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S. HRG. 107–696, PT. 3

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2003

HEARINGS

BEFORE THE

COMMITTEE ON ARMED SERVICES
UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

SECOND SESSION

ON

S. 2225

AUTHORIZING APPROPRIATIONS FOR FISCAL YEAR 2003 FOR MILITARY ACTIVITIES OF THE DEPARTMENT OF DEFENSE, FOR MILITARY CONSTRUCTION, 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

FEBRUARY 28 AND MARCH 21, 2002

Printed for the use of the Committee on Armed Services

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2003—Part 3 READINESS AND MANAGEMENT SUPPORT

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DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, FEBRUARY 28, 2002

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

DEPARTMENT OF DEFENSE INSTALLATION AND ENVIRONMENTAL PROGRAMS

The subcommittee met, pursuant to notice, at 2:36 p.m. in room SR–232, Russell Senate Office Building, Senator Daniel K. Akaka (chairman of the subcommittee) presiding.

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

Committee staff member present: David S. Lyles, staff director.

Majority staff members present: Maren Leed, professional staff member; Peter K. Levine, general counsel; and Michael J. McCord, professional staff member.

Minority staff members present: George W. Lauffer, professional staff member; and Thomas L. MacKenzie, professional staff member.

Committee members' assistants present: Menda Sue Fife, assistant to Senator Kennedy; Christina Evans, assistant to Senator Byrd; Davelyn Noelani Kalipi, assistant to Senator Akaka; Eric Pierce, assistant to Senator Ben Nelson; Christopher J. Paul and Dan Twining, assistants to Senator McCain; George M. Bernier III, assistant to Senator Santorum; and Derek Maurer, assistant to Senator Bunning.

Staff assistants present: Dara R. Alpert and Daniel K. Goldsmith.

OPENING STATEMENT OF SENATOR DANIEL K. AKAKA, CHAIRMAN

Senator AKAKA. The Subcommittee on Readiness and Management Support will come to order. Good afternoon, everyone. This subcommittee meets today to review the fiscal year 2003 budget request for military construction, family housing, and environmental and other installation programs of the Department of Defense. This afternoon we will hear from Raymond DuBois, the Deputy Under Secretary of Defense for Installations and Environment, and from

the assistant secretary responsible for installations and environmental matters for each of the military departments. Present from the Department of the Army is the Honorable Mario Fiori; from the Department of the Navy, the Honorable H.T. Johnson; and from the Department of the Air Force, the Honorable Nelson Gibbs.

This is the first appearance before this subcommittee for Secretary Fiori, Secretary Johnson, and Secretary Gibbs since their confirmations. We welcome you and look forward to working with you in the future. I was happy to have a chance to sit and talk with you.

Today we will ask our witnesses to provide an overview of the budget request for the military construction (MILCON) and family housing programs and the environmental restoration and compliance programs. I hope that you will be able to outline for the subcommittee not only the funding levels and major programs in this budget, but also the philosophy and priorities you used for this budget request.

The fiscal year 2002 budget made a substantial investment in the Department's facilities, an area that has been too low a priority within the Department of Defense for too long. Last year, I said that the fiscal year 2002 budget request for installation programs was a step in the right direction, but that both the Department of Defense and Congress had to make a sustained effort to address these issues in the coming years, because a one-time increase is not enough to bring our installations up to the appropriate standard.

I am disappointed that the fiscal year 2003 budget request for military construction is $1 billion below the fiscal year 2002 administration request and more than $1.5 billion below the level Congress provided last year. This budget assumes that we will achieve the goal of recapitalizing our facilities at less than 100 years, but only if we achieve unprecedented levels of investment, more than double the amount requested this year, in the future.

Relying on large funding increases in the future is a risky strategy. I hope that we can achieve a more realistic and sustainable funding path for military construction.

In general, this budget fully funds a stable DOD environmental program. However, I do have two areas of concern: the lack of any significant funding for cleanup of unexploded ordnance (UXO) and a falloff in funding for cleanup of closed bases and formerly used defense sites.

I look forward to working with Senator Inhofe, other members of the subcommittee, and with the Department of Defense to enhance the quality of life of our military service members and their families; respond to increasing requirements for force protection at our installations; fund a steady, sustainable path that will get the quality of our installations to the level it should be; and carry out our training and other activities in a way that protects the environment and earns the trust of the American people, especially those who live on and near our installations.

I would like to recognize Senator Inhofe for any statement he may have.

STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Thank you, Mr. Chairman. I have a prepared statement which I will submit for the record, but I would also like to make several comments. First of all, I agree with Senator Akaka; I was disappointed in the amount in the budget for military construction.

I do want to thank you, Secretary Gibbs, for the time you gave me in working on some of these issues. I am looking forward to working with all of you.

When we had our August hearing, I congratulated the administration on the robust military construction and family housing funding request. Even after the $48 billion came along and after September 11, it did not come out that way. We end up now nearly $1 billion lower than the fiscal year 2002. This is something that is of great concern to me.

As our chairman knows, I have taken the time to go out and visit virtually all of these installations, and we really need to be concentrating on making improvements to military housing.

Much of the funding that is in the budget is in the out years, and history shows us that the out years never get here. So that is a great concern for me.

But I think the most disturbing thing is the Department's justification for the reduction. Rather than tell the American public that they reduced the MILCON budget to support higher priority projects, the Department blames the reduction on the delay in base realignment and closure (BRAC), the presumption being that the Department did not want to spend money on bases that might be closed in the future. It reaffirms the belief that the BRAC process is flawed and subject to the political whim of both sides of the river.

We have all talked about another BRAC round and the effects it would have. The only thing that I see that we know is that in the first 3 or 4 years, a closed base costs money. Right now we are in desperate straits, even with the additional $48 billion in the defense request. It does not have anything in there for MILCON—it is actually reduced. Force strength is also left out.

I think anything that would cost money now is something that should be delayed. The other argument is that we do not know what the force structure is going to look like so we do not know what infrastructure is going to be excess.

We have talked about encroachment problems and we need to all bring this up. I would like to have all of you address this problem. We are running out of ranges. We have environmental problems and suspected habitat of endangered species in many places. The more we do to accommodate the more suspected habitats there are, Fort Bragg and Camp Lejeune being examples of this, the more of a problem this becomes.

Finally, I am very concerned about the Navy's claimed ability to find an alternative equivalent training facilities to replace Vieques. Vice Admiral Amerault, said a May 2001 *Sea Power* interview: "Encroachment is a serious problem. There is a potential to lose the use of our ranges on Vieques Island and that could have a very serious readiness impact." That is the bell ringer for us. On the heels of that, even as we are fighting to keep Vieques as a viable training

activity and resource, we are finding it increasingly difficult to train our sailors effectively at other locations due to the overly broad legal requirements combined with commercial and urban encroachment."

I know about this firsthand. I took the time to go when the U.S.S. *Kennedy* was getting ready for deployment. I was on the U.S.S. *Wasp* and the U.S.S. *Mount Whitney*. All of them agree that we are not doing a good job of training. In fact, they all agree on a similar figure when I asked "if live-fire is a ten, what is your training?" They all said "five." If we lose the fight on Vieques we are going to lose other ranges all around the world.

These are things I would like to have all of you aware of as my personal concerns. I think they are also the concerns of our chairman, and I hope you will address them during our hearing today.

Thank you, Mr. Chairman.

[The prepared statement of Senator Inhofe follows:]

PREPARED STATEMENT BY SENATOR JAMES M. INHOFE

Thank you, Chairman Akaka.

Mr. Chairman, I join you in welcoming back Mr. Ray DuBois, who testified before the subcommittee last August, just weeks after his appointment to the critical position as Deputy Under Secretary of Defense for Installation and Environment. I also join you in welcoming his colleagues, Assistant Secretary of the Army, Mario Fiori; Assistant Secretary of the Navy, H.T. Johnson; and Assistant Secretary of the Air Force, Nelson Gibbs. We are fortunate to have individuals of your caliber.

In my opening statement for the August 2001 hearing, I congratulated the administration for the robust military construction and family housing funding request. Regrettably, I cannot make the same assessment of the fiscal year 2003 request. I find it ironic that despite a $48 billion increase in the defense budget, the funding for MILCON and family housing is more than $900 million lower that the fiscal year 2002 request.

Mr. DuBois, last year in your opening statement you stated: "Our fiscal year 2002 budget initiates an aggressive program to renew our facilities." The program you are presenting today is far from aggressive. In fact, it is regressive. What is more disturbing is that the budget builds expectations that there is funding in the out years get the program back on track. History shows us that the promises made for the out years are routinely supplanted by higher priorities. Although I would like to believe the Navy will have a $2.9 billion MILCON program in 2007, the reality is that it will be less than that lofty number.

More disturbing is the Department's justification for the reduction. Rather than telling the American public that they reduced the MILCON budget to support higher priority projects, the Department blames the reduction on the delay in base closure. The presumption is that the Department did not want to spend money on bases that might be closed in a future BRAC. It reaffirms my belief that the BRAC process is flawed and subject to the political whim on both sides of the river.

During this hearing we will also review the Department's fiscal year 2003 environmental programs. I would like to hear about the actions taken to resolve the environmental encroachment problems. In a series of hearings held last year, senior military witnesses alerted Congress to the cumulative adverse impact of encroachment on military readiness. My discussions with commanders confirm that encroachment poses a serious threat to readiness.

At the Goldwater Range, Arizona, the Air Force and Marine Corps operate with altitude restrictions because of noise impacts on endangered Sonoran Pronghorn Antelope. Live-fire training at the Army National Guard's Massachusetts Military Reservation has been suspended since April 1997 because of groundwater contamination concerns. The future of live-fire training at Makua Military Reservation, Hawaii, remains questionable because of groundwater contamination, endangered species, and cultural and natural resource issues. Finally, I am very concerned about the Navy's claimed ability to find alternative, equivalent training facilities to replace Vieques. In May 2001, *Sea Power* interviewed Vice Admiral Amerault, Deputy Chief of Naval Operations, Fleet Readiness and Logistics, who suggested this may not be an achievable goal: "Encroachment is a serious problem. There is a potential to lose the use of our ranges on Vieques Island [Puerto Rico], and that could have

a very serious readiness impact. That's the bell ringer for us. On the heels of that, even as we are fighting to keep Vieques as a viable training activity and resource, we are finding it increasingly difficult to train our sailors effectively at other locations due to overly broad legal requirements combined with commercial and urban encroachment."

The services have primarily responded to environmental encroachment through "work-arounds" that instill bad habits that may prove costly in combat. Given the magnitude of the threat, it is critical that the DOD and services seek resolutions that preserve quality training. Thank You, Mr. Chairman.

Senator AKAKA. Senator Inhofe, thank you very much for your statement.

Senator Ben Nelson.

Senator BEN NELSON. Thank you, Mr. Chairman.

First of all, I want to thank our panelists for being here today to help address concerns raised regarding the readiness of our armed services. I appreciate your being here, and I realize that all of you are concerned, as we are, with providing our service men and women and their families with the best and the most supportive installations we can afford.

Obviously, it is a complex formula when you have to assess whether to construct new facilities in light of BRAC and compete with the funds that may have to go the procurement or operations and can be otherwise expended for worthwhile purposes as well. So the competing issues of BRAC, being good stewards of the environment, encroaching land development around installations, providing for military families, and ensuring that the services themselves have adequate training areas to maintain proficiency and readiness, even including such issues as Vieques, all makes for a tough job and I do not envy what it is that you try to do.

I am concerned that at Offutt Air Force Base, Nebraska, home for the largest wing in the Air Force, many of the airmen have been operating a fire crash and rescue unit out of an old unsatisfactory hangar, which is certainly not the kind of housing arrangement they need for a fire station. But they are currently doing a magnificent job with what they have.

I hope that today, not that you are going to tell me about how you are going to take care of Offutt, that you address concerns like these at the various installations all over the world that are coming under some of the same challenges and inadequacies.

I have some questions, but I will direct them at a later time. Thank you for being here.

Senator AKAKA. Thank you very much for your statement.

I will call upon our witnesses for your statements. Without objection, your entire statements will be included in the record of this hearing.

We will begin with Mr. DuBois, who serves as the principal adviser to the Secretary of Defense on issues affecting military installations and environmental issues. I welcome you back to the subcommittee and ask you to proceed.

STATEMENT OF RAYMOND F. DUBOIS, JR., DEPUTY UNDER SECRETARY OF DEFENSE (INSTALLATIONS AND ENVIRONMENT)

Mr. DUBOIS. Thank you, Mr. Chairman. With your permission, I will submit my written statement for the record. I do have a few remarks to begin with.

As you indicated, this is the first appearance before your subcommittee for the gentlemen on my right and left. We constitute what the Secretary of Defense refers to as the Installation and Environment Executive Committee of the Department. We meet every Tuesday morning to share notes, commiserate, prepare, and to try to figure out creative ways to solve some of the problems which Senator Akaka, Senator Inhofe, and Senator Nelson have raised today. I hope to touch briefly upon them, as will my colleagues.

