Congress and awarding guaranteed fixed price remediation contracts to complete environmental cleanup to make properties available earlier. Real property assets are being conveyed to local communities, permitting them to quickly enter into business arrangements with the private sector. Local communities, with the Army's support and encouragement, are working to develop business opportunities that result in jobs and tax revenues. The successful conversion of former Army installations to productive use in the private sector benefits the Army and ultimately the local community.

As noted, we have had much success in base closures, eliminating excess infrastructure that drained needed funds from other programs. Unfortunately, this has not been sufficient. For this reason, the Army supports additional authority to reduce infrastructure.

FISCAL YEAR 2002 SUMMARY

Mr. Chairman, our fiscal year 2002 budget is a greatly improved program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; and provides for family housing leasing, operation and maintenance of the non-privatized inventory, and to initiate privatization at four additional installations. This request is part of the total Army

budget request that is strategically balanced to support both the readiness of the force and the well being of our personnel. Our long-term strategy can only be accomplished through sustained balanced funding, divestiture of excess capacity, and improvements in management. We will continue to streamline, consolidate, and establish community partnerships that generate resources for infrastructure improvements and continuance of services.

The fiscal year 2002 request for the active Army is for appropriations and authorization of appropriations of \$3,161,074,000 for military construction, Army and Army family housing.

The request for appropriations and authorization of appropriations is \$267,389,000 for military construction, Army National Guard and \$111,404,000 million for the military construction, Army Reserve.

For the Homeowners Assistance Fund, Defense, the request is for \$10,119,000 appropriations and authorization of appropriations.

Thank you for your continued support for Army facilities funding.

Senator AKAKA. It is my understanding that the Army has considered housing privatization to be unworkable, or at least unlikely to work in Hawaii due to our unique land ownership situation. Recently, however, we were informed that a housing project at Schofield barracks is not in the Army's future years defense program because the Army plans to pursue housing privatization instead of traditional military construction. What are the Army's plans for housing and privatization in Hawaii?

Before you answer that, I would like to also ask Admiral Johnson, General McKissock and General Robbins to give me their thoughts on that.

General VAN ANTWERP. Sir, I will start first. Frankly, right now we are exploring the land ownership details of whether or not it is feasible and practical to do privatization in Hawaii. We basically are targeting both right now. We are targeting both traditional Army family housing construction and also housing privatization. We will probably develop a clear plan in the next year or so. In either case, both of those projects are farther out in the Army facility housing master plan. We do have every intention of bringing the housing in Hawaii up to adequate standards by 2010, and if we can accelerate that we will do that. But we will do it one way or the other sir.

**STATEMENT OF LT. GEN. GARY S. MCKISSOCK, USMC, DEPUTY
COMMANDANT FOR INSTALLATIONS AND LOGISTICS**

General MCKISSOCK. Mr. Chairman, the Marine Corps plan for public-private venture is—Corps-wide we expect to have between 90 and 95 percent of our housing assets in public-private venture by 2008. In 2008 we expect to be completed in Kaneohe Bay with public-private venture housing for our marines.

[The prepared statement of Lieutenant General McKissock follows:]

PREPARED STATEMENT BY LT. GEN. GARY S. MCKISSOCK, USMC

Mr. Chairman and members of the subcommittee: I am Lt. Gen. Gary S. McKissock, Deputy Commandant, Installations and Logistics, Headquarters, U.S. Marine Corps. I appreciate this opportunity to appear before you today. During my comments today, I will discuss the status of many programs. For fiscal year 2002, the President's budget includes funding to cover our most pressing priorities.

In earlier testimony this year, the Assistant Commandant of the Marine Corps spoke of our bases as undergoing a "quiet crisis". He could not have been more accurate. For years now, the Marine Corps promise to the American people to be the force most ready when our Nation is least ready has had to be balanced against the legitimate quality of life needs of marines and their families. When faced with re-

sources to support either readiness or quality of life requirements, but not both, readiness will always receive the higher priority.

Ingrained in every marine leader is the knowledge that the ability to fight and win, to return home alive to one's family, is the foremost quality of life concern.

Our installation commanders are extraordinarily committed to doing the best they can for the marines, sailors, family members, and civilian marines in their charge. I've talked to marines doing extraordinary work in maintenance spaces that were cold, wet, drafty and completely unsuitable. I've visited the spouses and children of these marines in family housing that should have been demolished 20 years ago but remain standing because we have no other choice. Seldom do I hear a complaint. It is not in their nature to complain. However, it is my responsibility to see that our facility shortfalls are corrected.

Though we have strategic plans and goals in place for our facility sustainment, restoration, and modernization, Active and Reserve military construction (military construction and military construction, Naval Reserve) and family housing programs, most programs are inadequately resourced. Without sustained funding levels, it will take us decades to resolve the quiet crisis.

I am grateful to report that in fiscal year 2002 the administration has increased our Active and Reserve military construction request by 113 percent over our 2001 request and 66 percent over the amount you provided in 2001. In 2002 we will also have almost \$350 million to devote to replacement, modernization, and improvements to our installation infrastructure. This is an unprecedented funding level and we are postured to put this long needed funding increase to good use. Our hope is to maintain this funding level and accomplish a reversal of our "quiet crisis".

The family housing program proposal of \$268 million, along with our privatization efforts, will be adequate to operate and maintain our existing inventory. Our sustainment, restoration, and modernization proposal of almost \$420 million, in conjunction with our out-year plan for this funding, will eventually address previously deferred maintenance and repair projects.

The Marine Corps takes the long-term planning process for military construction very seriously. Given limited funding, we are forced to work smartly to squeeze the most from every dollar. Our planning methodology helps us choose the most equitable and balanced set of critically needed projects. However, quite often our decisions are more like the surgeon at a mass casualty event who must perform triage to determine which victims are most likely to survive.

Because every infrastructure decision has long-term consequences, the Marine Corps recognized it needed a tool to improve its decision making process in allocating scarce resources. Since the Marine Corps last testified before this committee, we published Installations 2020 (I 2020). This document was developed with the active involvement of our Installation Commanders, environmental and business interests, and operating force commanders. The purpose of I 2020 is to determine and validate Marine Corps infrastructure requirements 20 years from now and assist us in making sound programmatic decisions that will benefit future marines and ensure that we were good stewards of the resources allocated to us by Congress. This document is complete and has been signed by the Commandant.

Every 2 years, the Marine Corps builds a new facilities future years defense plan based on an exhaustive review of facilities and infrastructure requirements. The Marine Corps also updates its program throughout the budget execution cycle based upon new guidance, audit results, requirements validation, military-political issues, new mission information, Marine component and Installation Commander's priorities, risk assessments, vulnerability, and facility-type sponsor priorities. By the time the Marine Corps' infrastructure and facilities plan reaches Congress, the chosen projects have been meticulously scrubbed and rigorously justified.

Our planning is especially critical since many of our buildings already are, or are fast becoming, historic structures. Thirty-five percent of our infrastructure (not including our family housing) is over 50 years old. Those with historic significance or unique architectural features may become eligible for listing on the National Register. We do not believe that many will end up listed on the National Register of Historic Places. Of the remaining buildings, we are developing plans to demolish many of them, including about 4,000 family housing dwellings. We'll replace them with new construction through a variety of means, including public/private ventures.

Most of our bases were built during and after World War II. Our facilities, utilities and subsurface infrastructure are more than half a century old. Last year in Camp Pendleton, a broken waste pipe spilled 3 million gallons of sewage into the Santa Margarita River. The cost to replace the treatment systems alone is over \$179 million. The average Marine Corps construction program in the 1990's was \$122 million. In other words, the entire annual military construction budget of the Marine Corps is not adequate to fix the infrastructure problems on just one of our

bases. Many bases in the Marine Corps are in similar condition. Our challenge is to plan for a better future, and then actually implement that plan.

Only a sustained financial commitment and well-managed programs over the next 5 to 10 years will allow the Marine Corps to regain control over management of its degrading infrastructure.

I would like to address the perception some may have that the Marine Corps got itself into this predicament because it invested in combat readiness instead of bricks and mortar. That is absolutely true. Our first priority will always be the combat readiness of our forces. How could we honestly have chosen to construct new buildings when the Marine Corps' inventory of amphibious assault vehicles, HMMWVs, heavy trucks, weapons, and other equipment—the equipment that gets us to war and back—are well beyond their service life and require an extraordinary amount of money to maintain? How could we build new facilities when many of our helicopters are over 30 years old and our KC-130s now average 39 years old, all with barely enough spare parts to keep them flying? The Marine Corps has been spending a large sum of money to keep these aging systems operational when what we really needed to do is modernize them quickly.

Our first quality of life promise to marines is that we will never fail to give them the training, leadership and equipment that will allow their safe return home from combat. The Marine Corps has had to make some very tough choices on how to allocate its total obligation authority. Thus, for understandable reasons, short-changing facilities and infrastructure for combat readiness has been the lesser of two evils. We have sustained our combat readiness at the expense of other programs beneficial to our marines and their families because we've had no other option. These have been painful decisions because, ultimately, combat readiness is more than just a trained, well-equipped marine. A deployed marine in harm's way will do anything asked but should not have to wonder whether the family left behind is adequately cared for while he or she is doing the Nation's bidding.

The Marine Corps realizes that we cannot continue to postpone the maintenance of our facilities and infrastructure as we have in the past. It costs too much to bandage decaying buildings. We cannot continue to use our facility sustainment, restoration, and modernization money to fund what is in essence a facilities "Service Life Extension Program"—without the benefits of modernization or full renovation—while our deferred maintenance and repair projects languish for lack of funding. We must use allocated funds to maintain facilities throughout their normal useful life span (about 50 years) rather than continuing to pour funds into deteriorated facilities that should be demolished, but can't be, because we lack the funds to replace them. Finally, we need to continue to have military construction programs that illustrate to marines across the country that all of us inside the Beltway are dedicated to providing them with respectable places to work and live.