I am very proud to be a member of this executive team and I can assure you, while it is inescapable the military construction budget this year versus last is reduced, that the folks who are facing you today have worked very hard within a certain framework to come up with what we consider to be a feasible and a fiscally responsible plan for getting our facilities on a continuing path to recovery.

September 11 changed our Nation forever. We continue, however, to transform our installations and our facilities and maintain our commitment to quality of life for the people who wear the uniform of this Nation. In the wake of September 11, the Secretary of Defense's commitment and dedication to reforming the way we do the business of national defense and reshaping the way we manage our resources within this enterprise has not diminished. He recognizes that transforming the military also requires transforming our infrastructure.

Within that context, however, the quality of life issue and the people issue remain very high priorities. While the issue of basic allowance for housing is not the purview of this subcommittee, we are eliminating out of pocket costs paid for by the service members by 2005, which is very important to recognize.

We also are increasing our reliance upon the private sector for access to both existing quality housing and to privatized housing, a program which up until a year plus ago was, I think, at the level of 6,000 or 7,000 units privatized. While things were already in the pipeline, since Secretary Rumsfeld took office we have had upwards of 18,000 more units privatized.

We are grateful to Congress, to you gentlemen, for extending our housing privatization authorization until 2012, although we intend to meet the goal of eliminating inadequate housing in the Department by 2007.

The continuing effort to fund MILCON for housing where necessary means we are requesting an increase of $222 million for family housing MILCON in fiscal year 2003. As I indicated, the Secretary has pulled up the goal of eliminating all inadequate housing from 2010 to 2007.

We are going to maintain our commitment to our unaccompanied service men and women in Korea and elsewhere. In fiscal year 2002, we constructed and revitalized about 16,000 barracks or bachelor officer and bachelor enlisted quarters spaces. This year we plan to construct and revitalize another 14,000 spaces.

Let me talk a little bit about sustainment. The entire portfolio of investment, the entire portfolio of Department of Defense resources focused on infrastructure, not just in a MILCON sense but also in an operations and mainenance sense. To those outside of this world, it uses terms and words which sometimes are confusing, but I think we all understand that sustainment is a very important issue that we have not invested to the level that we should.

I think that I just saw recently that sustainment in our Services is going up. Of course, this is a new metric, one that we have only used for the last 2 years. In 2002, every Service will be at 89.4 percent; in 2003, we will be up to 92.6 percent; and in 2007, we will be up to a level of 96 percent.

The total MILCON program, as we both said, is down. But if you look at that total facilities program in its context, including sustainment, the budget request overall is only reduced about 3 percent. Fully-sustaining our facilities this year is our first priority. The fiscal year 2003 budget request slows the deterioration of our facilities and, over time, we will fully restore their readiness.

We have increased sustainment funding, as I said, to the 93 percent level from the 89 percent in last year's budget, and we plan to increase those percentages over time and also in fiscal year 2004.

Recapitalization, the so-called restoration and modernization accounts, are clearly reduced year over year. I agree with you, Senator Inhofe, that the excuse, and I use that word somewhat advisedly, that the sole factor of BRAC is incorrect. The Secretary has, in my view, tried to correct that impression, although I do want to say that it is a factor, but certainly not the factor. Each of us in our own way I think is going to address that, and I am glad to answer it in more detail in your questioning.

We still stand by our goal of achieving a 67-year recapitalization rate by the end of fiscal year 2007, and the current plan is to actually achieve it at the beginning of fiscal year 2007. This issue is contentious and needs to be addressed, whether or not we achieve a certain percentage of infrastructure reduction.

I too am concerned, and I want to go on the record about the funding necessary to achieve a 67-year recapitalization rate. Mr. Chairman and Senator Inhofe, you are correct to be concerned. There is a phrase called the "hockey stick" where, whether it is a procurement account, operations and maintenance account, or a research, test, development, and evaluations account, you put things in the out years in your plan and you are basically saying, "I am committed to do that." We have seen this before. We have seen the commitments not met. It is a concern that all four of us at this table shoulder every day, and we will commit to you to continue to fight for.

I am looking around the table, mentally going through the votes on BRAC. This subcommittee was split on that issue, as was the Senate. On behalf of Secretary Rumsfeld, I want to thank you and all the members of the Senate Armed Services Committee for your support, recognizing it was a tough vote for many of you.

But the Secretary's effort to rationalize our total infrastructure through a needed BRAC is very important, and the authority to do so is very much appreciated. You gave us until 2005 to make those

recommendations. We are going to take the time to do this in a very deliberate, methodic, and comprehensive way, and we hope that when it is all said and done, the authority which you have given to us, we will have in turn honored your trust to come out with an appropriate rationalization.

Transformation requires rationalizing our base structure to better match the force structure, which, as the Senator said, is a work in progress. We are organizing and planning to accomplish that analysis, as I indicated. But we have not deferred projects in anticipation of BRAC. Our fiscal year 2003 budget request reflects what the Secretary, the Service Secretaries, and Service Chiefs consider to be the highest priorities identified by the Services to support their missions as they are currently configured.

As we are just beginning to analyze the total DOD infrastructure from the BRAC point of view, specific construction projects for fiscal year 2003 are driven by current military necessity and to support current mission-critical requirements.

One more item that is very important, and an item that I am spending an increasing amount of time on, is encroachment. When Secretary Rumsfeld and I were in the Pentagon 30 years ago, encroachment was not a word in our lexicon. Maybe it should have been, because some of the installations today are encroached upon to their fenceline.

We have an obligation for our successors. We have an obligation for the next generation and the current generation of men and women who wear the uniform of this country, especially in terms of training and test ranges, to come up with ideas and proposals that will relieve us of some of the encroachment and environmental restraint.

We are in the process of completing environmental remediation quickly and effectively. In excess of $4 billion in last year's budget and in this year's request is devoted to environmental programs of one kind and another.

With respect to encroachment, we are addressing that issue and have been doing so ever since December when the Deputy Secretary of Defense, Dr. Paul Wolfowitz, established an overarching integrated product team (OIPT) including the gentlemen on my right and left, to address the test and training mission needs of our military, regulatory requirements, and issues of environmental statutes where we believe that clarifications may be advisable.

The Secretary of Defense and the Deputy Secretary of Defense are awaiting the recommendations of that OIPT and we intend to have a set of proposals in front of them in the very near future, hopefully within the next couple of weeks.

In closing, I personally want to thank the three who are here today and your colleagues who have advised me when I travel out around the country. I have been to over 30 major installations, most recently in Arizona, where I visited Davis-Monthan Air Force Base and Fort Huachuca. The visits to these installations, as well as the visits by my colleagues, provide us with an absolutely important on-the-ground reality check.

We are all committed to providing and supporting healthy installations, facilities, and housing. We must enhance readiness and get back to training, test range, and encroachment issues. We believe

that we have addressed morale and quality of life with plus-ups over last year. But it is not just for our people in uniform. It is also the civilians, the committed, dedicated, and loyal group of civil servants who labor day by day to support our Nation's defense.

We look forward to working with you to help us do this job better. I thank you personally, and I will now turn to Secretary Fiori, the Assistant Secretary of the Army.

[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 2003 programs supporting military installations and facilities and the Department's environmental management. The Department's goal is to restore the readiness of our installations and facilities—which are the foundation for military operations and deployments. We are continuing to improve the management of our installations and housing to ensure that they can fully support the men and women who live and work there in the accomplishment of their mission.

To begin, I would first like to recognize you and the subcommittee for the support you continue to provide to the Department. In particular, we appreciate this subcommittee's strong support for the Secretary's effort to rationalize our infrastructure through a needed round of base realignment and closure. We are also grateful for Congress' willingness to extend our housing privatization authority to 2012. These actions support the key elements of the Department's program to manage military installations and facilities more efficiently.

Today, I will address: the current state of our facility assets and the Department's revitalization plans; our sustainment, restoration, and modernization programs; our management initiatives; and our environmental progress.

REVITALIZING INSTALLATIONS

As Secretary Rumsfeld recently testified to Congress, ". . . September 11 changed our Nation forever." Our challenge today and in the future is to accomplish three difficult missions at once: to win the war on terrorism, to restore our military forces through investments in procurement, people, and modernization, and to transform our forces to meet future demands.

Last year, the Secretary of Defense undertook a series of initiatives to transform our installations and facilities into those required for a 21st century military. Our fiscal year 2003 budget, as well as our current future years defense program, supports that commitment. In the context of competing priorities resulting from the events of September 11, we have developed a feasible and fiscally responsible plan for getting our facilities on a path to recovery. Even after the events of September 11, we are continuing to transform our installations and maintain our commitment to our people by improving their quality of life.

Installations' Vision

Military installations and facilities are an integral component of readiness. Installations are the "platforms" from which our forces successfully deploy to execute their diverse missions. However, they are also places where our people live, work, and train. The Department's sustainment, restoration, and modernization programs must enhance military readiness, while also providing in adequate quality of life an adequate working environment and provide for appropriate military training.

Quality of life and quality of workplace are directly linked to the quality of our infrastructure. Many surveys have shown that poor quality facilities and services are a major source of dissatisfaction for families and services members alike. Our aging and deteriorating infrastructure has a direct impact on retention.

To address these long standing infrastructure problems in an integrated fashion, the Department is aggressively pursuing a number of approaches to benefit service members and improve their quality of life. First, we will increase the basic allowance for housing to eliminate the out-of-pocket costs paid by service members for private sector housing in the United States. The fiscal year 2003 budget request includes necessary funding to continue lowering service members' out-of-pocket housing costs for those living off-base from 11.3 percent today to 7.5 percent in 2003.

By 2005, the typical member living off-base will have no out-of-pocket housing expenses.

Second, we will increase our reliance upon the private sector—higher allowances will increase and enhance service member access to existing quality housing. Higher allowances will also increase the income available to private sector developers, facilitating increases in the quantity and quality of privatized housing.

Finally, we will continue to fund military construction for housing where necessary. Our fiscal year 2003 budget requests about $227 million more for family housing construction than last year. We have also maintained our significant investment in barracks modernization. The combination of increased allowances and continued use of privatization will permit more efficient use of our military construction funding. Increased availability of quality private sector options will ease pressure for on-base housing, reduce the need to maintain our current inventory, and allow us to spend our sustainment funding more wisely.

The Defense Facilities Strategic Plan, published in August 2001, defines our facilities vision for the future—healthy, productive installations and facilities that are available when and where needed with capabilities to support current and future military requirements. At the same time, we must spend the taxpayer's investment wisely and transform the way we do business to reduce the total operational cost of ownership of our installations and facilities.

We must right size and locate our installations and facilities based on military requirements. The recently authorized base realignment and closure round in 2005 provides a key tool that will allow the Department to align operational forces with the installations best suited to their 21st century missions. Providing the right quality installations and facilities also means we furnish quality living and working environments that support the warfighters' missions while enhancing quality of life for our service members and their families.

Through providing the right resources and leveraging that funding, we will achieve the right size and quality of our installations and facilities. We have developed analytical tools and metrics that allow us to more accurately forecast our requirements and measure our progress. Our tools, like the Facilities Sustainment Model, which identifies facility sustainment requirements, and the Facilities Recapitalization Metric, which assesses the rate of modernization relative to the service life of the facilities' inventory, have matured, and we have several new tools under development. For instance, we are integrating the services' real property inventory databases to guide and monitor management decisions. Accomplishing these goals will ensure that the needs of the warfighters and military families are met.

Current State of Facility Assets

In fiscal year 2000, 42 Major Commands of the military services collectively rated 69 percent of their nine facilities categories C–3 (have serious deficiencies) or C–4 (do not support mission requirements) as reported in their Installations' Readiness Reports. At the end of fiscal year 2001, with 43 Major Commands now reporting, this percentage is 68 percent.

The first step to improve our readiness posture is to sustain what we own. It will take some time to reach an acceptable state of readiness. We are committed to sustaining our facilities appropriately to avoid incurring substantial costs in later years. In the fiscal year 2003 budget request, the Department funds 93 percent of the requirement. The fiscal year 2003 recapitalization rate for our facilities has increased to about 150 years (121 if one factors in the potential 20 to 25 percent reduction that could be achieved from base realignment and closure). However, the fiscal year 2003 military construction request is the second largest in the past 6 years. We plan to invest over $20 billion from fiscal years 2003 through 2007 to achieve our goal of a 67-year recapitalization rate by the end of the Future Years Defense Program.

For fiscal year 2003, we are requesting a total of $9 billion for military construction, family housing, and environmental remediation on properties from the 1988 to 1995 base realignment and closure rounds. Consistent investment levels over time will help us restore and maintain readiness, stabilize, and reduce the average age of our physical plant, reduce overhead costs, and maximize our return on investment. Last year, the Department modernized its treatment of our real property requirement. Our approach to sustainment (operations and maintenance-like [1] funds) and restoration and modernization (both military construction and operations and maintenance funds), underscore our focus on improving infrastructure management.