The Marine Corps is proud of its reputation for making do with less. Our "can-do, make-do" credo has always served us well, but it has also produced a systemic problem for our infrastructure. "Make do" facilities continue to support our "can-do" philosophy. We have marines working successfully, in inadequate facilities. I can't sit here and tell you we will fail because facilities are inadequate. Marines will do what they have to in order to meet the mission. We will continue to make our retention goal because the Corps is so much more than bricks and mortar. At the same time, we have to ask ourselves if we are doing the right thing by the young men and women who make the sacrifices necessary to wear the eagle, globe and anchor. The Marine Corps needs a prolonged commitment to facilities and infrastructure. As the Deputy Commandant for Installations and Logistics, I am committed to providing marines with facilities that will support effective training, maintenance, operations, and quality of life. The Marine Corps' strategic goals and disciplined planning process have us on the right path toward achieving recapitalization of our infrastructure while realizing noticeable improvements in quality of life and working facilities.

Now, I would like to give you more detailed information about the plans and goals in each of the Marine Corps' four major funding areas where recapitalization and modernization initiatives in infrastructure and facilities are programmed: facility sustainment, restoration, and modernization, military construction, military construction, Naval Reserves, and family housing.

FACILITY SUSTAINMENT, RESTORATION, AND MODERNIZATION

The Marine Corps' Facility Sustainment, Restoration, and Modernization Program (formerly known as Maintenance of Real Property [MRP]) has struggled with some particularly onerous problems in the past few years resulting in significant numbers of deferred maintenance and repair projects. Because our decaying infrastructure

has not been replaced at a manageable rate, the Marine Corps uses facility sustainment funds to bind together old, inadequate buildings rather than to maintain newer structures throughout their useful service life. The Marine Corps has responded to these challenges by developing plans to improve the condition of facilities, to demolish inadequate facilities, and to develop a stronger program.

In order to slow the deterioration of our infrastructure and to improve the condition of our facilities, the Marine Corps has budgeted at a level that will reduce the level of deferred maintenance and repair by 2007. This level of funding will allow us to continue our efforts to have all barracks in good state of repair by the end of 2004. However, this plan will only work if we stay committed to improving our infrastructure. Traditionally, facility sustainment, restoration, and modernization funds are executed at a level less than that planned in the out-years as these accounts are raided to support Marine Corps readiness needs in other areas.

Our goal is to reduce our level of deferred maintenance and repair to attain the historical Congressional target for backlog of maintenance and repair (BMAR) of \$106 million by fiscal year 2010. This goal was established in the early 1990's when it became clear that our deferred maintenance was growing rapidly and we needed a long-term funding profile as a baseline to evaluate our funding decisions. We have made an important down payment on this goal in fiscal year 2002, allowing for some reduction in deferred maintenance to approximately \$650 million this fiscal year. However, this still exceeds the goal of \$106 million by fiscal year 2010.

We've made significant improvements in the manner that we manage facility sustainment, restoration, and modernization. Our Commanding Officers Readiness Reporting System was developed to make a clear connection between facility condition and mission impact. Our January 2001 report identified 13 of 30 facilities categories rated as C-3 or C-4. A rating of C-3 and C-4 indicated that up to 40 percent or more of the facilities in a category are in a condition that it has a significant impact on the mission. The main areas where facility conditions degrade mission capability are utilities, community and housing, and supply and administrative buildings. This system is still maturing, and for the Marine Corps, the underlying data is in the process of being fully developed. As we update our records we are finding that our facilities are often worse than we suspected. In the next 2 years we plan to finalize our underlying data. At this time, however, funding decisions should not be based solely on our C ratings because they tend to understate our requirements.

The Marine Corps has implemented a comprehensive demolition program to remove excess and inadequate infrastructure and eliminate the associated maintenance costs. The Department of Defense directed the Marine Corps to demolish 2.1 million square feet of facilities between 1998 and 2000. We exceeded this goal by demolishing 2.2 million square feet in that time frame. We are continuing to eliminate additional excess facilities from the inventory. Consequently, the Marine Corps has little excess inventory remaining. Our demolition program represents slightly more than 2 percent of our plant; therefore, cost avoidance will be modest. Unless we can begin building new facilities, we will be forced to keep the structures we have regardless of their condition.

Finally, the fiscal year 2002 program and associated out-years reflects funding levels that should help us to eventually address previously deferred maintenance and repair projects. Congress provided a generous increase in fiscal year 2001, targeted at quality of life, and we hope to continue this trend. The fiscal year 2002 sustainment, restoration, and modernization request is \$418 million and includes repairs, not only to barracks and mess halls, but also to keep steam plants operational, to repair and maintain runways, to keep sewer lines functioning, and to repair roads, among other things. These infrastructure issues in many cases have more global impact on quality of life than specific building projects and we know they cannot be ignored. Despite our fiscal year 2002 investment in facility sustainment, restoration, and modernization, deferred maintenance and repair will continue to accumulate. However, the future year defense plan, at current funding levels, will eventually reduce our deferred maintenance and repair.

MILITARY CONSTRUCTION

Military construction is the Marine Corps' primary funding source for infrastructure recapitalization and modernization. In preparing our military construction program, we try to address the most critical facilities and infrastructure deficiencies in the Marine Corps. Since the Marine Corps cannot economically address every facilities requirement with military construction, we carefully weigh our decision to construct a replacement facility against the impact of deferring the project or satisfying the requirement through other alternatives (such as renovation, leasing, or joint use facilities). When we do choose to defer new construction, we have come to

expect that, in the short-term at least, marines will manage to find a way to accomplish the mission to acceptable standards. Restoration and modernization funds will clearly be used less efficiently when the goal is only to keep these buildings minimally operational. In the long-term, continued deferral of more than \$3 billion in military construction projects has a profound effect on readiness and retention. In 2002 we are proposing an unprecedented level of funding for military construction—\$339 million. While this budget allows us to attain an over 60-year cycle of military construction replacement in fiscal year 2002, the average recapitalization rate rises to nearly 100 years across the FYDP.

We have achieved several successes this year by breaking away from the old design-bid-build methods we used for generations and instead using more design build techniques where appropriate, much like private industry. We are finding that the time required from project inception to completion has been reduced. More importantly, these projects tend to come in under budget and without the cost overruns we were plagued with in the past. Most importantly, the quality of work is better. Installations, teaming with NAVFAC and competent, responsible construction companies, are building facilities that are functional, solid, maintainable, and aesthetically pleasing.

Through our military construction program, we continue to meet Department of Defense guidance to demolish unnecessary, inadequate facilities. Between 1998 and 2001, we demolished over 1 million square feet of facilities through military construction, and we plan at least another 200,000 square feet of demolition in fiscal year 2002. We will continue to aggressively pursue demolition until all inadequate structures on our bases and stations are eliminated though this is difficult without sufficient funding to replace structures that have been eliminated.

The Marine Corps' anti-terrorism efforts comply with DOD direction to identify facilities force protection features. The addition of these features (which include fencing, building hardening, perimeter/area lighting, blast mitigation barriers, berms, and landscaping) has increased our fiscal year 2002 project costs. We will continue to search for ways to limit these expenditures through innovative design and placement of structures. However, some of our bases have limited space for offsets from traffic and parking—increased costs are unavoidable. We really have no choice but to implement these requirements. No leader of marines would willingly endanger the lives of the marines and sailors on our bases. Preventing one tragedy is worth the expense of all sound physical security measures.

The military construction projects we have requested this year are not luxury or "nice-to-have" facilities. On the contrary, these projects replace buildings and structures that are literally falling apart, unsafe, overcrowded, or technologically obsolete.

We will address environmental and quality of life concerns at Camp Pendleton with an initial \$11 million investment in the drinking water system that will begin to eliminate the "brown water" currently being delivered to family housing and operational facilities.

Our planned investment in maintenance facilities in fiscal year 2002 totals \$42 million. At Camp Pendleton we plan to replace relocatable facilities, tents used for storage, and aging inadequate wooden structures for the 1st Force Recon Company and Recon Battalion. At Camp Lejeune we will provide an Engineering Equipment Maintenance Shop that will be large enough to allow maintenance on the all-terrain container handlers, earth scrapers, and other large construction equipment critical to the Engineer Support Battalion's mission. With these projects, we will give some marines indoor work areas that actually have heat, running water, electrical power, restrooms, and enough space to accomplish their mission.

Investments in quality of life total \$146 million for bachelor enlisted quarters and \$37 million in other community support investments. Improvements include a new enlisted dining facility at MAGTFTC Twenty-nine Palms, a Child Development Center at MCAS Beaufort and a Physical Fitness Center at Camp Pendleton. These new facilities will make things a bit more tolerable for marines and their families, who sacrifice so much already, by providing more of them decent quality of life resources and childcare.

Additionally, we seek to build training facilities that will allow marines to ready themselves for combat in this high-tech age. A new Academic Instruction Facility in Camp Johnson at Camp Lejeune will replace the 1940's vintage, converted squad-bay classroom spaces, with a modern consolidated facility. At MAGTFTC Twenty-nine Palms we will provide modern replacement facilities for the Marine Corps computer school.

With these facilities, the quality of life and quality of service for our marines and their families will be substantially improved as will their readiness to deploy to ac-

compish their mission. Without them, quality of work, quality of life, and readiness for many marines will continue to be seriously degraded.

MILITARY CONSTRUCTION, NAVAL RESERVE

Maintaining Marine Corps Reserve facilities is a daunting task since the Marine Forces Reserve is comprised of over 39,000 Selected Marine Corps Reserve personnel and Active Reserve personnel stationed at 185 sites, dispersed throughout 47 States. The challenge for the military construction, Naval Reserve (MCNR) program for exclusive Marine Corps construction is how to best target limited funding to address \$205 million in deferred construction projects. Over 75 percent of the Reserve centers our marines train in are more than 30 years of age, and of these, 35 percent are more than 50 years old. Despite the challenges, we have made progress and improved the quality of our effort to support Reserve facilities.

The Marine Corps has continued to make significant strides in aligning Reserve facilities policies and procedures with those of the Active Forces by establishing an ongoing, sustained review and update of the Marine Forces Reserve Installation Master Plan, by publishing comprehensive and timely facilities planning and programming guidance, and most significantly, by programming thoroughly developed Reserve projects that compete well within the Marine Corps budget process.

Before 1997, Marine Reserve sites had no effective centralized control mechanism in place to evaluate facilities and infrastructure conditions. Headquarters staffs in New Orleans and in Washington DC provided oversight, but facilities support was often reactive without proper resource prioritization.

Since Marine Forces Reserve first published its Installations Master Plan in 1997, it has continued to evolve, providing a facilities road map for future actions. The plan includes measures of effectiveness for the application of resources and key planning factors that influence project execution. It incorporates tools such as the Commanding Officer's Readiness Reporting System that provides the data necessary to better target those sites with the most urgent requirements. It also includes aggressive use of the State Joint Service Reserve Component Facilities Boards that successfully coordinates the efforts of each service's Reserve construction initiatives to maximize the potential for joint facility projects. With centralized information such as the number and types of sites, environmental guidance, impact of project lead times, and availability of funding, the plan has been instrumental in the preparation of solid and supportable MCNR programs since 1998.

Finally, as stated earlier, Marine Forces Reserve has begun to effectively compete in the Marine Corps budget process. The Marine Corps programs MCNR projects under the same rigorous planning and programming schedule as its active side military construction, and the results are telling. From 1993 to 1997, the funding for MCNR averaged \$1.2 million annually. The average annual funding level for the marine portion of the Department of the Navy program for the years 1998 to 2001 is \$7.1 million. In fiscal year 2002, the Marine Corps has been able to continue the 1998 to 2001 trend by proposing an \$11.12 million program that will provide new Reserve training centers and vehicle maintenance facilities for Reserve units in Lafayette, LA, Great Lakes, IL, and Syracuse, NY. Though the Marine Corps is faced with the familiar challenge of prioritizing limited resources against a growing list of deserving requirements, our commitment to Reserve facilities remains steadfast.

BACHELOR AND FAMILY HOUSING

Bachelor and family housing funding is integral to maintaining marine morale and quality of life, and is a large element of our modernization and recapitalization requirement. The Marine Corps is committed to improving quality of life for all its marines and, in turn, increasing productivity within and satisfaction with the Corps. Quality living conditions must continue to be emphasized to obtain, retain, and sustain the Nation's "force in readiness." We cannot continue to house our marines and their families in inadequate quarters.

Bachelor Housing

There are approximately 172,600 marines on active duty today and about 50 percent of those are young, single, junior enlisted personnel. Providing appropriate and comfortable living spaces that positively impact the morale and development of these young men and women is extremely important to the Marine Corps.

The Marine Corps primarily houses junior enlisted personnel in pay grades of E-1 through E-5 in our barracks. Our goal is to provide barracks configured in the 2x0 standard. The 2x0 standard means two marines share a room with a private bath. Although the Department of Defense standard for barracks construction provides the opportunity for 1+1 construction, which means private rooms with a

shared bath, we consciously made the choice in 1998 to have two marines share a room. While we would ultimately like to provide noncommissioned officers in pay grades E-4 and E-5 with private rooms, we believe our most junior personnel in pay grades E-1 through E-3 should share a room with another marine. We strongly believe this approach provides the right balance between privacy desired by marines and the Marine Corps' desire to provide companionship, camaraderie and unit cohesion. This balance provides the atmosphere we believe is right to train and develop marines.

The Marine Corps maintains over 93,000 bachelor enlisted housing spaces worldwide. Of that number, approximately 7,800 still do not meet Department of Defense adequacy standards. This is significantly less than the roughly 16,000 inadequate spaces we reported in 1996. With the help of Congress, we have been able to exceed our barracks construction-funding goal of \$50 million per year for the past several years. Our average investment between 1998 and 2001 was \$74 million per year. One hundred percent of that funding has supported enlisted personnel. In fiscal year 2002 we improve on our average with a proposed program of \$146 million to construct 2,400 spaces for our enlisted bachelors at MCB Hawaii, MCB Camp Lejeune, MCB Camp Pendleton, MCB Quantico, MAGTFTC Twenty-nine Palms and the Marine Corps Support Activity at Kansas City, Missouri. We are not investing in military construction for bachelor officers' quarters until we can satisfy the needs of the troops. While we still have much to do to eliminate all inadequate barracks, marines can already see signs of progress and know we are working to provide them with quality housing.

Family Housing

Marine Corps families are an important component of readiness. Family housing is a critical quality of life issue because it impacts both retention and readiness. The Marine Corps has over 74,000 active duty families. These families frequently relocate, disrupting school for children and employment for spouses. Providing adequate, safe, quality housing options for families is critical to the morale and readiness of the Marine Corps. At any given time, over 30,000 marines are deployed or stationed away from their families. These separations often last for 6 or more months. Marines worried about the safety of their family members, their ability to pay bills including basic food and shelter costs, or whether their children are getting a quality education, will have a far more difficult time focusing on their jobs and mission than marines whose families are adequately housed and cared for. Our fiscal year 2002 request is for \$268 million. Our priority for this funding request is to adequately operate and maintain our existing inventory.

Sixty-four percent of Marine Corps families live off-post in the community. Thirty-six percent live in housing provided by the Marine Corps or another service.

We have approximately 25,000 owned, leased or public-private venture family housing units worldwide. Much of the inventory we own is in poor condition and needs major renovation or replacement. 13,830 of our housing units are inadequate with the majority of the units requiring significant revitalization or replacement. Our 2001 master plan will show an increase in our inadequate units based on recent PPV feasibility studies.

The good news with Marine Corps family housing inventory is that we have made significant strides to improve our inventory over the last several years. With your support, we have spent an average of \$86 million per year fixing existing inventory with over 92 percent of that funding addressing enlisted personnel requirements.

Currently, 452 units of family housing are eligible for, or listed on, the National Register of Historic Places. We believe we have a responsibility and moral obligation to preserve and retain some of our historic homes, as they are treasures to the Corps and the Nation. We also believe that some of these buildings will have to be demolished, as they cannot be rehabilitated to meet today's requirements. In earlier testimony to the House Appropriations Committee on Historic Properties, we outlined our program to consult with the appropriate State Historic Preservation Office and with the Presidents Advisory Council on Historic Preservation. Our goal is to retain only what is truly historic.

We are extremely enthusiastic about the opportunities available to improve our housing through use of the 1996 Military Housing Privatization authorities. We awarded our first PPV using these authorities on 10 November 2000. The project at MCB Camp Pendleton, which is already being managed by our private sector partner, will ultimately renovate 200 homes, replace 312 units and build 200 new homes. We broke ground on the project on 4 December 2000 and the first of the new homes should be available late in October. Not only will we provide excellent quality homes with adequate storage and garages, this project will also provide a community recreation center, ball fields, and tot lots. In other words, we will create

a “neighborhood” for marines and sailors at Camp Pendleton. This project is the first of several PPV initiatives we have underway. We are extremely pleased with the caliber of proposals we are seeing, the quality of the homes we will get and the level of customer service that will be received by the families who will live in these homes over the next 50 years. Our second project involves exchanging excess units at MCLB Albany GA and using their value to replace badly deteriorated housing at MCB Camp Lejeune. This project is in the final stages of negotiation with the developer. We are working to reach a final business agreement soon.

Our third project is at a Reserve site in Stewart, NY. There, we will turn over excess housing and improve housing we need to retain to support military families in the region. That project has been advertised and negotiations should be finalized by July 2002.

A fourth project is proposed for MCAS Beaufort and MCRD Parris Island, SC. Our goal is to improve or replace the existing inventory and build some badly needed new housing. Congress has been notified of our intent to solicit proposals. We are also partnering with the U.S. Navy at Belle Chase, Louisiana and in southern California in support of Navy PPV initiatives that will significantly benefit marines and sailors at both locations.

Taken together, the Marine Corps PPV projects will improve or replace a total of 2,288 homes, build a minimum of 340 new homes, and will dispose of 548 inadequate units. Ultimately these projects will make a huge difference to our Marine Corps families.

These are truly good news stories. However, PPV only works where private investors can make a profit. At some installations, low BAH rates and or facilities condition mean that a business case cannot be made for PPV today and traditional military construction is the only option. While privatization will not make good business sense at every location within the Marine Corps, it will ultimately help us address most of our housing requirement. We will be reviewing opportunities for additional privatization in the near future. We appreciate your support in extending the PPV authorities to permit us to take advantage of these critical and extremely beneficial tools.

In conclusion, Mr. Chairman, I would like to thank the committee for its strong support of the Marine Corps infrastructure program and the benefits this has provided and will continue to provide to the Marine Corps in terms of improved readiness and quality of life. Congressional support in the past reflects your deep appreciation for the relationship among facilities, warfighting capability, and quality of life. There is no question that replacement and modernization of inadequate facilities can improve mission capability, productivity, readiness, and sustainability. We do this all in interest of our highest quality of life concern: Bringing marines home safely from the battlefield.

Mr. Chairman, this concludes my statement. I will be pleased to answer any questions you may have.

Senator AKAKA. Admiral Johnson.

Admiral JOHNSON. The Navy has done a couple of things with the marines. Just recently, on the 31st of July, we signed a public-private venture phase one in San Diego, which covers both marines and Navy. We have another one working in the New Orleans area for both Marines and Navy. The Navy has some public-private venture analyses going on in Hawaii and we think there are opportunities there. As we move forward, if we had the ability we would offer that to the marines as well to perhaps accelerate their project. But we are looking very aggressively at public-private ventures in Hawaii.