[1] Includes O&M as well as related military personnel, host nation, and working capital funds.

SUMMARY OF REQUEST

[President's budget in billions of dollars]

Funding Category	Fiscal Year Request	
	2002	2003
New Footprint (MilCon)	1.4	1.5
Restoration and Modernization (MilCon)	3.8	2.5
Restoration and Modernization (O&M-like)	.8	.8
Sustainment (O&M-like)	5.1	5.6
Family Housing Construction/Improvements	1.1	1.3
Family Housing Maintenance	1.3	1.3
Total SRM, New Footprint, FH Const. & Maint.	13.5	13.0

Fully sustained, restored, and modernized facilities are more cost effective in the long term and result in more prudent use of scarce resources. It is more expensive to allow facilities to deteriorate, which reduces service life and causes premature recapitalization requirements. Further, deteriorated facilities contribute to mission interruptions.

SUSTAINMENT

The first principle of sound installation management is taking care of what you own, and our fiscal year 2003 budget request supports that principle. Our fiscal year 2003 budget request of $5.6 billion increases sustainment funding to 93 percent of the requirement, from 89 percent in last year's budget. Full funding of sustainment throughout the program is an appropriate investment that will avoid significant costs in the future by stabilizing facility conditions and preventing further erosion.

The fiscal year 2003 budget request also includes $6.1 billion for Real Property Services (RPS) which are must pay "open-the-door" costs generally performed by contract. The RPS account includes purchase of utilities, lease payments, custodial services, trash collection, snow removal, and grounds maintenance.

RECAPITALIZATION

The Department is requesting $3.3 billion for recapitalization in fiscal year 2003 (including both operations and maintenance and military construction funds) to restore and modernize our facilities. Recapitalization is important not only to restore the readiness of poor facilities, but also to maintain the relevance of all facilities to future missions of the Department. A consistent modernization program tied to expected service life best accomplishes this. The Department stands by its goal of achieving a recapitalization rate of 67 years. We currently plan to achieve this goal by fiscal year 2007.

There may be concerns with the increased fiscal year 2003 recapitalization rate. However, our fiscal year 2003 budget request represents a restructuring of our priorities to achieve a more fiscally responsible program with lower costs over the long term. Sustaining facilities up front will reduce the need for costly restoration of facilities in the future, and we are requesting significant increases to our sustainment budget to accomplish this. In addition, the majority of the military construction budget projects (over 60 percent) are for restoration and modernization of mission critical requirements.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

[President's budget in billions of dollars]

	Fiscal Year Request	
	2002	2003
Military Construction	5,210	4,054
NATO Security Investment Program	163	168
Base Realignment and Closure IV	532	545
Family Housing Construction	1,114	1,341
Family Housing Operations and Maint	2,940	2,877
Homeowners Assistance	10	0
Family Housing Improvement Fund	2	2

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS—Continued

[President's budget in billions of dollars]

	Fiscal Year Request	
	2002	2003
Total	9,971	8,987

HOUSING

Military housing is a priority for the President and the Secretary, is an integral part of the Administration's Management Plan, and is crucial to providing a decent quality of life for our service members. We are investing $1.2 billion in the budget request to construct or revitalize almost 14,000 barracks spaces for our unaccompanied service men and women to continue improvements in their quality of life. The services are making great progress toward meeting, or have already met, the Department's goal for eliminating gang latrine conditions for permanent party unaccompanied service members.

Our request of $4.2 billion for military family housing in fiscal year 2003 will operate and maintain the Department's family housing and enable us to eliminate most substandard housing by 2007—3 years earlier than previously planned. Our family housing construction budget request of $1.3 billion, up from the $1.1 billion requested in fiscal year 2002, supports traditional approaches to military family housing as well as the Department's plan to renovate, replace, or privatize over 35,000 housing units. We plan to have privatized a cumulative total of over 60,000 units by the end of fiscal year 2003. The Department is also requesting $2.9 billion for operating and maintaining almost 280,000 family housing units world-wide, (251,000 government-owned and another 29,000 leased), approximately 60 percent of the government-owned units are considered inadequate.

The Department's use of housing privatization, aided by Congress' extension of our authorities to 2012, continues to leverage our funding and has allowed us, to date, to privatize over 17,500 housing units. Our most recent projects have been at Fort Hood, Texas, where Army personnel have been deployed to support Operation Enduring Freedom and Naval Complex South Texas, which includes Naval Air Station Corpus Christi and Naval Station Ingleside in Texas.

Privatizing military housing is a Presidential and Secretary of Defense management priority and is recognized as a key item on the administration's agenda to improve the quality of life for our service men and women. Because decent, safe, and affordable housing is such an important component of our service members' lives, we are taking steps to ensure that the privatization projects we have already undertaken remain fiscally and physically in good shape. To that end, we are overseeing the legal and financial documents of these projects through our internal oversight document called the Program Evaluation Plan, which provides the Secretary of Defense with key information on the services' portfolio management of these projects. We are using this report to oversee the services' progress in project management, meeting schedules for housing renovation and construction, customer satisfaction, and overall financial management.

Privatization is intended to enable the military services to revitalize their inventories of inadequate housing by leveraging appropriations with private capital. Under privatization policy, the services leverage appropriations to get at least three times the housing they would get under traditional military construction programs. In practice, the current 10 projects in our most recent report have leveraged appropriations at a rate of six to one. In addition, our data show that our initial ten projects allowed us to build and renovate houses on our installations that would have cost $600 million more had we used the traditional military construction approach. By leveraging available resources, we can revitalize housing on other military installations.

In terms of future steps, the Department plans to build on our earlier privatization successes by simplifying the process, accelerating project execution, and institutionalizing best practices in the services' deals with the private sector. We plan to sharpen our post-award management to ensure fiscal integrity and sound project management.

IMPROVING BUSINESS PRACTICES

Our installations' management approach extends to improving our business practices. The Secretary of Defense is committed to improving the way the Department operates and reducing total ownership costs, and one of the methods is through im-

proved information technology (IT) systems. The installations' community is a frontrunner in the development and use of IT systems to improve the way we manage facilities.

For example, in the fiscal year 2000 chief financial officer's (CFO) financial statement, we estimated the funding requirements for sustainment, since we had no system to capture or forecast sustainment requirements. Now, using the Facilities Sustainment Model which applies industry benchmarks for sustainment costs, we are able to precisely identify the requirements. Thus, sustainment costs in financial statements for fiscal years 2003 and beyond will be based on accurate, verifiable information.

Many of our decision-making tools and financial systems are linked to the Department's real property inventory databases. Currently, the Department maintains many divergent systems that should be modernized using the latest state of the art technology and improved business processes. We recently began an effort to improve the availability and accuracy of information on our physical plant. Our vision is to improve our processes by developing a standardized real property inventory information system called the Base Information System. The goal is to develop new processes and systems for inventorying real property that will allow users of real property information to easily share and gain access to the information. During this fiscal year, we will develop an enterprise architecture that will help us clearly identify our current state and processes, develop a "to-be" process and, finally, develop the road map for change.

In addition to our information systems, we are emphasizing several management initiatives to improve the efficiency of our installations and reduce total ownership costs. For example, the facilities demolition program has eliminated almost 62 million square feet of excess and obsolete facilities since its inception in 1998, and we expect to exceed our goal to eliminate 80.1 million square feet by the end of fiscal year 2003. The costs avoided by demolition will also free up funding to sustain, restore and modernize other infrastructure in our inventory. The demolition program was expanded to include several defense agencies and will continue past its originally intended completion in 2003.

We have actively solicited ideas to improve the operation and management of our installations and are currently developing evaluation criteria in order to determine if there are successful candidates for the Efficient Facilities Initiatives pilot program authorized in the National Defense Authorization Act for Fiscal Year 2002. The Department continues to consider opportunities for enhanced-use leasing, and we have established a working group to identify candidates and share lessons learned. We anticipate these leasing projects will enable better utilization of our infrastructure, reduce ownership costs, foster cooperation between the Department and private industry, and stimulate the local job market.

Joint use has been another effective way to better utilize our facilities. For example, the Joint Mobility Center at Elmendorf Air Force Base, Alaska, saved the Air Force and Army up to 20 percent of the cost to build separate mobility facilities. In another recent case, the joint Armed Forces Reserve Center at Gray, Tennessee combined three construction projects for the Army Reserve, Army National Guard, and Marine Corps Reserve into a single facility project, saving millions of dollars.

FUTURE BASE CLOSURES

Continuing to operate and maintain facilities we no longer need diverts scarce resources that could be better applied to higher priority programs, such as improving readiness, modernization, and quality of life for our service members. We need to seek every efficiency in the application of available resources to ensure we maintain just what we need to accomplish our missions. In the wake of the attacks of September 11, the imperative to convert excess base capacity into warfighting ability is enhanced, not diminished. With approximately 20 to 25 percent of our base infrastructure estimated to be excess to our needs, a significant financial benefit can be realized through Base Realignment and Closure (BRAC) 2005 infrastructure reductions.

Prior BRAC actions have resulted in net savings to the Department of approximately $16 billion, with annual recurring savings of approximately $6 billion. We estimate that the next round of BRAC could save an additional $4 billion in annual recurring savings if the infrastructure reductions approximate the 12 percent reduction experienced in the last two rounds in 1993 and 1995. Greater reductions in excess capacity could produce greater annual recurring savings.

BRAC 2005 is our most important facilities rationalization initiative. It will help the Department ultimately save several billion dollars annually. But a financial return is not the only benefit—in fact, it is not even the primary benefit. The authority to realign and close bases we no longer need will be a critical element of ensur-

ing the right mix of bases and forces within our warfighting strategy as we transform the Department to meet the security challenges of the 21st century. Transformation requires rationalizing our base structure to better match the force structure for the new ways of doing business, and the Department will conduct this rationalization with an eye toward ensuring we look at base capacity across the military services for the best joint use possible.

The Department is currently engaged in the upfront process of organizing and planning to accomplish the analysis and reporting requirements. We are building on the experiences gained in previous BRACs and using the additional time Congress has given us to finalize our approach. However, we have not officially "kicked off" the process.

UTILITIES PRIVATIZATION AND ENERGY MANAGEMENT

The Department seeks to reduce its energy consumption and the associated costs, while improving utility system reliability and safety. To accomplish this, DOD has developed an integrated program that optimizes utility system management by conserving energy and water, taking advantage of restructured energy commodity markets, and privatizing our utilities infrastructure.

Conserving energy saves the Department money that can be invested in readiness, facilities sustainment, and quality of life. Energy conservation projects make business sense, historically obtaining about four dollars in life-cycle savings for every dollar invested. This dynamic becomes even more important when you consider that military installations spent nearly $2.8 billion in fiscal year 2001 to buy energy commodities (almost $400 million more than the previous year—a 16 percent increase), despite reducing their energy use by about 3 trillion BTUs (a 1 percent reduction). We continue to make progress in achieving the 2010 energy reduction goal for buildings of 35 percent per square foot and have reduced consumption by over 23 percent since 1985.

The Department has a balanced program for energy conservation—installing energy savings measures using appropriated funding and private-sector investment-combined with using the principles of sustainable design to reduce the resources used in our new construction. The fiscal year 2003 budget contains $50 million for the Energy Conservation Investment Program (ECIP) to implement energy savings measures in our existing facilities.

The Department places a high priority on privatizing utilities. However, we have found implementation to be more difficult than originally envisioned. We have made progress and will continue to move forward on the privatization of our utility infrastructure in areas where it makes economic sense. Privatization allows the military departments to focus on core defense missions by relieving them of those installation management functions that can be done more efficiently and effectively by non-Federal entities. Historically, military installations have been unable to upgrade and maintain utility systems fully due to inadequate funding and competing installation management priorities. Utilities privatization will allow military installations to benefit from private-sector financing and efficiencies to obtain improved utility systems and services.

ENVIRONMENTAL PROGRESS

The Department's environmental program is focused on four overarching principles. First, environment is a fundamental component of our national power. We must be ever vigilant in ensuring lack of attention to environment does not undermine or degrade our national power. Second, environmental stewardship is a component of good business management. The Department is fully committed to implementing environmental management systems to improve efficiency and integrate environment into day-to-day operations. Third, environmental stewardship reflects the high ethical standards of our soldiers, sailors, marines, and airmen. Fourth, completing environmental remediation quickly, effectively, and safely, to protect human health and the environment from the results of past contamination, is important, both at our active and BRAC installations, as well as formerly used defense sites (FUDS) and surrounding communities. We are committed to continuing to be a leader in the Federal Government in environmental management, and our fiscal year 2003 budget request, highlighted in the table below, reflects this commitment to ensuring environment fully supports our defense mission.