Senator AKAKA. General Robbins.

General ROBBINS. Yes, Mr. Chairman, as you are aware we have a family housing privatization project for Hickam. Industry Day was supposed to have been held last month, I believe. The goal is to notify Congress of the solicitation next month, and ultimately to award a project next summer. This will involve a total of 1,356 of the housing units there at Hickam, which is the majority of housing. There are still some that we see that will require traditional MILCON to renovate in the FYDP.

Senator AKAKA. Mr. DuBois, what is the Department of Defense's plan for the use of the fiscal year 2001 military construction funds for National Missile Defense construction? What would remain available if \$9 million is used for site preparation at Fort Greely? It is my understanding that the construction of the X-band radar facility at Shemya, Alaska, the project for which the funds were originally intended, has slipped until 2005 or 2006.

Mr. DuBOIS. Mr. Chairman, my understanding is that the request made by the administration for those MILCON dollars, to address the issues at Fort Greely, are in keeping with the original intent of the appropriation. I testified before Senator Feinstein with Under Secretary Dov Zakheim on Tuesday. He gave a much more articulate answer than I could. However, suffice it to say that there are no plans at the moment for the so-called remainder. We will probably be looking for a reprogramming of some kind. But I will take that question for the record if you would permit me sir, and give you a more complete answer.

FISCAL YEAR 2001 NMD MILCON FUNDING

In fiscal year 2001, Congress appropriated \$85.095 million for NMD Initial Deployment Facilities. Of those funds, \$9 million was used for Ft. Greely site preparation, and earlier this year Congress approved reprogramming \$20.85 million of the remaining to MILCON planning and design (P&D). (An additional \$0.215 million was rescinded by Congress.) BMDO plans to request that the remaining \$55.03 million be similarly reprogrammed to MILCON P&D.

The \$55 million reprogramming request would be used to begin development of the proposed test bed. More specifically, the following would be funded:

[In millions of dollars]

9.6	Ft. Greely Ground-Based Interceptor (GBI) Alternate Booster Vehicle (ABV) Block 2006 Facilities
7.841	Battle Management Command, Control, & Communications (BMC ³) Integrated Data Terminal (IDT) Block 2006 Facilities
1.225	BMC ³ NMD Communications Network (NCN) Block 2006 Facilities
2.675	Battle Management Command & Control (BMC ²) Nodes Block 2006 Facilities
5.916	Ft. Greely Non-Tactical Block 2006 Facilities
2.6	Upgrade Early Warning Radar (EWR) Block 2006 Facilities
4.04	Upgrade Program-Wide Force Protection
16.053	Evolving Design Requirements
5.08	BMDO P&D Requirements

NOTE: Response above accurate as of hearing date. However, the reprogramming request was subsequently denied.

Senator AKAKA. Fine, thank you. Mr. DuBois, I want to switch to energy efficiency. On May 7, President Bush stated that, "We are running out of energy in America," and announced that he was directing all Federal agencies to review their energy policy and reduce energy consumption. Deputy Secretary Wolfowitz stated that the Department of Defense is investing significant amounts of money to improve the energy efficiency of its operations. He pointed out that these conservation measures will not only conserve energy, but also save money for the Department.

Executive Order 13123, signed by President Clinton in June, 1999, established a goal for Federal agencies to reduce the average energy consumption of their facilities by 30 percent by 2005 and 35 percent by 2010, relative to a 1985 baseline. The question is, are you on track to meet these goals and do you believe that these goals are achievable?

Mr. DuBOIS. Yes, Mr. Chairman. One of the first projects that Secretary Rumsfeld assigned to me in my first 4 months in the

building was how would the Department of Defense, and this is an example, I think, of the larger issue that you are addressing—what efforts would we take to reduce our energy consumption in the western power grid, specifically focused on the issues facing the State of California. By working with the services, we came up with a plan that while it did require a 3 year invest cycle of some \$50 million, was going to yield upwards of the equivalent of a 220 megawatt plant, were it to have been built in California. What we were hoping to achieve, and I have some statistics here that I think will be of interest to you, was a 10 percent reduction in energy consumption this summer vice last summer.

Now, of course, it is August. I have not seen all the utility bills yet for June, July and August. But, I did ask for a May 2000–May 2001 year-over-year analysis, because that is the most recent statistic that I have. Overall, the Army, Navy and the Air Force have achieved together about a 6 percent reduction.

Now that is less than the 10 percent that I want to achieve, that we want to achieve. I would defer also to the gentlemen on my left and right to speak specifically to their service writ large, not just to California. But from the statistics that I have seen, we are on track.

But it is not just conservation that we must address. As we are addressing in the western power grid plan, we must also address how we would make minimal capital investments to maximize a reduction in energy consumption, as well as operational requirements that could reduce that consumption, but not impact operational readiness. There is a third area that we are pursuing, and it is the area of new technology.

When I left the Pentagon in 1977 I went to graduate school to study energy economics. After graduate studies I went to work focusing on how to reduce energy input per unit of output: simple economic equation. Whether it was in a factory or in a white collar environment, many of the disciplines that I learned then are still with us today. But the one thing that has changed dramatically is the incorporation of new technology to include information technology on how we can reduce energy consumption. I am proud to say that all four services have also embraced that approach. But I would defer to any one of my colleagues if they would like to address their specific energy consumption issues.

General VAN ANTWERP. I will just make a brief statement for the Army. We we are well below the glide-path. We are actually ahead of our targets for achieving the 35 percent savings. As Mr. DuBois said, we are focusing on the western region to provide some relief there. We also are looking at renewable energy sources: windmills, solar panels and those things, wherever we are able to do it, and have some pilot programs in that regard.

General ROBBINS. The Air Force would mirror that. I will tell you that our data shows that in June we reduced our peak load at California installations by around 17 percent below what it was last year. Of course, shaving peak loads is the first target for us to look at for this summers' situation out there. We are also investing in some higher-tech, if you will, portable generators that we can have in place if the need arises in the future to allow us to further intercede and reduce peak loading at our installations in California.

Senator AKAKA. General McKissock.

General MCKISSOCK. Mr. Chairman, we are on track. You may recall when the President was on the west coast recently he stopped by Camp Pendleton and talked about the significant reduction in peak load that they had achieved. We are very proud of what we are doing out there.

I would like to provide for the record a base-by-base rundown on how we are doing, because we have had some rather substantial savings at some of our bases, such as at Parris Island, South Carolina and Beaufort; because we brought in some folks who helped us. Frankly, it is not a core competency of the Marine Corps, but we are learning very quickly and I would like to provide some of the lessons we have learned and our progress to this point.

[The information follows:]

The Marine Corps has maintained a comprehensive Energy Conservation Program for many years in order to increase the efficiency of energy use in its facilities throughout the world. Since 1985, the Marine Corps increased the energy efficiency of its buildings and facilities by 17.2 percent. This accomplishment resulted from implementing energy use improvements such as building envelope and utility distribution upgrades, lighting retrofits, installation of efficient boilers, motors and building energy management control systems, and increasing the efficiency of air conditioning. At Twenty-nine Palms in California and at Parris Island in South Carolina, leading edge technology tapping the power of computers to instantly analyze the operation of base-wide boiler plants and thermal distribution systems is resulting in continuous fuel and cost savings. The Marine Corps also took advantage of technology improvements to install solar and other renewable energy projects, especially to improve the energy efficiency of housing.

The Marine Corps used multiple sources of funding to finance energy improvements including Government funding such as the Energy Conservation Investment Program and operation and maintenance funding. Recently, the private sector has become an important funding source through mechanisms such as Energy Savings Performance Contracts and Utility Energy Savings Contracting Programs.

Marine Corps installation energy managers teamed with Department of Energy experts, Department of Navy technical personnel and industry to continually identify energy improvement opportunities, take advantage of new technology, implement more efficient energy use processes and to educate and train installation populations in methods to use energy more efficiently.

A summary that shows the percent reduction in the energy use rate for each Marine Corps installation follows.

MARINE CORPS ENERGY EFFICIENCY SUMMARY

[Efficiency numbers based on 1st Quarter fiscal year 2001 Defense Utility Energy Reporting System (DUERS) Data]

Installation	Percent energy use rate reduction since 1985
Camp Elmore	(65.36)
MCLB Barstow	(41.85)
MCB Quantico	(26.52)
MCAS Cherry Point	(24.22)
MARFORRES	(23.27)
MCRD/ERR Parris Island	(20.84)
MCB Camp Butler	(19.94)
MAGTFTC Twenty-nine Palms	(18.81)
MCB Camp Pendleton	(16.91)
MCB Camp Lejeune	(16.84)
MCAS Yuma	(14.99)
1st MarCorDist, Garden City	(13.87)
MCLB Albany	(13.04)
MCRD/WRR San Diego	(11.92)
MCAS Miramar	(4.40)
MCAS Beaufort	(1.70)
MCAS Iwakuni	7.15

MARINE CORPS ENERGY EFFICIENCY SUMMARY—Continued

[Efficiency numbers based on 1st Quarter fiscal year 2001 Defense Utility Energy Reporting System (DUERS) Data]

Installation	Percent energy use rate reduction since 1985
MCB Hawaii	13.44
HQBN Henderson Hall	20.24
MarBks 8th & I Street	51.53

Senator AKAKA. Thank you. Admiral Johnson.

Admiral JOHNSON. Mr. Chairman, I will just echo my colleagues, but make the remark for all of us, I believe, that if you look at 1985 to present, I think the Department of Defense really is a poster child for the country to look at and perhaps emulate in a number of areas on what we have done for energy conservation. We, as well, are ahead of the overall curve. I think maybe family housing may have already reached the 35 percent goal now.