ENVIRONMENTAL PROGRAM—SUMMARY OF REQUEST

[President's budget in billions of dollars]

	Fiscal Year 2002 Request	Fiscal Year 2003 Request
Cleanup	1,247	1,278
BRAC	491	520
Compliance	1,623	1,706
Pollution Prevention	245	247
Conservation	138	152
Technology	211	205
Total	3,955	4,108

To maintain our ability to defend our country against terrorism and other security threats, our forces have conducted—and must continue to conduct—training and operations on land, at sea, and in the air. Environmental degradation can deny access to lands, undermine the realism and effectiveness of training, limit operational flexibility or productivity, and pose safety risks. Hence, cleaning up past contamination is important to sustain the land we hold in the public trust. Through the Defense Environmental Restoration Program, we are working to cleanup past contamination in all 50 States, the District of Columbia, and 8 U.S. territories. This program covers environmental restoration activities at active installations, installations that are closing or have had their missions realigned, and formerly used defense sites.

Our environmental restoration request is $1.3 billion for fiscal year 2003, slightly higher than in our fiscal year 2002 request. We are proud of our cleanup successes, but acknowledge that we still have some complex issues to address. The Department has built a strong environmental cleanup program over the last two decades and is charting a course for completing our environmental restoration requirements.

The environmental cleanup at current BRAC installations continues to serve as a model for collaboration among Department cleanup and real estate professionals, Federal and State regulators, and communities in integrating reuse with cleanup. We have completed environmental cleanup requirements under the Comprehensive Response, Compensation, and Liability Act (CERCLA) at 84 percent of land slated for transfer from the Department. To continue the remaining environmental cleanup required at previous BRAC installations, we are requesting $520 million, $29 million more than was requested last year.

We are also building on the requirements of Executive Order 13148, Greening the Government Through Leadership in Environmental Management, to improve our business practices. We have recently undertaken an initiative to implement environmental management systems across all missions, activities, and functions. Industry leaders have shown us that effective environmental management systems will enable the Department to leverage its environmental investment to reduce mission-driven risks and associated compliance costs. We believe successful implementation of environmental management systems in the Department is essential to maintain and improve readiness, mission efficiency, and environmental stewardship in light of the increasingly demanding national security and environmental requirements of the 21st century.

The fiscal year 2003 environmental quality request for $2.1 billion includes $1.7 billion for compliance, $250 million for pollution prevention, and $152 million for conservation. This will allow us to continue to comply with environmental laws and regulations and to effectively reduce the amount of pollutants we generate in performing the defense mission. These funds are a good defense investment. As of the end of fiscal year 2001, the Department reduced the number of new environmental violations received by 75 percent since 1992, reduced the amount of hazardous waste generated by over 60 percent, and completed Integrated Natural Resource Management Plans at the vast majority of bases.

For several years, the Department has worked to integrate environmental, safety, and occupational health considerations into defense acquisition weapon system programs. We believe that smart consideration of environmental concerns during the acquisition process is the key to efficient, cost effective, and environmentally sound weapon system performance.

We have revised the Directives that impact the major weapon system acquisition programs for the Department. These changes clarify and strengthen the management of life-cycle environmental issues by integrating them into the overall acquisition program management process. The new language also drives reduction in the

procurement and use of hazardous materials to ensure waste minimization and pollution prevention are institutionalized in the acquisition process. In addition, the program manager is required to assess the life-cycle environmental impacts of the weapon system to identify opportunities for source reduction and recycling to minimize these impacts. These changes help reduce the cost and impact of these weapons systems on the people who make them, use them, maintain them, and live around installations where they are stationed. Such improvements in today's weapon system acquisitions will have far-reaching positive impacts on "green" initiatives at all of our installations for many years to come.

Since sound environmental policy is the foundation of future improvement in environmental performance, we provided greater emphasis on promoting teamwork between environmental and procurement personnel to realize the benefit of affirmative procurement policy goals. All of these changes have improved our performance of purchasing environmentally preferable products, which has reduced our potential environmental impact on both the communities around our installations as well as our own personnel.

The Department is fully committed to military explosives safety—protecting military members and the public from the adverse effects of munitions. Last year, after an in-depth review, we divided our challenge into two areas of responsibility: Operational Ranges and Munitions Response Areas.

Our operational ranges are needed today and tomorrow. We fully appreciate the need for good stewardship and, as a part of our Range Sustainment Initiative, we are reviewing how we look at and manage our operational ranges. Most immediately, the Department is clarifying our operational range clearance policy. We are also developing the protocols for determining and responding to any groundwater contamination under our operational ranges. For our Munitions Response Areas, which include all property which may have unexploded ordnance, abandoned munitions, or munitions constituents, and we are building on the authority provided to us with the Defense Environmental Restoration Program. In so doing, the Department intends to fully comply with sections 311, 312, and 313 of the National Defense Authorization Act for Fiscal Year 2002, Public Law 107–107, which call for several significant items, including a site inventories, cost projections, and a technology roadmaps.

ENCROACHMENT

Civilian encroachment at active military bases and test and training ranges can interfere with the ability of our military to carry out their missions and can degrade the training and readiness of our military personnel at a time we need them most. Encroachment involves buildings and structures protruding into navigable air space; residential development locating in noisy, high performance aircraft approach and departure corridors or too close to gunnery ranges; or it can be off-base electrical transmissions interfering with air and ground communications. The presence of endangered species or their critical habitats in or near gunnery and bombing ranges also contributes to encroachment problems.

Urban growth and development is the most visible form of encroachment and has the greatest impact on military operations, training, and readiness. Encroachment of incompatible civilian activities in whatever form—if allowed to go unmanaged and unregulated—will continue to compromise the effectiveness of our military forces. Since maintaining the readiness of our forces is one of the highest priorities of the Department, we strive to maintain a reasonable balance between test and training requirements, the concerns of our neighbors near our test and training ranges, and the importance of sound environmental stewardship. All of our military services are prepared to work with appropriate State and local authorities to control and hopefully curtail encroachment on both sides of the fence line.

We are addressing encroachment by developing a comprehensive strategy that will consider test and training mission needs, regulatory requirements, community support, urban encroachment, and the current and projected capability of our ranges to support the mission. The Deputy Secretary of Defense established a full time Integrated Product Team in the Office of the Under Secretary of Defense for Personnel and Readiness to act as the Department's coordinating body for overall range encroachment issues. This IPT, which reports to the Senior Readiness Oversight Council, has been tasked with developing a comprehensive set of proposals to address the encroachment issue.

ENABLING LEGISLATION

Consistent with our work to improve installations and environmental business practices, we are developing specific military construction legislation that will en-

able us to conduct our work more efficiently at lower cost. The legislation Congress enacted during fiscal year 2002 greatly improved the Department's freedom to manage, and the legislation currently under consideration by the Department will continue that trend without diminishing our accountability.

CONCLUSION

Our fiscal year 2003 budget request for military construction and for the Department's environmental programs supports the Department's obligation to acquire and maintain facilities vital to our changing missions and readiness. America's security, today and in the future, depends on installations and facilities that support operational readiness and changing force structures and missions. We have slowed the deterioration of our facilities, and will, over time, fully restore their readiness. With the Defense Facilities Strategic Plan as our guide, we are committed to providing and supporting healthy installations, facilities, and housing that will enhance readiness, morale, and quality of life for our service members and civilians. This installations' transformation will continue until all of our facilities meet the requirements of a 21st century military.

We will also continue to identify opportunities to operate more efficiently and leverage our resources through partnerships with the private sector on housing and utilities privatization and competitive sourcing initiatives. We are committed to divesting ourselves of unneeded, underutilized facilities through the Efficient Facilities Initiative, facilities demolition, outleasing, and other facility reduction initiatives.

As a leader in environmental management, we will complete environmental remediation quickly and effectively at both our current and former installations and will protect our service members and others from the results of past contamination. In addition, we are developing a strategy to address encroachment that considers the needs of everyone involved.

In closing, Mr. Chairman, I sincerely thank you for providing me this opportunity to describe the Department's plan for revitalizing our installations and facilities and for your very strong support for a robust military construction program. I look forward to working with you as we transform our plans into actions.

Senator AKAKA. Secretary Fiori.

STATEMENT OF HON. MARIO P. FIORI, ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND ENVIRONMENT)

Secretary FIORI. Mr. Chairman and members of the subcommittee: Thank you for the opportunity to present the Army's fiscal year 2003 budget for military construction and the environmental program. I have provided a detailed written statement for the record, but I want to comment briefly on the highlights of some of our programs.

The Army has many challenges in front of it. Our goal is to ensure that all our garrisons throughout the world have an equal and outstanding level of services for our soldiers and their families. When I visited selected Army installations, I observed the progress that has already been made, and attributed much of this success directly to the longstanding support of this subcommittee and its staff.

The Army's overall budget request for fiscal year 2003 supports the Army vision—people, readiness, and transformation—and the strategic guidance to transform to a full-spectrum force while ensuring warfighting readiness. It reflects a balanced program that will allow the Army to remain trained and ready throughout fiscal year 2003 while ensuring we fulfil our critical role in the global war on terrorism.

Our military construction budget request is $3.2 billion and will fund our highest priority facilities and family housing requirements. In fiscal year 2002 we presented a budget that was a down payment on our goal to better support our infrastructure.

When we developed this year's budget in light of the events that took place last year, we had some very difficult decisions to make. The need to fund military pay raises, Army transformation, OPTEMPO, the war on terrorism, and increases in health care and other key programs were all included in the decision leading to our request. Thus, the Army budget provides the best balance between all of our programs, including military construction.

A few critical areas in our construction request are Army transformation at Fort Lewis, Fort Wainwright, and Fort Polk. We have eight projects for $195 million included in the program to ensure transformation to continue to progress as envisioned by our leadership.

Army family housing is a success this year. We are now on target to eliminate inadequate family housing through construction or privatization by 2007. Our budget includes $180 million for the Residential Communities Initiative and the continued acquisition and transition of the 11 installations currently underway and 7 new installations, for a total of 50,000 housing units. RCI is a great success story. I visited Fort Carson on Monday and I am delighted to report that the program is 3 months ahead of schedule. We now have 338 new units occupied, 500 units renovated, and we are building 20 new units a month and completing 40 renovations per month until we get all 2,600 done at Fort Carson. Fort Carson will be completed by 2004 instead of 2007.

The combination of privatization and construction will meet our goal of fixing family housing 3 years earlier than was reported to you last year. A portion of our Military Construction and our family housing construction program this year is dedicated to overseas construction: 75 percent of the overseas military construction request will be used to provide better barracks for almost 3,000 soldiers, mainly in Europe and Korea.

We are also constructing the new facilities to support Efficient Basing, East Initiative in Germany, which will consolidate 13 smaller installations into a single installation at Grafenwoehr. Two projects in our request will finalize the Army's construction requirements for the Efficient Basing, South Initiative in Italy, which will station a second airborne infantry battalion in Vicenza. Each project is vital to maintain a suitable working and living environment for our soldiers and families overseas.

At the end of fiscal year 2003 we will have 106,000 permanent party single soldier barracks, or 70 percent, modernized. Our strategic mobility program will be 100 percent funded and we will have completed all base closures and realignments and will concentrate this year on the final phases of disposal of these properties. The Army National Guard anticipates that 30 of the 32 Weapons of Mass Destruction Civil Support Team facilities will be initiated.

Our sustainment, restoration, and modernization request is $2.4 billion, which provides 92 percent of our requirements. In 1998, the Secretary of Defense set a goal to privatize, whenever economical, all utility systems on military installations by September 30, 2003. We are fully committed to utilities privatization and, to date, the Army has privatized a total of only 25 systems. For fiscal year 2002, we have proposals for 109 systems, and we expect to com-

plete privatization of at least 35 of these 109 by the end of this fiscal year.

Our enhanced use leases, real property exchanges, and energy saving performance contracts all contribute to taking care of our installations. This year, we initiated a pilot program which Congress approved to contract out the first 5 years of maintenance in 3 of our military construction projects.

The Army's fiscal year 2003 budget request for the environmental program is $1.6 billion, which is sufficient for our compliance, restoration, conservation, pollution prevention, and environmental quality technology programs. The environmental program fulfils a public trust to manage Army lands by protecting natural and cultural resources in accordance with Federal, State, and local laws. As we conduct sound environmental management of our 16.5 million acres of land, we will also provide our soldiers with tough, realistic, and battle-focused training.

The Army does face significant environmental challenges as we transform the Army. Our weapons systems will be more maneuverable, have longer range firing capabilities, and this, of course, results in a much more serious concern for encroachment of our training facilities. We work closely with the Federal, State, and local agencies and the local communities to minimize the effects of encroachment. Unfortunately, we are experiencing varying levels of success in addressing restrictions on training ranges.

For example, the successful agreement with the Governor of Massachusetts will allow the Army to use the Massachusetts Military Reservation for training. However, the reservation is the first active training installation that has had live-fire training prohibited by the Environmental Protection Agency (EPA). We are still facing challenges at the Makua Military Reservation, which is the only range facility in Hawaii that accommodates company-level combined live-fire training.