As we look at things: design, how we design new facilities; energy efficient appliances; the Energy Star program; green design; there are a number of things that are being incorporated into the designs of new facilities and the renovation of old facilities. We also just had an industry forum at Naval Air Station Fallon, Nevada on opening up, perhaps, a new geothermal field, in Fallon. We are looking at the potential of expanding our existing geothermal field at China Lake. Wind, on San Clemente Island; photovoltaics; fuel cell technology; and I think I speak for all of us, we are looking at those areas.

Again, I would say that we are not given sufficient credit for a very, very aggressive and an active program over really the last 16 years. Southern California, the Navy and Marine Corps have actually locked in some longer term contracts for the next 20 months to 4 years that really has introduced new power into the State of California, as well as given us a longer term and a little more stability in the load in the San Diego Gas and Electric territory and the Southern California Edison territory.

Senator AKAKA. Well thank you for mentioning that and I hope too, with you, that through this hearing you will receive more acknowledgement in these savings. Mr. DuBois, I want to move to base closure cleanup requirements. I am told that the Department's proposed budget fails to fully fund existing obligations for the cleanup of closed facilities. In particular, there is a shortfall of \$92 million for the "must fund" BRAC cleanup obligations in the Navy, and a shortfall of \$55 million in the Air Force. If the Department does not find a way to make up this money, I understand that it will be in violation of existing legal requirements and agreements with Federal and state regulators at a number of sites, including several sites in California and one at NAS Barbers Point in Hawaii. Would you agree that meeting our legal obligations and living up to our agreements to clean up closed facilities is particularly important at a time when the Department is seeking authority to close additional bases?

Mr. DuBOIS. Yes, Mr. Chairman. This issue, in the Navy for instance, that you raise, the so-called \$92 million "must fund" shortfall, was brought to our attention several weeks ago. I can assure

you it is the express intent of the Secretary of Defense to see to it that the Navy, in this regard, meets its obligations. Additional funds will be found.

I am informed by the acting Assistant Secretary of the Navy, Mr. Holaday, that working with my staff and the Navy Comptroller, that there will be appropriate funding to meet those imminent threats—and this is why we are calling it “must fund”—to health and the environment. Number one, meet those regulatory requirements that you spoke to, very important. Meet our commitments to the communities, and to the ongoing monitoring activities. The Navy and OSD will identify the means to pay for the shortfall.

There are going to be a combination of solutions. We are going to look for unexpended BRAC funds that might be used to help pay the bill. We are going to consider moving some expenses from BRAC O&M to regular O&M, to free up funds needed to cover the shortfall. The original \$92 million figure is, as I have been told, in point of fact somewhat less on further investigation. But I will defer to the admiral if he wants to say anything further.

Admiral JOHNSON. No sir, I think you have categorized the work we have been doing between the Navy and OSD staff. The numbers in this business do tend to go up or down as you go through discovery and work agreements. We are working hard to improve on the \$92 million figure and all the aspects of it.

Senator AKAKA. Well I am glad to hear, Mr. DuBois, that efforts are being made to address this funding gap.

Mr. DUBOIS. If I might add sir, the Barbers Point issue, I believe, has been resolved between the parties internally to the building. We will get you a more definitive answer, but that is what I was told.

Senator AKAKA. The reason for asking this question is I hope we can sort out the funding problems and prevent any shortfall and avoid this kind of funding gap in the future. Let me move to housing and barracks. I would like to ask each of the four service witnesses, will your service meet the DOD goals of improving or replacing substandard unaccompanied housing by 2008 and family housing by 2010?

General ROBBINS. Yes sir, I will take it first. The Air Force is on track for the dormitory, the enlisted portion of the housing goal. We have laid out a plan for a family housing master plan, that will allow us to meet the 2010 goal. However, we are not certain how the funding line is going to play out to do that. But, we have developed a strategy, if the funds are there, that would allow us to do that, and it is a combination of privatization and traditional MILCON necessary to achieve that goal.

General VAN ANTWERP. Sir, the Army is on track to meet both the barracks in 2008 and the Army family housing in 2010. When we get finished, if the 2002 budget comes as we have submitted it, we will be through 73 percent of our barracks at that time. It is really moving along nicely and is a great reward to our soldiers.

General MCKISSOCK. Yes sir, we are also on track. In addition to that we will not only be on track on the family housing, but we hope to be substantially, as I mentioned before, into the public-private venture mode. One note, the Marine Corps still has a waiver

on two-by-two as opposed to one-by-one BEQs. We will be on track, but it will be two-by-two rather than one-by-one.

Admiral JOHNSON. Mr. Chairman, the Navy is also on track. We are slightly ahead, I think, in both bachelor and family housing. The new Secretary of the Navy, Secretary England, is looking very hard, because this is such an important issue for both our single members and our families, at the ability to perhaps accelerate those dates.

Mr. DUBOIS. Perhaps, Mr. Chairman, if I might conclude on behalf of the Secretary of Defense, he has spoken with and had several discussions with each of the new service secretaries on this issue. I have on his behalf reviewed each of the master plans of the three military departments. While I have some questions, each of them have put forth a plan to achieve the 2010 goal for family housing. There are, as you can well imagine, some variables involved, not the least of which, of course, is a permanent authorization for housing privatization which we need, and some uncertainties about forward funding. But the Secretary of Defense is committed to forwarding those military family housing master plans to Congress, and we are making certain that they, in point of fact, will meet the 2010 goal. We also, I might add if you would permit me sir, are trying to determine ways to accelerate that, which we are going to address as the year goes forward.

Admiral JOHNSON. Mr. Chairman, if I might just add one piece that we are currently working on, and that is our moving sailors ashore from shipboard when they are in home port. That is a piece of this whole package. We have a family housing master plan that is going along well. The bachelor housing master plan for permanent party ashore is going well. But the factor of moving sailors ashore from ships, we are trying to blend into that mix. We hope to do that as close to the same timeline as we can. We are still working on that package.

Senator AKAKA. Mr. DuBois, over the past 6 years the administration and Congress have made a substantial commitment to improving quality of life by modernizing our housing for both single and married service members. What is the new administration's view on the programs you have inherited, such as housing privatization, moving to a one-plus-one barracks standard that provides greater privacy, and increasing the basic allowance for housing to cover 100 percent of average costs for those who live in off-base housing?

Mr. DUBOIS. Mr. Chairman, the Bush administration endorses and embraces the increase in basic allowance for housing. It endorses, with the exception, of course, the one-plus-one—the Marines as General McKissock indicated, the two-plus-two for them, that is fine. Military housing privatization, I watched it from the private sector. I watched its difficult beginnings, if you will. I have seen where it moved a little bit too fast, and maybe moved a little bit too slow.

Now, as luck will have it, I am sitting on the other side of the table. Some of the difficulties that I suspected, looking from the outside in, do exist. One of the things that I did find, and found gratifying, is that each of the four services have embraced this approach for one very simple reason:

It is the quality of life of our troops that is paramount to people sitting at this table, to improve through family housing and barracks, the leverage factor available to the Department of Defense and to the military departments, through military housing privatization. It leverages anywhere from 3 to 13 or more the MILCON dollars, the precious MILCON dollars, that you appropriate for us. To the extent, as I indicated, we can improve upon that leverage it will accelerate from 2010 perhaps earlier. That is our goal. So we do absolutely endorse military housing privatization.

Senator AKAKA. I thank you very much for your responses. As was indicated, we have a huge responsibility, both Congress and the military and the Pentagon and the President, in doing what is right for our troops and our military. I am sure I do not have to ask the question of whether Secretary Rumsfeld will support what you have said and intends to continue these programs, because we need to, and I am sure he would agree.

Mr. DUBOIS. Thank you, Mr. Chairman, he does.

Senator AKAKA. We will keep the record open for any questions or any statements that may be made for this hearing. Again, I want to sincerely thank all of you for being here and providing your testimony and responding to our questions. Thank you very much.

Mr. DUBOIS. Thank you, Mr. Chairman.

Senator AKAKA. The subcommittee is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

RECAPITALIZATION RATE GOAL

1. Senator INHOFE. Mr. DuBois, one of Secretary Rumsfeld's more significant goals is to fund facility replacement on a 67-year standard, rather than the almost 200-year cycle that was the result of prior years' underfunding. Although this is still short of the industry standard of 57 years, it will significantly increase the readiness of our military installations, however, it will also be at a significant cost.

What is the basis for the 67-year recapitalization rate goal?

Mr. DUBOIS. The basis is an engineering estimate of the expected service life for each type of facility in the DOD inventory—for example 25 years for guard towers, 50 years for operational buildings, 75 years for piers, and 100 years for sewer systems. When weighted by the value of related facilities in the inventory, these service life estimates average about 67 years for the DOD as whole. We researched external sources for similar estimates—including the Bureau of Economic Analysis and commercial sources such as Marshall and Swift—and we think the 67-year standard is a reasonable, though conservative, target. These estimates assume we will provide regular sustainment throughout the life cycle for all our facilities. Where facilities are not in good shape today—which means their expected service lives have been reduced—we also need to make additional restoration investments to get them back on the 67-year cycle. Finally, these life cycles can sometimes be extended—such as we have done with the Pentagon building—with appropriate modernization investments to counter obsolescence.

2. Senator INHOFE. Mr. DuBois, will the current budget request support the 67-year replacement standard? If not, what are the funding requirements or other initiatives that will allow you to reach the standard?