Thus, the recent settlement agreement, which was a workaround, allowed us to resume live-fire training, but in a limited ability. Thus, to train the 25th Infantry Division, for example, we will need to complete some of the company-level training requirements in the Continental United States (CONUS), at an annual cost of $6.6 million. But, more importantly, this will require more of our soldiers to spend time away from home. Similarly, the Army Reserve, Army National Guard, and potentially the U.S. Marines will not have access to Makua for live-fire training.

The majority of the Army environmental program focuses on the day to day environmental stewardship responsibilities of our 184 major installations worldwide. We have had measureable successes in creating environmental consciousness for the Army. For example, we are not polluters. Even with increasing regulatory inspections in 2001, our compliance record has improved.

We are working toward fully implementing our environmental management system using the ISO–14001 standard. We have completed 85 of our active and 80 percent of our BRAC cleanup sites.

Our management initiatives include comprehensive program reviews, innovative contracting, increased partnering, and stakeholder outreach. We have taken a cue from the private sector and developed a military version of the U.S. Green Building Council's

Leadership in the Energy and Environmental Design building and rating system (LEED). We call this the Sustainable Project Rating Tool (SPRT) in the Army. This tool is used to evaluate our military construction projects in terms of their sustainability, how well we incorporate green building techniques such as recyclable building materials, energy efficiency, natural daylight, and compatibility with natural surroundings.

The Army's conservation program is a crucial component of sustaining our natural and cultural resources. We comply with the National Historic Preservation Act and, with close working relationships with the National Trust and State historic preservation offices, we will manage our 77,000 buildings achieving middle age.

We care for 170 threatened and endangered species on our installations. Our cultural and natural resources management plans will help us avoid future problems, reduce costs, and meet our environmental responsibilities.

I want to conclude by telling you about one of the most important initiatives in the facilities arena, the way in which the Army will be managing installations. Last year, the Secretary of the Army approved the concept of centralized installation management through regional alignment. We will implement this new management structure on October 1, 2002. A top-down regional alignment creates a corporate structure with a sole focus on efficient and effective management of all our installations. It frees up our mission commanders to concentrate on readiness. They will still have an influence on important installation decisions, but not the day to day headaches.

We believe centralized management will also enhance our ability to integrate the Active and Reserve components and to develop multifunctional installations to support the evolving transformation of our forces.

In closing, Mr. Chairman, I look forward to continuing our work in caring for our soldiers and their families. Thank you, sir.

[The prepared statement of Secretary Fiori follows:]

PREPARED STATEMENT BY HON. MARIO P. FIORI

Mr. Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss both the active Army and Reserve components' military construction and the Army Environmental Program request for fiscal year 2003. This request includes initiatives of considerable importance to America's Army, as well as this subcommittee, and we appreciate the opportunity to report on them to you.

This budget provides resources in our construction and family housing programs essential to support the Army's role in our national military strategy. It provides resources to comply with environmental regulations, to continue our efforts in cleaning up contamination from past practices, and to sustain the land and natural resources so important to the Army's training mission and the American people. The budget supports the Army's vision and transformation strategy.

The program presented herein requests fiscal year 2003 appropriations and authorization of appropriations of $1,476,521,000 for military construction, Army (MCA); $1,405,620,000 for Army family housing (AFH); $101,595,000 for military construction, Army National Guard (MCNG); and $58,779,000 for military construction, Army Reserve (MCAR). There is no request this year for the Homeowners Assistance Fund, Defense.

In addition, the program requests fiscal year 2003 appropriations and authorization of appropriations of $1,580,492,000 for the Army Environmental Program.

At the turn of the century, the Army published its vision—people, readiness, and transformation—that defined how we meet the Nation's military requirements today and into the future. We started the arduous task of selftransformation that will allow us to continue to dominate conventional battlefields but also provide the abil-

ity to deter and defeat adversaries who rely on surprise, deception and asymmetric warfare to achieve their objectives.

Army transformation was already well under way when the attacks on September 11, 2001, provided a new urgency to our efforts. By accelerating transformation, we will provide additional capabilities to the warfighting CINCs, enabling them to assure allies and friends; dissuade future military competition; deter any threats; and, if necessary, defeat any adversary.

To meet the challenges of accelerating transformation and carrying out today's missions at home and abroad, 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, both Active and Reserve component, 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.

To support the transformation of our installations, the Secretary of the Army has approved the concept of centralized installation management through a regional alignment. The implementation date of the new management structure is October 1, 2002.

The regional alignment creates a corporate structure with a sole focus on efficient and effective management of installations. Mission commanders can concentrate on readiness but still influence critical issues through the rating chain for Garrison Commanders and membership on the Installation Board of Directors.

This approach will ensure standard and equitable delivery of services from installation to installation. It will also ensure that all tenants, including the Reserve components, are treated equally. It enables the Army to resource to standards.

The future will increasingly trend toward multi-functional installations. Supporting transformation, geographic-based regions provide the maximum flexibility for the future. In the end, it will allow improved facilities provided to soldiers and their families and better permit us to implement our facilities strategy.

FACILITIES STRATEGY

The Army's Facilities Strategy (AFS) is the centerpiece of our efforts to fix the current state of Army facilities over 20 years. It addresses our long-term need to sustain and modernize Army-funded facilities in both Active and Reserve components by framing our requirements for both sustainment, restoration, and modernization (SRM) and military construction (MILCON) funding. The AFS addresses sustainment, recapitalization, quality and quantity improvements, and new mission requirements so that the Army will have adequate facilities to support our 21st century missions. 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 sustainment funding, which comes from the operation and maintenance (O&M) SRM accounts, has greatly improved thanks to the support from Congress. We are funded at over 90 percent of our requirements in fiscal year 2003. This level of funding may be sufficient to prevent further deterioration of Army facilities. Our current C–3 conditions are a result of years of underfunding. We must have sufficient O&M 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 buy down the SRM backlog, we will centrally manage resources towards focused investments. This capital investment requirement will primarily require MILCON funding, supplemented by O&M SRM project funding. Our goal is to raise Army facilities from current C–3 ratings to C–2 by the end of 2010 by bringing a focused set of facilities to C–1 during that timeframe. Also, we plan to eliminate facility shortfalls where they exist over the entire 20-year strategy. These shortfalls are a result of facilities modernization not keeping pace with our weapons modernization and supporting force structure.

We are basing the initial focused set of facilities on commanders' ratings in our Installation Status Report. The facilities we chose to modernize under this centrally managed program are critical to the Army's mission and to our soldiers. It is essen-

tial that both the sustainment (O&M SRM) and the capital investment (MILCON and O&M SRM) pieces be funded as a single, integrated program.

The third (recapitalization) and fourth (new mission) pillars of our strategy address improving recapitalization of our facilities to a 67-year cycle and ensuring adequate facilities keep pace with future force structure changes and weapons modernization programs (such as transformation). These four pillars will enable us 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 our policy of eliminating excess facilities throughout the entire Army to allow us to use our limited resources where they have the most impact. During fiscal years 1988–2003, our footprint 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 also expanding the privatization of military family housing in an effort to provide quality residential communities for soldiers and their families.

MILITARY CONSTRUCTION, ARMY (MCA)

This year's MCA program focuses on six major categories of projects: mission facilities, transformation, well-being, efficient basing, installation support, and chemical demilitarization. I will explain each area in turn.

MISSION FACILITIES

In fiscal year 2003, there are 10 mission facility projects to ensure the Army is deployable, trained, and ready to respond to meet its national security mission. Projects in this program conclude the successful Army 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 six mobility projects in our fiscal year 2003 budget request 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 started in the early 1990's to upgrade our strategic mobility infrastructure, enabling the Army to maintain the best possible power projection platforms. We are requesting $53.6 million. The fiscal year 2003 projects will complete the Strategic Mobility program. A follow-on program, Army Power Projection Program (AP3), is being implemented as a result of changes in force structure and stationing.

The six projects in our request include improving our deployment capability by upgrading a deployment facility at Fort Stewart, Georgia; constructing a truck loading/unloading facility at Fort Carson, Colorado; and providing ammunition storage/outloading facility improvements at Anniston Army Depot, Alabama, Blue Grass Army Depot, Kentucky, and Letterkenny Army Depot, Pennsylvania. In addition, to improving fuel storage, we plan to consolidate multiple fuel points at Fort Bragg, North Carolina, into one modern facility.

Training and Readiness

To improve soldier training, we are requesting $23.8 million to construct four training and readiness projects. Our request includes a Modified Record Fire Range at Darmstadt, Germany, and a live-fire shoot house at Fort Drum, New York. These ranges will provide our soldiers with realistic, state-of-the-art marksmanship training. We are also requesting a Military Operations in Urban Terrain (MOUT) Urban Assault Course at Fort Benning, Georgia, that will provide realistic urban combat training necessary for many scenarios in today's environment. A Tactical Vehicle Simulator facility at Fort Leonard Wood, Missouri, is requested to train new motor transport operators with our new vehicle simulators.

TRANSFORMATION

Our budget contains $194.9 million for eight projects at three installations, Fort Lewis, Washington; Fort Wainwright, Alaska; and Fort Polk, Louisiana, that support the deployment, training, unit operations, and equipment maintenance and motor pool facilities of the Interim Brigade Combat Team (IBCT) new transformed force. These projects include one maintenance facility for new vehicles, three ranges, a Military Operations in Urban Terrain (MOUT) facility, a Battle Simulator Center, and a Mission Support Training Facility to ensure our forces are properly trained, and a Battalion Headquarters/Company Operations Facility to provide a command and control facility for the increased unit size. We will continue to identify and validate additional requirements associated with transformation and will include these projects in future budgets.

EFFICIENT BASING, EAST

The Army is requesting the first year of a 5-year plan to support the Efficient Basing, East initiative in Germany. The initiative will move a Brigade Combat Team to Grafenwoehr from 13 smaller installations over a 5-year time frame. This year's budget requests three projects at Grafenwoehr totaling $69.9 million. Army construction for the entire initiative is expected to cost $596 million. The three projects in this year's budget will complete the site preparation for the brigade, construct infrastructure to and around the brigade complex, and renovate existing barracks to the current Army standard. These projects will support the Brigade headquarters element.

WELL-BEING PROJECTS

Fifty-four percent of our MCA budget is dedicated to providing for the well-being of our soldiers, their families, and civilians. Although our first priority is to move permanent party soldiers out of gang-latrine type barracks, we are also requesting Phase II of the Basic Combat Trainee barracks project at Fort Jackson, South Carolina, that was authorized in fiscal year 2002. We are also requesting two child development centers, one physical fitness center, and the expansion of a community support center. These projects will improve not only the well-being of our soldiers and families, but also the readiness of the Army. We are requesting $796.8 million for well-being projects this year.

Whole Barracks Renewal 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. The new complexes provide increased personal privacy, 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, 77 percent of our barracks requirement will be funded at the new standard for our permanent party soldiers. Between fiscal years 2004 and 2009, we plan to invest an additional $4.0 billion in MCA and host nation funds, supplemented by $400 million in SRM funding to achieve our goal of providing improved living conditions for all of our single soldiers by fiscal year 2009. 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 having been historically funded at lower levels than installations in the United States. A large portion of the remaining modernization effort, 41 percent, is in these overseas areas.

In fiscal year 2003, we are planning 21 barracks projects. This includes 4 projects in Europe and 5 projects in Korea. The installations with the largest investment are Fort Bragg, North Carolina, with $100 million (2 projects), and Schofield Barracks, Hawaii, with $91 million (2 projects). Large soldier populations and poor barracks conditions require sustained high investment through fiscal year 2008 at both of these installations to provide quality housing. We are completing a complex at Fort Carson, Colorado, which was authorized in fiscal year 2002; and we are continuing second phases at Fort Lewis, Washington, and Fort Richardson, Alaska, which were also fully authorized in fiscal year 2002. At Fort Campbell, Kentucky, we are requesting authorization for all phases of a multi-phase barracks complex; however, we are only requesting the appropriation needed for the fiscal year 2003 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. Barracks projects are also requested for Fort Hood, Texas; Fort Riley, Kansas; Fort Benning, Georgia; and Fort Detrick, Maryland.

Basic Combat Training Complexes

We are requesting Phase 2 to complete the Basic Combat Training complex at Fort Jackson, South Carolina, that was authorized in fiscal year 2002. This project will provide 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.

Community Facilities

Our budget request includes two new child development centers to replace failing or inadequate facilities in Bamberg, Germany, and Vicenza, Italy. To improve soldier physical fitness and community wellness, our budget includes a physical fitness training center at Camp Castle, Korea. The expansion of a Community Support Center at Fort Detrick, Maryland, is also included in our request.

INSTALLATION SUPPORT PROGRAMS

This category of construction projects provides vital support to installations and helps improve their readiness capabilities. We are requesting one project for a Centralized Wash Facility at Schweinfurt, Germany, $2 million. A classified project is also requested at $4 million.

AMMUNITION DEMILITARIZATION

The Ammunition Demilitarization (Chemical Demilitarization) Program is designed to destroy the U.S. inventory of lethal chemical agents, munitions, and related (non-stockpile) 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 $167.6 million in the Army's fiscal year 2003 budget to continue the Chemical Demilitarization projects previously authorized, and a Non-Stockpile Chemical Munitions Facility at Pine Bluff, Arkansas. Table 1 summarizes our request:

TABLE 1—FISCAL YEAR 2003

Installation	Type	Amount
Aberdeen PG, MD	Ammun Demil Facility, Phase V	$ 30,600,000
Blue Grass AD, KY	Ammun Demil Facility, Phase III	10,300,000
Blue Grass AD, KY	Support Facility, Phase III	8,300,000
Newport AD, IN	Ammun Demil Facility, Phase V	61,494,000
Pine Bluff AD, AR	Non-Stockpile Munitions Facility	18,937,000
Pueblo AD, CO	Ammun Demil Facility, Phase IV	38,000,000
Total		$167,631,000

The destruction of the U.S. stockpile of chemical weapons is a major priority of the Army, DOD, and the administration. These chemical weapons must be destroyed to reduce the risk to the stockpile storage communities and eliminate these weapons as potential terrorist targets. The MILCON funding for the chemical weapons facilities is essential to achieving this goal.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The fiscal year 2003 MCA budget includes $119.8 million for planning and design. The fiscal year 2003 request is a function of the construction programs for 3 fiscal years: 2003, 2004, and 2005. The requested amount will be used to design-build a portion of the fiscal year 2003 program, complete design in fiscal year 2004, and initiate design of fiscal year 2005 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 $36 worth of Host Nation Construction. The fiscal year 2003 budget request for $23.7 million will provide oversight for approximately $850 million of construction in Japan, Korea, and Europe.

The fiscal year 2003 budget also contains $20.5 million for unspecified minor construction.

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 as of January 2, 2002, the out-of-pocket expenses for soldiers living off post were approximately 11.3 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 by 2005. 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 family housing improvements 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 2007 to provide adequate housing to all military 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, 2012 to implement an aggressive program to create modern residential communities in the United States. The Army is leveraging appropriated funds and government assets by entering into long-term partnerships with private sector real estate development and management firms to obtain financing and management expertise to construct, repair, maintain, and operate Army family housing communities.

The RCI program includes projects at Fort Carson, Colorado; Fort Hood, Texas; Fort Lewis, Washington; and Fort Meade, Maryland. Fort Carson transitioned to privatized operations in November 1999, and Fort Hood transitioned in October 2001. Forts Lewis and Meade are expected to transition by mid–2002. The projects include over 15,000 housing units. Army families have already moved into new and renovated housing at Fort Carson and our experience to date has been very positive.

The program is expanding to 20 additional privatization projects between fiscal years 2002 and 2004. These projects will privatize more than 48,000 additional housing units. Using funds appropriated in fiscal year 2002, the Army kicked-off nine projects. The 2003 budget request will continue to expand the program, adding five projects covering seven installations (Fort Polk, Louisiana; Fort Belvoir, Virginia; Forts Eustis and Story, Virginia; Fort Leonard Wood, Missouri; and Fort Shafter and Schofield Barracks, Hawaii).

The Army is using the development partners' experience and resources, and market-based incentives, to bring about dramatic improvements in the Army family housing and the quality of life for soldiers and their families.

Our fiscal year 2003 request for Army Family Housing is $1,405,620,000. Table 2 summarizes each of the categories of the Army Family Housing program.

TABLE 2—ARMY FAMILY HOUSING

Fiscal Year 2003

Facility Category	($000)	Percent
New Construction	27,942	2
Post Acquisition Const	239,751	17
Planning and Design	15,653	1
Operations	183,408	13
Utilities	212,432	15
Maintenance	485,257	35
Leasing	215,251	15
Privatization	25,926	2

TABLE 2—ARMY FAMILY HOUSING—Continued

Fiscal Year 2003

Facility Category	($000)	Percent
Total	1,405,620	100

FAMILY HOUSING CONSTRUCTION

The total fiscal year 2003 request for construction is $283,346,000. 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 2007 goal by providing units that meet current construction and adequacy standards.

New Construction

The fiscal year 2003 new construction program provides WNR projects at four locations. Replacement construction provides adequate facilities where there is a continuing requirement for the housing and it is not economical to renovate. 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 2003, we are requesting funds for improvements to 18,314 existing units at 9 locations in the United States, including privatization at 7 installations; 7 locations in Europe; and 1 site in Korea. Included within the scope of these projects are efforts to improve supporting infrastructure and energy conservation.

FAMILY HOUSING OPERATIONS AND MAINTENANCE

The operations, utilities, maintenance, and leasing programs comprise the majority of the fiscal year 2003 request. The requested amount of $1,122,274,000 for fiscal year 2003 is approximately 80 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.

FAMILY HOUSING LEASING

The leasing program provides another way of adequately housing our military families. We are requesting $215,251,000 in fiscal year 2003 to fund existing section 2835 project requirements, temporary domestic leases in the United States, and approximately 8,600 units overseas.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

The Army National Guard's (ARNG) focus is on two categories of projects: transformation and mission.

TRANSFORMATION

This year we continue converting twelve brigades and two division slices to support the Army Division Redesign Study (ADRS). The ADRS is a high priority for this budget. Eight facilities will be constructed or converted to house the ARNG's Combat Support/Combat Service Support structure. We are requesting $26.8 million for this transformation for facilities in Alabama and North Carolina and two projects each in California, Kansas, and Nebraska.

MISSION

In fiscal year 2003, the ARNG has requested $55.2 million for five mission projects. Two projects are in Wisconsin and will replace part of the existing United States Property and Fiscal Office complex made up of 23 buildings, ranging in year built from 1895 to 1980. These new facilities will permit all personnel to perform the necessary tasks that will improve their own readiness as well as provide fiscal and logistical support for the entire Wisconsin Army and Air National Guard.

The first phase of a project for administrative buildings at Barbers Point, Hawaii is also included. These units are currently stationed in the Diamond Head State Monument area, in older, pre-World War II facilities. The renovation of an existing building at Barbers Point will help with the Diamond Head State Monument Plan, allowing the Monument area to revert back to a semi-wilderness condition.

As part of the Army's Facility Strategy, we are requesting a Readiness Center at Summersville, West Virginia, and phase one of a joint facility with the Marine Corps Reserve and the Kansas Counterdrug Office at Topeka, Kansas.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The ARNG's fiscal year 2003 budget request contains $14.7 million for planning and design and $4.9 million for unspecified minor construction.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

The fiscal year 2003 MCAR budget focuses on mission facilities that support the Army Reserve's mission of providing trained and ready unit and individuals to mobilize and deploy in support of the National Military Strategy.

MISSION FACILITIES

In fiscal year 2003, there are seven mission facility projects in the Army Reserve's Military Construction program. These projects provide four Army Reserve Centers (Lincoln, Nebraska; Oswego, New York; Grand Prairie, Texas; and Fort Story, Virginia); four maintenance facilities (Mare Island, California; Lincoln, Nebraska; Grand Prairie, Texas; and Fort Story, Virginia); a battalion-size dining facility at Fort McCoy, Wisconsin; and an alteration to an Army Reserve training facility at Fort Bragg, North Carolina.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The fiscal year 2003 MCAR budget includes $6.965 million for planning and design and $2.85 million for unspecified minor construction.

SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)

In addition to military construction and family housing, the third area in the facilities arena is the O&M SRM program. O&M SRM is the primary account in the 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.

O&M 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 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 accommodate new functions, or to replace building components that typically last more than 50 years, such as foundations and structural members.

Within the O&M SRM program, there are two areas to highlight: (1) our Barracks Upgrade Program (BUP) and (2) the Long Range Utilities Strategy. The first area is our BUP program, which is the major renovation and restoration of existing barracks and an integral part of the Barracks Modernization program's goal to eliminate gang-latrine barracks by 2008. However, due to the reallocation of central funding of the BUP program in fiscal year 2002, we will now complete the program in 2009. At the completion of the fiscal year 2003 program, as requested, we will have funded, with MILCON and BUP, adequate housing to meet or approximate the DOD 1+1 barracks standard for 77 percent of our soldiers. The fiscal years 2004–2008 Military Construction program will provide barracks for another 18 percent of eligible soldiers. We will use O&M SRM resources to renovate barracks to an approximate DOD 1+1 standard for the remaining 5 percent of eligible soldiers. We are committing an average of about $120 million per year in O&M SRM to continue the efforts to upgrade housing for our single soldiers.

The second area to highlight within the O&M SRM program is our Long Range Utilities Strategy to provide reliable and efficient utility services at our installa-

tions. 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 natural gas system at Fort Benning, and the water and waste water systems at Presidio of Monterey. Of the 320 Army systems available for privatization since 1998, 24 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 $188 million in utility modernization projects in fiscal years 1998 through 2001 and we plan to accomplish $83 million in additional projects in fiscal year 2002 to complete the program. 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 92 percent of the OMA, OMNG, and OMAR requirement in fiscal year 2003. 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 (ISR) shows Army facilities are rated C–3 (not fully mission capable) due to years of under-funding. At the end of fiscal year 2001, the ISR for the Army showed 28 percent of our facilities were "red"—mission failure; 42 percent were "amber"—mission degraded; and only 30 percent were "green"—mission supported.

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 military installations at or near where they are serving or employed are ordered to be closed or the scope of operations reduced. For fiscal year 2003, there is no request for appropriations and authorization of appropriations. Requirements for the program will be funded from prior year carryover and revenue from sale of homes. Assistance will be continued for personnel at 7 installations that are impacted with either a base closure or a realignment of personnel, resulting in adverse economic effects on local communities.

BASE REALIGNMENT AND CLOSURE

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 2003, we are requesting appropriations and authorization of appropriations of $149.9 million. This budget represents the Army's budget required to continue unexploded ordnance (UXO) removal, environmental restoration, and property management of those facilities not yet disposed from the first four rounds of BRAC. In fiscal year 2001, the Army began saving $945 million annually upon completion of the 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. The Army supports the need to close and realign additional facilities and we appreciate Congress' authority to have an additional round in fiscal year 2005.

The Army is now in the first year of exclusively care taking and completing the remaining environmental restoration activities at BRAC installations. The Army implemented innovative approaches to environmental restoration at BRAC sites in fiscal year 2001, which will support the early transfer of several properties. The Army will continue to support early property transfers in fiscal year 2002 and beyond and requests $149,878,000 in fiscal year 2003 to continue this important work. These funds allow us to properly care take these properties and to continue environmental and ordnance removal efforts that will facilitate economic revitalization and will render these properties safe. Our efforts will make 24,854 acres of property available for reuse in fiscal year 2002 and complete restoration activities at 7 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.

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 installa-

tions by 70 percent, roughly equal to the troop reductions of 70 percent. Your support of our Efficient Basing, East, military construction project will allow us to continue reducing the number of installations in Europe. In Korea, the number of installations is dropping 20 percent. The total number of Army overseas sites announced for closure or partial closure since January 1990 is 680. Additional announcements will occur until the base structure matches the force identified to meet U.S. commitments.

The significant challenges posed by the removal of unexploded ordnance, the remediation of groundwater, and the interface of a variety of regulatory authorities continue to hinder the disposal of property. A number of innovative approaches for environmental restoration were recently developed in an effort by the Army to expedite the transfer of property, while ensuring the protection of human health and the environment. Two innovative mechanisms are being utilized to complete environmental restoration efforts: Guaranteed/Fixed Price Remediation (G/FPR) Contracts and Environmental Services Cooperative Agreements (ESCA). A G/FPR Contract obligates BRAC funds necessary for regulatory closure of specified restoration activities. The Army retains responsibility for completion of the environmental restoration, overseeing the contractor and ensuring that regulatory closure of the property is obtained. An ESCA is a different mechanism, authorized under the environmental restoration program that obligates Army BRAC funds and apportions some amount of liability to a governmental entity representing the reuse interests of the particular BRAC installation, in exchange for specific environmental restoration services outlined in the ESCA.

We remain committed to promoting economic redevelopment at our BRAC installations. We are supporting early reuse of properties through 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 leasing options approved 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.

The BRAC process has proven to be a 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 2003.

THE ARMY ENVIRONMENTAL COMMITMENT

The Army's Environmental Program budget request for fiscal year 2003 totals $1,581,085,000 for its Compliance, Restoration, Conservation, Pollution Prevention, and Environmental Quality Technology Programs. This figure includes $146,156,000, reflecting the environmental portion of the total BRAC budget request. In addition, this figure reflects the Office of the Secretary of Defense budget request of $212,102,000 for the DOD Formerly Used Defense Site (FUDS) program for which the Army is the DOD Executive Agent.