Mr. DUBOIS. As Secretary Rumsfeld has testified about the fiscal year 2002 budget: "It will start an improvement but leave us short of our goals." The budget cuts the facilities recapitalization rate by approximately half, from nearly 200 years to about 100 years, but it is short in all three elements needed to implement a full-up 67-year recapitalization cycle: sustainment, modernization, and restoration. Sustainment—most important, since without it the 67-year standard is not valid—is short about \$800 million; modernization—the regular replacement or upgrading of existing facilities to counter obsolescence—is short about \$2.9 billion; and the res-

toration has a backlog of approximately \$60 billion. These must be addressed over a number of years and will be considered as we develop the President's fiscal year 2003 budget. All of this assumes we can eliminate about 20 percent of our current facilities infrastructure by an efficient facilities initiative or by demolition or other forms of disposal.

3. Senator INHOFE. Mr. DuBois, what role will base closure have in achieving the 67-year replacement standard?

Mr. DuBOIS. It would have two roles. First, if we can close and dispose of existing facilities—and take them off the inventory books—we will move closer to the 67-year standard because we can devote more resources to enduring facilities. For example, if we closed and disposed (and did not rebuild) 20 percent of existing facilities, we could move from a 100-year recapitalization cycle to approximately an 80-year cycle. Second, if we close a location but consolidate its functions at a new location, any recapitalized facilities at the receiving location will contribute to lowering the overall recapitalization rate.

SAVINGS FROM CHANGES IN DAVIS-BACON

4. Senator INHOFE. Mr. DuBois, the Davis-Bacon Act (1937) requires the payment of prevailing wage rates (which are determined by the U.S. Department of Labor) to all laborers and mechanics on Federal construction projects in excess of \$2,000. Construction includes alteration and/or repair, including painting and decorating, of public buildings or public works. The Department is requesting legislation to raise the size of the construction project to \$1.0 million and assumes \$190 million in savings as a result of the change.

What assumptions are you making in regard to size of the savings from the changes in Davis-Bacon and where are you crediting the savings?

Mr. DuBOIS. Studies, including a GAO review, estimated a savings range from 3.7 percent to 5 percent. The Department historically averages about \$3 billion per year in construction projects between \$2,000 and \$1,000,000. Therefore, we believe the Department could save from \$111 to \$150 million by increasing the Davis-Bacon threshold. Most of these projects are funded with O&M appropriations for facility restoration. We would apply savings to other priority facility restoration construction. Very few affected projects are funded with military construction appropriations.

5. Senator INHOFE. Mr. DuBois, what are the plans for restoring the assumed savings, if your proposal on Davis-Bacon fails?

Mr. DuBOIS. If our proposal fails, we will be unable to restore and modernize as many facilities. Further, we will be unable to conduct business like successful commercial entities, we will continue to be shackled with oversight and reporting requirements unique to the Federal Government, and we won't be able to increase competition by greater involvement of small businesses.

STRATEGY FOR ENCROACHMENT ISSUES

6. Senator INHOFE. Mr. DuBois, the Senior Readiness Oversight Council identified a series of encroachment issues that adversely impact military readiness: endangered species and critical habitats; unexploded ordnance and other constituents; maritime sustainability, airspace use; air quality, airborne noise; and urban growth. Based on the testimony provided by the services at the Readiness Subcommittee hearing on March 20, 2001, it appears that the time is ripe for the development and implementation of a comprehensive strategy that addresses both the individual and the cumulative effects of these issues.

What specific actions have you taken to facilitate the development and implementation of a comprehensive strategy intended to address readiness concerns related to these encroachment issues?

Mr. DuBOIS. The Office of the Secretary of Defense (OSD) and the services are working together closely to help ensure sustainable ranges for future test and training. Last year, the services brought the encroachment issue to the Senior Readiness Oversight Council (SROC). The Deputy Secretary of Defense chairs the SROC which includes the Under Secretaries of Defense, the Vice Chairman of the Joint Chiefs, and the Service Secretaries and Chiefs. SROC is responsible for DOD readiness oversight, and advises the Secretary of Defense on readiness status and issues.

On June 20, 2000, the SROC discussed encroachment issues and constraints that affect testing and training; determined they pose a clear concern for military readi-

ness; and directed a comprehensive analysis and action plans to address the concerns. The Defense Test and Training Steering Group, an existing DOD group, responsible for test and training range issues, has responsibility for this action. This steering group brings key DOD managers and range operators together to solve joint problems and ensure common solutions to test and training issues.

On November 27, 2000, the Steering Group reported its findings and recommendations to the SROC. In response, the SROC reaffirmed encroachment is a serious readiness issue requiring a comprehensive and coordinated DOD response. The SROC endorsed all the group's recommendations, now being actively pursued by DOD under the overall auspices of the Sustainable Ranges Initiative. Several of these actions are highlighted here.

Sustainable Range Action Plans: DOD has developed initial Issue Action Plans on nine important encroachment areas: endangered species and critical habitat; UXO and munitions; spectrum encroachment; maritime sustainability; national airspace redesign; air quality; airborne noise; urban growth; and outreach. These plans are to be delivered to the SROC in October 2001, and have recently been provided in draft form to the House Armed Services Committee, the Senate Armed Services Committee, and the House Government Reform Oversight Committee for their review. These plans provide an essential starting point for the Department's efforts to address encroachment systematically on our test and training ranges. For each encroachment area, lead points of contact have been identified and an existing organization or group within DOD has been directed to implement the roadmap and ensure encroachment and range sustainment becomes an integral part of their area of responsibility.

Policy Development. Although OSD does not own or manage test and training ranges, it is our responsibility to provide policy and guidance to ensure test and training lands are operated and maintained effectively. To that end, OSD, in close cooperation with the services, is developing a DOD Directive on the "Management of Sustainable Ranges and Operating Areas." This directive will provide the guidance to ensure our range operators take a comprehensive approach to dealing with encroachment through integrated planning, management, and outreach efforts.

Unified DOD Noise Program. Noise is a long-standing and chronic concern. The services have dealt with this issue at many levels and in many forms. At the November 2000 SROC meeting, the Department approved a recommendation that a joint approach to the noise problem be implemented. Accordingly, a Unified DOD Noise Program is being developed to work cross-service noise issues affecting our test and training ranges. By working together, this group will be able to assess recurrent noise problems, help to determine action priorities, coordinate DOD noise investments, and share lessons learned across the services.

Joint Land Use. Urban growth is the root of most encroachment concerns affecting our ranges today. Noise complaints, air quality compliance issues, declining endangered species habitat, and airwave frequency conflicts are all directly attributable to increasing physical development around formerly isolated DOD lands. As our separation decreases, we must work harder to ensure land uses on both sides of the range fence are compatible.

The DOD Air Installations Compatible Use Zone (AICUZ) Program has been operating through the military departments since 1975 to address aircraft noise and encourage compatible community development in jurisdictions surrounding installations. The AICUZ program was supplemented by the DOD Joint Land Use Study (JLUS) program in 1985, which provides greater outreach to state and local governments and can make grants to these levels of government to develop strategies for dealing with encroachment.

The DOD Office of Economic Adjustment administers JLUS and has agreed to expand their emphasis to test and training ranges.

Outreach. The SROC recognized a comprehensive approach to encroachment will require more than internal DOD planning and implementation. It is equally important that DOD be able to communicate the encroachment issues we face, explain our proposed approaches, and work with other interested parties to achieve workable and mutually agreeable solutions. Test and training ranges are part of the larger social, economic, and environmental fabric of a region. The Department recognizes that other Federal agencies as well as state, local and tribal governments, private citizens, and other interested parties are stakeholders in ensuring sustainable ranges. The Department will strive to ensure a strong outreach program to work with such stakeholders on our mission and readiness needs and address their concerns.

Other issues. Based on the Sustainable Ranges Initiative, the DOD Policy Board on Federal Aviation recently initiated a joint DOD-FAA working group to identify and resolve issues surrounding the National Air Space System. The Navy, recently

designated the Executive Agent for Maritime Sustainability, is actively working with the other services and Federal regulators to resolve constraints on testing and training at sea. Finally, the Range Spectrum Requirements Working Group (RSRWG) which has responsibility for DOD frequency spectrum problem-solving and an active role in addressing spectrum encroachment issues, has expanded its role to both test and training ranges.

7. Senator INHOFE. Mr. DuBois, what recommendations do you have regarding further actions in this area?

Mr. DuBois. The Department is addressing encroachment's impacts on readiness in a number of ways. All these responses are part of an evolving, comprehensive strategy to make our test and training ranges more sustainable in the future. Many of these initiatives are being undertaken at the direction and under the oversight of the Senior Readiness Oversight Council (SROC).

To address an appropriate long-term strategy for range sustainment, the new DOD Directive on Sustainable Ranges, currently in coordination, will establish a more comprehensive sustainability framework. Critical to this framework will be a comprehensive understanding of test and training mission requirements, the regulatory regime under which mission requirements operate, and the range capabilities used to support the mission requirements. This baseline data will aid in identifying problems needing attention, both short and long-term, as well as the appropriate level for attention, whether it be local, regional, national, or a combined response.

The Sustainable Ranges Working Group is currently drafting recommendations for the next SROC encroachment meeting to focus on long-term solutions including: (1) policy, (2) funding, (3) leadership/organization, (4) legislation/regulation, and (5) outreach.

Specifically regarding outreach, we plan to implement a state government outreach program in an effort to convince states that actions must be taken now to protect military assets so further encroachment does not occur. I also will expand the DOD Joint Land Use Study Program to ranges and test sites, as well as provide a more comprehensive approach that will address a multitude of readiness-limiting issues.

I look forward to working with members on the Readiness and Management Support Subcommittee on these issues, particularly on recommendations requiring statutory assistance to address environmental considerations commensurate with the national security of this country.

UNEXPLODED ORDNANCE—SCIENCE AND TECHNOLOGY

8. Senator INHOFE. Mr. DuBois, unexploded ordnance and other by-products of test and training activities can cause environmental contamination and safety concerns that may trigger restrictions on military testing and training. Unfortunately, the technology available to address these issues is labor intensive and not cost effective. I am aware that the Secretary of Defense included some additional funding in the fiscal year 2002 budget request for research and development in this area.