The Army Environmental Program supports readiness and improves the quality of life for our soldiers and their families. It fulfills the public trust to manage Army lands by protecting natural and cultural resources, in accordance with Federal, State, and local laws. The Army is fully committed to complying with laws and regulations, conserving natural and cultural resources, and cleaning up active, BRAC, and FUDS sites. We are continuing to integrate pollution prevention practices into all that we do, and we have expanded the focus of our technology program to address environment, safety, and occupational health needs comprehensively and cost effectively. By dedicating our efforts to these activities, we will become increasingly successful in identifying efficiencies to support the Army's core business practices; developing creative solutions to support our environmental stewardship efforts; protecting the health and safety of our soldiers, civilians, and communities; and helping to fulfill the Army's commitment to support and execute the National Military Strategy.

We are further determined to accomplish our environmental program tasks with effectiveness and resource efficiency. Restoration and compliance still require the

majority of our budget dollars. Programs in conservation, pollution prevention, and innovative technology provide venues for primary investments to reduce future compliance and restoration requirements and recapture dollars for the Army's core missions. Overall, our fiscal year 2003 budget request provides for a lean, but effective, program implementation and investment in both corrective and preventive actions to continue eliminating past problems and preventing future ones.

RANGES AND MUNITIONS

The Army must provide our soldiers with tough, realistic, battle-focused training in preparation for a wide variety of mission essential warfighting scenarios ranging from desert to tropical to cold region operations. Ensuring our soldiers have access to the most realistic training possible is a challenge for both our operations and environmental communities.

As part of that effort, we are developing integrated sustainable range management strategies to cut across functional lines to support the Army's livefire requirements and ensure our range capability into the future. The Army Range Sustainment Integration Council was established to work across operational, environmental, and installation management areas to develop solutions for sustaining continued training and testing on Army ranges. The Army also is making prudent investments in environmental quality technology to improve its ability to detect, identify (discriminate), and respond to unexploded ordnance (UXO), and to reduce costs in the future.

Our environmental programs support the Army's core training mission by conserving training lands, preventing pollution, complying with laws and regulations, partnering with local communities, and cleaning up contamination at Army installations.

COMPLIANCE

The Army requests $640,931,000 for the compliance program in fiscal year 2003. This is a $43 million increase from last year's request and can be attributed to increased funding for the Massachusetts Military Reservation response activities, and manpower for the environmental program. This investment makes it possible for the Army to comply with applicable Federal, State, and local environmental laws, regulations, and Executive Orders, as well as international agreements and Final Governing Standards overseas.

The Army's compliance goals are to attain and sustain cost-effective compliance with all applicable Federal and State regulations. The Army's long-term compliance objectives are to: (1) integrate environmental compliance into all aspects of installation operations to support sustainment of the mission and promote the well-being of soldiers, family members, civilian employees, and citizens of neighboring communities; and (2) sustain compliance costs within fiscal years 2002–2007 funding levels by shifting emphasis to pollution prevention solutions as a means for helping to achieve compliance.

The Army focuses on achieving environmental compliance through strong command emphasis and use of effective environmental management systems, pollution prevention, diverse training, new tools and technologies, audits and better metrics, new and improved processes, tracking development of new environmental laws, and regulations to ensure timely compliance, and developing strong partnerships.

Since environmental laws and regulations are designed to protect human health and the environment, compliance with them is vital to maintaining the well-being of our soldiers, civilian personnel, their families, and our neighboring communities. We have steadily improved our environmental compliance posture over time. Although the number of regulatory inspections increased slightly in fiscal year 2001, the number of new enforcement actions the Army received decreased by 15 percent. Following major reductions the previous 2 years, we achieved a further reduction of 6 percent in open Enforcement Actions (ENFs) in fiscal year 2001 and continue to resolve ENFs more quickly.

A key element necessary for the Army to meet our long-term environmental goals and strategy is the use of an internationally recognized Environmental Management System (EMS), or ISO 14001. The Army will use ISO 14001 processes at all levels to build trust and better cooperation with regulators and the community. Our goal is to use EMS to integrate environmental considerations across Army planning and operations.

Army investments in Regional Environmental Offices are paying big dividends through improved relations with Federal and State environmental regulators. This is evidenced by negotiation of effective air emission requirements at Fort Leonard Wood, reduced hazardous waste fees in New Mexico, improved communications with

the United States Environmental Protection Agency, and numerous partnering endeavors with regulators and other Federal and State agencies.

POLLUTION PREVENTION

Pollution Prevention (P2) supports the Army by enabling our compliance with current and future laws and regulations, promoting good environmental stewardship of the lands entrusted to the Army, and developing new technologies and partnerships with industry. The Army requests $39,676,000, which is a decrease of $6 million from last year's request. Nonetheless, we will continue to realize significant savings from our investments in pollution prevent efforts.

One of our major challenges is compliance with existing environmental laws and regulations. Achieving and maintaining compliance through development and implementation of pollution prevention strategies is a good business practice and a cost-effective way for the Army to meet its environmental goals.

The Army is continuing with its efforts to fundamentally change its operations through incorporation of a centralized hazardous materials management program, which is designed to reduce or eliminate processes and activities that generate wastes or emissions. The Army is a leader in the reduction of chemicals in the Toxic Release Inventory (TRI). In 1994, the Army reported a total of 2.4 million pounds of releases to the environment. By 1999, a 71 percent reduction of baseline releases was achieved. Today, the total releases for all installations combined is now less than the emissions of just one Army industrial facility in 1994.

Solid Waste Minimization efforts reduce costs while promoting recycling efforts. The goals for the solid waste management program are to minimize the generation of solid wastes, develop cost-effective waste management practices, protect public health and the environment, and recycle to conserve natural resources. The Army currently reuses and recycles 21 percent of all solid waste generated. Our recycling efforts significantly extend the life of existing landfills and resulted in a savings of approximately $18.1 million in solid waste disposal costs in fiscal year 2001.

The Army has also taken a cue from the private sector and developed a military version of the Sustainable Project Rating Tool (SPiRiT). This model is being used to evaluate our military construction projects in terms of their sustainability, or how well they incorporate "green" building techniques, such as recyclable building materials, energy efficiency, natural daylight, and compatibility with the natural surroundings. This initiative is a common sense design and building practice that is intended to reduce life cycle costs while helping the Department support other Federal goals.

The Army's vision is not one of mere compliance with laws and regulations, but rather a vision of environmental excellence through pollution prevention.

CONSERVATION

The Army's Environmental Conservation program is a crucial component in sustaining the land used for the Nation's military mission, as entrusted by the American people. Environmental requirements are increasing at the same time the Army's use of current land capability is reaching capacity. Also, aging infrastructure is stretched beyond its life expectancy. The National Historic Preservation Act (NHPA), Sikes Act, and the Endangered Species Act (ESA) are the primary drivers for increased cultural and natural resources requirements on Army training lands and base areas.

The fiscal year 2003 budget request of $93,651,000 reflects a $16 million increase over last year's funding level. The increase will enable the Army to continue its good stewardship of the land by implementing viable management plans that outline how the Army will continue to protect cultural resources, manage threatened and endangered species, integrate environmental land management, and comply with applicable Federal and State natural and cultural resource laws. The Sikes Act Improvement Act (SAIA) further defines DOD's stewardship responsibilities, in the context of the military mission. In addition to our mission requirements, the Army must provide for the conservation and rehabilitation of natural and cultural resources, sustain multipurpose use of the resources, and grant public access to the extent that safety and security allow.

The most significant statutory requirement for Army-owned historic properties is the National Historic Preservation Act (NHPA) and its implementing regulation. The current scope of Army historic building management and compliance requirements is enormous, and will substantially increase over the next 10 years. As our Cold War-era infrastructure reaches the 50-year mark, it triggers compliance under the NHPA. The Army currently has 50,557 buildings over the 50-year mark, 63,155 archeological sites, and 17 National Historic Landmarks, all subject to NHPA regu-

lation. By 2010, nearly two-thirds of all buildings on Army installations in the United States (77,613 of 129,059) will be at least 50 years old and subject to NHPA requirements.

In addition to the maintenance of cultural and historic resources, the Army is charged with the stewardship of its training lands, natural resources, and endangered species that reside on Army installations. One of the Army's most significant natural resource challenges relates to the use of training land, which is vital for national defense and readiness, while simultaneously maintaining compliance with the Endangered Species Act.

There are 170 distinct threatened and endangered species on 94 Army installations. The increased operational tempo of Army activities is placing an increasing demand on land use. Additionally, urban development is further isolating the natural habitats located on Army installations. As critical habitat is destroyed on unprotected private lands adjacent to Army installations, training areas and ranges provide the only remaining large areas of habitat in many regions.

Integrated Natural Resource Management Plans are serving as good tools to help the Army avoid future problems and reduce costs of repairing disturbed soil, vegetation, and wildlife habitats. These plans not only help us manage threatened and endangered species habitat, but also continue the long-standing tradition of providing outdoor recreation opportunities for soldiers and their families.

RESTORATION

The Army's commitment to its restoration program remains strong as we continue to make progress toward our goals of reducing risk and restoring property for future generations. With our regulatory and community partners, we are exploring ways to improve and accelerate cleanup. Achieving site closure and ensuring long-term remedies are challenges we are prepared to face. Improved business practices, partnerships, and innovative technologies, have enabled us to provide sound stewardship of the environment and taxpayer dollars.

The fiscal year 2003 budget request for Army Restoration is $395,900,000, and this funding level will meet our legal agreements and the Defense Planning Guidance goal of fiscal year 2014. Also reflected in the total Army Environmental Program budget request is $146,156,000, which represents the environmental portion of the total BRAC budget request. In addition, the Office of the Secretary of Defense has requested $212,102,000 for the Formerly Used Defense Sites (FUDS) program.

The Army's environmental restoration program addresses active, BRAC, and FUDS properties that became contaminated due to past practices. Protection of human health and the environment is the primary goal for the Army's restoration programs. Another Army goal is to restore sites to productive use and move sites into "response complete" phases as quickly as possible. Examples of initiatives to meet these goals are Scranton Army Ammunition Plant, the first military installation to complete cleanup under the Pennsylvania-DOD Multi-Site Agreement, and Sudbury Training Annex, the cleanup of which has resulted in its deletion from EPA's National Priorities List.

By the end of fiscal year 2001, the Army completed response at 85 percent of active sites, 80 percent of its BRAC sites, and 57 percent of its FUDS sites. We continue to move forward in our goal of completing environmental restoration and disposal/transfer of activities.

The Army is expanding its efforts to focus on completion, thereby freeing up much needed resources for our warfighting mission. We are accomplishing this through management initiatives that emphasize comprehensive program reviews—scrutinizing remedies, applying new technologies, providing additional technical expertise and training, and resource optimization—focusing resources on selected installations; and increased partnering and stakeholder outreach—enabling us to accelerate the cleanup by reaching agreement early in the process.

The Army has several review tools that have made significant improvements across programs, primarily through measuring cost-effectiveness. Groundwater Extraction Treatment Effectiveness Reviews, Principles of Restoration Workshops, Focused Technical Review, and Exit Strategy Meetings are all designed to take a close look at a specific portion of the program and hold it up to intense scrutiny.

For example, the Groundwater Extraction Treatment Effectiveness Review has optimized efficiencies directly through the implementation of the Groundwater extraction and Treatment Evaluation Review program since 1999. To date, this program has reviewed over 20 existing and proposed groundwater remedies at Army installations across the country and has identified approximately $45 million potential life cycle cost avoidances at those installations during the past year alone.

An innovative contracting mechanism that is significantly different from the standard cost-plus type environmental restoration contract is the Guaranteed/Fixed Price Remediation (G/FPR) contract. Although it is currently being used only at BRAC sites, active sites, and FUDS, properties may also use G/FPR contracts more frequently in the near future. A G/FPR contract was awarded for Fort Gordon in fiscal year 2001, and one is scheduled for award at Fort Leavenworth in fiscal year 2002. Under a G/FPR contract, the Army maintains ownership of the site while the contractor performs the cleanup, negotiates with regulators, and guarantees regulatory closure for a fixed price. The fixed price element of the contract protects the Army from costly overruns associated with any unknown contamination found on a site and transfers the risk of cost overruns to the contractor. The contractor, in turn, obtains private insurance to protect from costs associated with the cleanup of previously unknown contaminants.

The Army is currently piloting the concept of a regionalized long-term monitoring/long-term operation contract in EPA Region VII. The intent of a regionalized contract is to gain efficiencies in conducting similar efforts in bulk. The current pilot covers Long Term Management/Long Term Operation (LTM/LTO) activities at active installations, BRAC installations, and FUDS properties. If successful, regionalized contracts may be implemented in other regions and may include environmental compliance activities.

ENVIRONMENTAL QUALITY TECHNOLOGY

The Army's Environmental Quality Technology (EQT) Fiscal Year 2003 budget request is $52,669,000, which is an increase of $19 million over the fiscal year 2002 budget request. This will fund continuing Army research, development, and test and evaluation to address the Army's high priority EQT requirements, and the request supports the increased investment in range sustainability, reduction of ownership costs, and a high rate-of-return on investment of limited EQT resources.