Does the current fiscal year 2002 budget request reflect an adequate level of support for research and development in this area? If not, what more is needed?

Mr. DuBois. Yes, the current fiscal year 2002 budget request reflects an adequate level of support for unexploded ordnance (UXO) science and technology. The fiscal year 2002 funds allow DOD to increase its level of effort to develop UXO technologies and improve the understanding of the fate, transport and effects of munitions and their chemical constituents when used during test and training activities on military ranges.

9. Senator INHOFE. Mr. DuBois, will there be adequate and steady funding support in the out-years?

Mr. DuBois. Since 1995, DOD has invested approximately \$35 million of RDT&E funds for environmental UXO technology. These funds have addressed both science and technology research and the demonstration and validation of UXO technologies. DOD is dedicated to minimizing environmental contamination and safety concerns from UXO through all practicable means, including programming sufficient funding for developing and demonstrating technology.

10. Senator INHOFE. Mr. DuBois, what are the projected funding priorities in this area?

Mr. DuBois. Requirements for identifying, clearing, removing, and cleaning up UXO, and for improving our understanding of the transport, fate, and effect of mu-

nitions on military test and training ranges are high priorities. The projected funding priorities for DOD's UXO technology investment are to:

- (a) improve our understanding of the underlying science of UXO detection and discrimination technologies (e.g. geophysics);
- (b) provide for more effective and efficient technologies for conducting UXO response action;
- (c) increase significantly the probability of UXO detection while reducing the "false alarm" rates;
- (d) increase the applicability of UXO detection systems to a more diverse set of geographic applications, including underwater UXO; and
- (e) understand better the fate, transport, and effects of munitions and their chemical constituents when used during test and training activities on military ranges.

AIR FORCE INSTALLATION READINESS RATINGS

11. Senator INHOFE. General Robbins, last fall General Ryan testified for the HASC that: "We are mortgaging the infrastructure aspect of our force readiness to stem the decline in operational readiness . . . we cannot continue this underinvestment or it will have a compounding effect on our near- and long-term readiness." During the AF MILCON staff briefing, General Robbins briefed that 64 percent of facility classes are rate C-3 or C-4. In fiscal year 2001, 51 percent of facility classes were C-3 or C-4.

What impact will this year's military construction budget request, which is the largest in recent memory, have on improving the readiness of your facilities?

General ROBBINS. Unfortunately there is a very negligible change in the installation readiness ratings from the additional funding because our backlog is very large. It would take 8-10 years of sustained funding at this level to significantly change the ratings in our Installations Readiness Report. However, new and/or upgraded facilities result in increased efficiencies as well as improved morale, welfare, and readiness. The additional funding in the fiscal year 2002 MILCON budget was directed toward facility modernization and restoration, not new mission or new footprint requirements. As a result, we were able to include projects on some of our worst facilities, thus reducing our facility recapitalization rate (based on averages through the FYDP) from 236 years to 191 years. With continued funding at this level we will be able to move toward a recapitalization rate that is more in line with private industry.

12. Senator INHOFE. General Robbins, how is facility readiness affecting the ability of the various installations to carry out the Air Force's mission?

General ROBBINS. Sixty-four percent of the Air Force's facility classes were rated C-3 or C-4 in the fiscal year 2000 Installations Readiness Report—a 9 percent increase from the 55 percent of Air Force facility classes rated C-3 and C-4 in fiscal year 1999. This means that significant or major infrastructure deficiencies prevented or precluded full mission accomplishment.

For example in our operations and training facility class, degraded airfield pavements pose significant risk of damaging aircraft engines and/or structures. This, in turn, impacts everything from basic airfield operations to day-to-day aircraft maintenance. Other examples of deficiencies in this facility class include obsolete airfield lighting systems, inadequate training facilities, and deteriorated/inadequate airfield drainage systems. Inoperative fuel hydrant systems force refueling by truck, increasing workload for maintenance and supply personnel. In addition, our installations are forced to seek waivers for explosive quantity distance criteria and for obstructions within airfield clear zones due to constrained funding, rather than eliminating these flight safety risks. Over \$4.0 billion is required to restore our operations and training facility class to C-2.

Deficiencies such as those that I highlighted degrade operational efficiency and make operating and maintaining our air bases very challenging. Over \$19.7 billion in MILCON and O&M funds are required to restore our facility classes to the minimum acceptable performance of C-2.

IMPROVEMENTS AT WAKE ISLAND AND THULE AB

13. Senator INHOFE. General Robbins, the two largest construction projects in the Air Forces current mission construction program are for airfield repairs at Wake Island (\$25 million) and Thule AB (\$19 million). Both bases are minor bases which have no significant Air Force mission.

If, as you indicate, the Air Force has a constrained military construction program, why is the Air Force dedicating more than \$44 million for improvements at Wake Island and Thule AB, which have no significant tenant units or strategic role?

General ROBBINS. In April 2001, CSAF directed funding to rebuild facilities and infrastructure to support contingency operations at Wake Island based on PACOM, USTRANSCOM, and U.S. Forces Korea mission requirements. Due to limited O&M funding over the past 8 years, the wharf access, airfields, and utilities require significant upgrade to even meet limited operations capabilities. The installation will be used to support deploying forces, as a divert base for transient aircraft and for test and evaluation support (BMDO). The island will be operated under a very limited operations concept.

The Thule AB mission provides tactical warning/attack assessments of sea-launched ICBMs, satellite tracking and control, and support for enroute airlift operations during contingencies. Airfield ramps and taxiways have deteriorated to the point aircraft loading/unloading is done on the runway. For 10 months of the year, this airfield is the only access for supplies to support the 800 personnel assigned. To continue to meet mission requirements, nine MILCON projects are planned between fiscal years 2002 and 2007 for the airfield and to improve the quality of life for our men and women serving at this very remote location.

14. Senator INHOFE. General Robbins, what are the total infrastructure improvements costs at these installations?

General ROBBINS. Wake Island MILCON improvements programmed from fiscal years 2002 through 2006 total \$109 million. Projects include: critical island access repairs to the wharf, marine bulkhead and rail/road systems; airfield repairs on the runway, taxiway, and aprons; utility repairs to the electrical, water, and wastewater systems, and; fuel system repairs to the hydrants, pump stations, off-loading systems, and fire protection systems.

Thule AB MILCON improvements programmed from fiscal years 2002 through 2007 total \$125.1 million. Projects include: critical repairs to airfield taxiways and aprons, consolidation of administrative and service facilities, a back-up power plant, fitness center, a medical clinic, and two dormitories.

AIR NATIONAL GUARD BASING SUPPORT

15. Senator INHOFE. General Robbins, the Air Force is planning to establish C-17 units in Hawaii and Alaska and a C-5 unit in West Virginia. The current funding profile for the Air National Guard does not provide any funding to support these new missions.

What levels of funding are programmed to support the new mission construction for these locations?

General ROBBINS. There are no funds currently programmed for design or construction in support of these new missions. No official decision has been made on this basing to date. Should the decision be made to proceed with mission conversions at these Air National Guard locations, the associated construction costs would be programmed to meet operational needs.

NAVY ON-SHORE HOUSING

16. Senator INHOFE. Admiral Johnson, the Navy has an ambitious program to provide on shore housing for all sailors when the ship is in its homeport. In the case of San Diego and Mayport, this involves more than 25,000 sailors, at other installations the numbers are not as large, but the cost will still be significant. Why is this program such a priority?

Admiral JOHNSON. The Navy believes that single enlisted sailors who must live on the ship while in homeport have the worst living conditions in DOD. The 1999 Quality of Life Domain Study reflected that junior enlisted sailors that live aboard ship while in homeport are the least satisfied with Navy life. As a result, both the Secretary of the Navy and the Chief of Naval Operations are committed to providing shipboard sailors a BQ room when they are in homeport.

17. Senator INHOFE. Admiral Johnson, what is the scope of the program and what resources will be required to support the construction of these barracks?

Admiral JOHNSON. There are approximately 36,300 E-1-E-4 single sailors assigned to shipboard duty. Of these, approximately two-thirds are in homeport at any given time. To accommodate shipboard sailors who are not authorized to receive basic allowance for housing while in homeport, the Navy needs to construct approxi-

mately 21,000 spaces. Assuming a traditional military construction approach, the estimated cost to house these sailors at a “1+1” standard is approximately \$1.8 billion.

18. Senator INHOFE. Admiral Johnson, have the funds been programmed?

Admiral JOHNSON. Funds have been programmed through fiscal year 2007 to construct 8,632 of the required spaces. The homeport ashore requirement will continue to be addressed in future program/budget cycles.

SHORTFALL IN BRAC ACCOUNT

19. Senator INHOFE. Admiral Johnson, the BRAC account, which is funded through the MILCON program, is used to fund construction resulting from mission realignments and environmental restoration at the closed sites. The fiscal year 2002 DOD request for \$524 million is a decrease from prior years and will be used primarily for environmental restoration. The Navy has already identified a \$92 million shortfall for fiscal year 2002. What will be the impact of this projected shortfall?

Admiral JOHNSON. The shortfalls will have serious, negative environmental, property transfer and relationship repercussions. Resulting failure to meet Federal Facility Agreement and Federal Facility Site Remediation Agreement milestones will catalyze significant violations, fines, and enforcement actions from Federal and State environmental regulators. Additional delay in certain cleanup efforts will pose imminent threats to the environment and human health that, in turn, will result in civil lawsuits. As an end result, cleanup deferrals will further delay the transfer of the facilities to local communities for reuse and undermine relationships with the local communities.

20. Senator INHOFE. Admiral Johnson, if the Department could identify the “must fund” programs in this account, why were the funds not allocated?

Admiral JOHNSON. At the time that the fiscal year 2002 budget request was submitted to Congress, the Department of the Navy believed that unexpended funds from prior years could be used to offset the “must funds.” After a thorough review from the Naval Audit Service, the Department of the Navy has reallocated all available prior year dollars to offset unfunded requirements.

The BRAC account has been significantly reduced over the past few years, slowing the rate of environmental restoration and property transfer. At the same time, changes in cleanup footprints and discovery of increased levels of contaminants at various sites have caused an increase in scope and cost of remediation.

DECREASE IN FAMILY HOUSING CONSTRUCTION

21. Senator INHOFE. Admiral Johnson, the Department of the Navy, as well as the other services, considers the upgrading of family housing as the highest priority quality of life issue. In fact, the President included an additional \$400 million in the budget specifically for housing improvement. Despite this emphasis, the Department of the Navy family housing program reflects a 27 percent decrease from fiscal year 2001. With all the emphasis on family housing, why does the Department of the Navy reflect a 27 percent decrease in family housing construction?

Admiral JOHNSON. The Department of the Navy’s fiscal year 2002 request for family housing construction reflects a balance of priorities, given available resources. For example, the Department of the Navy’s fiscal year 2002 request for bachelor housing construction represents a 110 percent increase over fiscal year 2001. Despite the decrease in fiscal year 2002 family housing construction funding, the Department of the Navy will achieve the goal of eliminating inadequate military family housing by fiscal year 2010.

22. Senator INHOFE. Admiral Johnson, will the level of family housing construction funding projected over the FYDP achieve the 2010 goal for housing improvement?

Admiral JOHNSON. Yes. Both the Navy and Marine Corps report that they will eliminate inadequate family housing by fiscal year 2010, given projected funding levels.

PURCHASE OF BLOUNT ISLAND

23–24. Senator INHOFE. General McKissock, one of the Commandant’s highest priority issues is the purchase of Blount Island. Despite its importance to the Marine

Corps, the Commandant has not convinced the administration to include the additional \$119 million to purchase the property.

If the island is of such significance to the Marine Corps, why have the funds not been requested in the budget?

Are there any funds programmed in the FYDP to purchase the Island? If so, when and how much?

General MCKISSOCK. I have included the second phase funding of \$123 million to purchase Blount Island within the FYDP in fiscal year 2003, and am continuing to work with the Secretary of the Navy and the Office of the Secretary of Defense (OSD) to move it forward in the program.

MARINE CORPS' BARRACKS UPGRADE

25-26. Senator INHOFE. General McKissock, the Marine Corps has acknowledged that its barracks are the worst in the Department of Defense. To remedy this problem as quickly as possible the Corps will build new barracks to the 2+0 standard (2 persons to a room) which is less than that of the other services which are building to the 1+1 standard (individual rooms). When will you complete this barracks upgrade?

Do you eventually plan to improve the barracks to the 1+1 standard?

General MCKISSOCK. The Marine Corps will reach a 2 person per room assignment standard by 2019 and a 2x0 construction standard by 2036. However, we are exploring the SecNav's goal to improve the quality of housing for marines by accelerating the 2x0 construction standard to 2008. An additional \$1,779 million, above controls, would be required to reach the 2x0 construction standard by fiscal year 2008.

The Marine Corps continues to be committed to increasing quality of life and mentoring our junior marines. We strongly believe the 2+0 approach provides the right balance between privacy desired by marines and the Marine Corps' desire to provide companionship, camaraderie, and unit cohesion. This balance provides the atmosphere we believe is right to train and develop marines. We have a permanent waiver from the Department of the Navy 1+1 standard; we have no plans to build to the 1+1 standard.

ARMY FORCE PROTECTION

27. Senator INHOFE. General Van Antwerp, after the bombing at the Khobar Towers and the attack on the U.S.S. *Cole* force protection has become a major issue. The Army, which has historically had open installations, is now planning to limit access to installations and provide security fencing for key facilities. The cost of these actions will be significant, and will stress the already constrained military construction program.

What actions are you taking on Army installations to increase force protection and at what cost?

General VAN ANTWERP. Force protection is a prime consideration in our commitment to having world-class installations. In March 2001, the Army directed MACOMs to implement mandatory vehicle registration; exercise restricted access plans to control installation/facility access (i.e., provide continuous entry control 24 hours a day/7 days a week); and address protection for mission essential and vulnerable areas including high-risk targets, using existing resources, where available.

As of 25 June 2001, out of 326 installations, there are 172 still open. Our closed installations have, for example, reduced entry points; fencing; mandatory vehicle registration and visitor pass control; new or renovated security guard houses; improved communications and lighting; trained and armed (military and civilian) security personnel; controlled access to mission essential vulnerable areas (MEVAs) and high risk targets (HRTs); and vehicle barriers. The costs associated with this include manpower and equipment charges. Those increases (for CONUS and OCONUS) are 4993 personnel at \$183 million, fencing and gates at \$766 million, for a total of \$949 million. We will continue to validate costs; will review them on a year-to-year basis; and project completion, across the Army, within approximately 5 years.

PRIVATIZATION OF UTILITY SYSTEMS

28. Senator INHOFE. General Van Antwerp, the Defense Reform Initiative requires the military departments to privatize all utility systems no later than September 30, 2003, except those exempted for unique security reasons or when privatization is uneconomical. The Army has more than 300 utility systems and has privatized

19 to date. The issue on privatization is the long-term cost. When a system is privatized, the service avoids maintenance and construction costs, but must increase base operations support to pay for the services.

Although the Army reduces future construction and maintenance costs when it privatizes its utility systems, it incurs additional base operations support cost to pay for the utility services. What are the estimated savings that the Army anticipates due to privatization of utility systems?

General VAN ANTWERP. The Army does not anticipate any savings since utility privatization is not a cost-saving program. Privatization is an opportunity for the Army to convey the utility infrastructure to qualified utility providers, recapitalize the infrastructure and receive safe, reliable, and efficient utility services.

29. Senator INHOFE. General Van Antwerp, of the 320 utility systems in the Army how many do you estimate will be privatized?

General VAN ANTWERP. The Army currently has privatized 21 utilities systems and has exempted 28 systems because privatization is uneconomical or for security reasons. The Army expects at least fifty percent, or 160 systems, to be privatized the first time they are evaluated. The utilities systems that are not initially economical to privatize will be reevaluated and privatized when economical.

MILITARY CONSTRUCTION COSTS TO SUPPORT TRANSFORMATION

30. Senator INHOFE. General Van Antwerp, although there has been a great deal of publicity regarding the equipment requirements to support the Army's transformation, not much is known about the military construction requirements.

What is the projected MILCON cost to support the transformation?

General VAN ANTWERP. Initial MILCON cost estimates were based on a template of projected requirements that were developed by a site visit team. The initial projected MILCON cost to support the transformation of the first six Interim Brigade Combat Teams (IBCT) between fiscal years 2002 and 2007 was \$620.2 million. Since that initial estimate was made, the major commands (MACOMs) have submitted project lists that identify their requirements. These project submissions exceed the initial projected amount. We anticipate that the MILCON costs will increase as the MACOM project submissions are reviewed and validated.

31. Senator INHOFE. General Van Antwerp, have these funds been programmed in the FYDP?

General VAN ANTWERP. The initial projected amount of \$620.2 million has been programmed in the fiscal years 2002–2007 FYDP. We anticipate that there will be a need for increased MILCON funding once project requirements are validated.

32. Senator INHOFE. General Van Antwerp, what takeoffs will the Army have to make to the current MILCON program to support the transformation effort?

General VAN ANTWERP. No projects from the current MILCON program have been deferred or deleted to support the transformation effort.

FACILITIES' FUNDING FOR ARMY NATIONAL GUARD VERSUS ACTIVE

33. Senator INHOFE. General Van Antwerp, the overall quality rating for Army National Guard facilities is C–4—facilities do not meet unit needs of Army standards. The cost to sustain these facilities in current condition is \$439 million. The cost to bring them up to C–3 is \$1.5 billion. To meet the sustainment goal for fiscal year 2002 the Army National Guard would need an additional \$98 million.

Although the Army National Guard received a substantial increase in the fiscal year 2002 budget request, I understand it is only 44 percent of the requirement. How does this compare to the active Army's shortfall?

General VAN ANTWERP. By comparison, the President's budget requests funds for 61 percent of the active Army's military construction requirement. The difference is primarily that two major active Army programs are funded at 100 percent—baracks and chemical demilitarization. If fully funded programs are not included, the active Army's revitalization construction program is funded at 42 percent.

STATE CONTRIBUTIONS TO NATIONAL GUARD CONSTRUCTION

34. Senator INHOFE. General Van Antwerp, since National Guard construction usually requires at least 25 percent state contributions, what impact do state laws have on the execution of the construction and maintenance of facilities?

General VAN ANTWERP. Since the States generally have many requirements for limited funds, they often do not appropriate the 25 percent required state share for National Guard Readiness Centers until after the 75 percent Federal share of the project has been appropriated by Congress. For projects in those States with biennial budgets, this makes it very difficult to award the construction project in the year of Federal appropriation when this appropriation comes in the off year of the State cycle. However, even in States without biennial budgets there are execution problems, because some States will not even release their share of the design of the project until the Federal appropriation is in hand. Execution of sustainment, restoration, and modernization projects are also hindered, when there are Federal funds available but the State legislature will not appropriate a sufficient amount of funds to do all the required projects.

35. Senator INHOFE. General Van Antwerp, do States routinely support the 25 percent commitment?

General VAN ANTWERP. The States always provide their share, or the Federal Government doesn't release Federal funds for the construction project.

The State must certify that the State share of funds for Army National Guard military construction projects is available before the National Guard Bureau releases any portion of the Federal share to the State.

[Whereupon, at 3:58 p.m., the subcommittee adjourned.]