Illustrative of our fiscal year 2003 programs are initiatives like range sustainment and the identification and discrimination of UXO. The Army EQT training range-related programs use a holistic approach to resolve environmental issues that impact military readiness. The program addresses a comprehensive suite of historic and emerging range-related environment and safety issues that include UXO, impacts of explosives, contaminated soils and groundwater, dust control, and land rehabilitation. In addition, sustainability of ranges is an overarching concept, which incorporates appropriate sustainable design elements into planning, design, construction, and operation and maintenance functions to enhance and balance total life cycle costs affecting environmental, safety, and occupational health issues impacting soldiers, installations, and adjacent communities.

Unexploded ordnance and munitions' constituents present a significant challenge to installations seeking to manage and clean up their test and training ranges, sites designated for BRAC, and FUDS. Current technologies used to identify, discriminate, and address clean up practices for UXO and munitions constituents are, for the most part, neither cost nor time efficient. Development of new technologies capable of detecting UXO with high detection rates and low false alarm rates to drastically reduce the cost of site characterization and cleanup are needed. Development of these technologies is among the highest priority for the EQT Program, and the DOD community. The Army has recognized the importance of this problem and has fully funded its UXO technology program that seeks to resolve the detection and discrimination problem.

The EQT Program is an increasingly robust vehicle for identification of Army requirements. Because of its inherent fiscal accountability, the program provides senior leadership the confidence to champion its programs. Through this program, the Army continues to establish environmentally compatible installations and weapons systems through development and exploitation of technology, without compromising mission readiness or training. The Office of the Secretary of Defense has placed the Army EQT process in the forefront as an appropriate model to be used to identify, prioritize, and resolve high priority EQT requirements.

FISCAL YEAR 2003 SUMMARY

Mr. Chairman, our fiscal year 2003 budget is a balanced program that permits us to execute our construction programs; provides for the military construction required to improve our readiness posture; provides for family housing leasing, operations, and maintenance of the non-privatized inventory; and initiates privatization at seven additional installations. This budget request further provides for protection of training lands, environmental compliance with Federal and State regulations, restoration of contaminated sites, and important technology and pollution prevention

initiatives in support of Army infrastructure, material systems, and operations and training. 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 and technology. We will continue to streamline, consolidate, and establish community partnerships that generate effective relationships and resources for infrastructure improvement, continuance of services, and improved quality of life for soldiers, their families, and the local communities of which we are a part.

The fiscal year 2003 request for the active Army is for appropriations and authorization of appropriations of $2,882,141,000 for military construction, Army and Army Family Housing.

The request for appropriations and authorization of appropriations is $101,595,000 for military construction, Army National Guard and $58,779,000 for the military construction, Army Reserve.

The request for appropriations and authorization of appropriations is $1,580,492,000 for the Army environmental program.

Mr. Chairman, this concludes my statement. Thank you.

Senator AKAKA. Thank you for your statement. As I said earlier, your full statements will be placed in the record, and the chair would appreciate it if you could abbreviate your statements.

Secretary Johnson.

STATEMENT OF HON. H.T. JOHNSON, ASSISTANT SECRETARY OF THE NAVY (INSTALLATIONS AND ENVIRONMENT)

Secretary JOHNSON. Thank you, Mr. Chairman, distinguished members of the subcommittee. I am H.T. Johnson, Assistant Secretary of the Navy for Installations and Environment, and I will try to abbreviate my comments.

We have done well in the current budget in installations. We have $9.3 billion associated with installations, versus $8.9 billion last year. Overall we have increased in MILCON, as I will point out in a moment.

Our Secretary and our services believe in quality of service, which has two components: quality of life and quality of performance. We have tilted our funding this year on quality of life for our marines, sailors, and their families. We are also concerned about the quality of performance and life for our civilians and contractor teams associated with the Department of the Navy.

We have increased our housing construction and improvement by 15 percent. This has allowed us to build 1,147 new homes and renovate over 3,000 others. We have also funded a lot for bachelor housing. Many of you might not realize that 31,000 of our sailors do not have a room ashore. When their ship is in home port they have to sleep on the ship. We have a commitment to provide rooms for them. We will need your help in some of those areas. Since 5,000 of those sailors are in Japan, we will convince them to fund that part. However, we have 26,000 to take care of and we hope to have everybody ashore provided a room by 2008.

We have also added $269 million to better sustain our facilities. This is 15 percent above last year's enacted level.

Unfortunately, our military construction is down to $948 million for the Active and Reserve Forces. This is the second highest. Last year was higher, about $1.1 billion, so we are down a little bit there. But as Mr. DuBois mentioned, BRAC was not even mentioned in this process to my knowledge. It certainly did not play a role.

We are fully funding our environmental compliance, conservation, and pollution accounts. We have made great strides, which are explained fully in our statement for the record. We have cleaned up more than we had planned and we are ahead of schedule. The former BRAC bases were fully funded last year, and next year we have even increased funding by 22 percent to $261 million.

We are making good progress on closing out these BRAC bases. I have a personal interest in closing them out, not just cleaning them up and holding onto them, and our Secretary supports that very strongly.

As Mr. DuBois mentioned, Secretary Rumsfeld reduced the time line to get quality housing for family members to 2007. The Navy meets that goal and the Marine Corps beats it by 2 years, so we are in good shape there.

We have been very fortunate in the housing privatization process. The public-private ventures or partnerships have worked very well. We have a total of 6,600 that have been completed, 1,800 under way, and another 12,000 at 7 locations that we are looking at.

I believe we have great opportunity to take that same principle and carry it into homes for our bachelors. We have not always taken good care of our bachelors, and we believe this is a way that we can make good homes a self-sustaining entitlement for our families as well as our bachelors.

It would not be proper if I did not take credit for the Department for the great job that our marines and sailors have done in our energy program. Last year there were four awards at the national level. We got two of the four, and that just speaks on the dedication our individuals have. One of those was in southern California, and certainly last year they had challenges there.

One major challenge that we continue to face and one that Mr. DuBois mentioned is encroachment. We have put a lot in our statement about encroachment. We are taking it on as a Department, and more importantly, we are working to make sure that we can provide realistic combat training on land and in the air for our troops, as well as testing new equipment.

We are getting good cooperation from other agencies. I have been very impressed by that.

We never seek blanket environmental exceptions from military needs. From the deck plate to the training range, we will continue to abide by all of the National, State, and local environmental standards. We do want to try to work some balance into some of the areas that we have difficulty on regarding encroachment, such as the Endangered Species Act, the Migratory Bird Act, and the Marine Mammal Protection Act. This is a complex issue and we are dedicated to face it. We realize that as time goes on this encroachment issue will grow larger.

We have looked at Camp Pendleton *ad nauseam* for the last few months. It separates Los Angeles and San Diego and there is not much on each side, so we have a great problem.

We share your desire to earn the trust of the American people. I believe that DOD is a recognized leader in environmental stewardship. We are the ultimate defender of our environment as well

as our Nation, and we have to find the right balance to prepare for that ultimate mission.

Thank you, Mr. Chairman. I look forward to answering your questions.

[The prepared statement of Secretary Johnson follows:]

PREPARED STATEMENT BY HON. H.T. JOHNSON

Mr. Chairman and members of the subcommittee, I am H.T. Johnson, Assistant Secretary of the Navy (Installations and Environment). I appreciate the opportunity to speak to you today on the Department of the Navy's shore infrastructure and environmental programs.

We are all justifiably proud of the way this Nation's military forces have responded to the September 11 terrorist acts in New York, Pennsylvania, and Washington, DC. From providing increased security for homeland defense at airports and port facilities against future potential threats, Tomahawk cruise missiles fired from ships and submarines, and carrier-based Navy and Marine Corps aircraft providing 80 percent of the combat sorties over Afghanistan, sailors and marines have served proudly and with distinction to eliminate terrorist threats in what was previously considered a landlocked sanctuary. In Operation Enduring Freedom and the global war on terrorism, on-station Naval Forces were first to respond, fight, and secure U.S. interests.

It takes highly trained and motivated individuals, using advanced technologies and weapon systems, to successfully pursue U.S. military objectives. Our bases and stations provide direct and indirect support to forward-deployed Naval Forces. Perhaps more importantly, such installations are the means by which Naval Forces are formed, trained, maintained, and housed. Our environmental programs help ensure our continued use of military training areas on land and at sea, while also complying with national and international environmental standards.

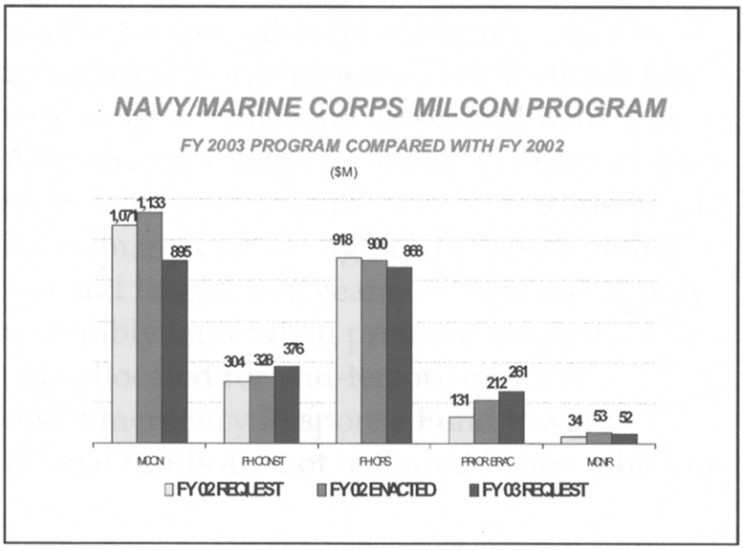
The Secretary of the Navy has repeatedly said people are our most important asset. Military pay and benefits are obviously important. But members of this subcommittee know that a modern, well maintained infrastructure is a very strong "people" program; it's the pier, hangar, warehouse, and where sailors, marines, civilian employees, and contractors report to work; it's the classroom and the training range where they learn and hone their skills; it's the nice home in a good neighborhood where our military members and their families live. It's also the commitment to effective safety and occupational health programs that protects them from the daily hazards they face, whether on the job or off. The military mission is inherently a dangerous one. Whether it is training for the mission, carrying out the mission, or preparing the weapons and weapon systems that may be employed, we need to, and are, pursuing a vision of zero mishaps for the future by institutionalizing operational risk management, embracing best business practices, and adopting key safety technologies.

I will begin by summarizing our fiscal year 2003 budget request, and follow with more details in each program area.

THE FISCAL YEAR 2003 BUDGET

Shore Infrastructure Budget

The Department of the Navy shore infrastructure budget includes these appropriations: military construction, Navy; military construction, Naval Reserve; family housing, Navy and Marine Corps; Base Realignment and Closure; and the operations and maintenance accounts which provide base support and sustainment, restoration, and modernization.



Our fiscal year 2003 infrastructure budget request continues the progress we have made in last year's budget. Our budget request of $9.3 billion represents a 4.5 percent increase over the enacted fiscal year 2002 level of $8.9 billion. While maintaining the overall forward momentum, we have emphasized housing and the sustainment of our existing facilities, consistent with the priorities of the Secretary of Defense, the Secretary of the Navy, the Chief of Naval Operations, and the Commandant of the Marine Corps. There are notable gains in these areas.

Housing is a cornerstone of our efforts. The fiscal year 2003 family housing construction request totals $376 million, a 15 percent increase over the fiscal year 2002 enacted level of $328 million. This funding will allow us to build 1,147 new homes (all but 65 are replacement construction) and renovate 3,137 existing homes. Included in this improvement request is $33 million for privatization at Pearl Harbor, Hawaii. Our family housing operations and maintenance request totals $868 million, a 4 percent reduction below the fiscal year 2002 enacted level. This reduction is due to a net reduction of approximately 5,000 government owned homes, primarily the result of privatization efforts.

FY-2003 DoN Family Housing Construction				
Location	Homes		$M	
Construction				
Lemoore, CA	178	$	41.0	*
New London, CT	100	$	24.4	*
Mayport, FL	1	$	0.3	
Meridian, MS	56	$	9.8	*
Larissa, GR	2	$	1.2	
St. Mawgan, UK	62	$	18.5	
Twentynine Palms, CA	76	$	19.4	*
Kaneohe Bay, HI	65	$	24.8	*
Camp Lejeune, NC	317	$	43.7	*
Quantico, VA	290	$	41.8	*
Improvements (Various Locations)				
Navy	2,928	$	123.9	
Marine Corps	209	$	15.6	
Planning & Design		$	11.3	
Total Construction	**4,284**	**$**	**375.7**	
* Replacement construction				

Our military construction request for the active component totals $895 million, consisting of 43 Navy and 19 Marine Corps projects. The facts are that there are other pressing requirements, most of which are associated with the conduct of the war on terrorism. After the September 11 attack, the Department was required to make some difficult choices to pursue the war on terrorism. The Secretary had to achieve balance across many competing needs. This military construction budget request is the second largest in 6 years. It is exceeded only by our fiscal year 2002 request, and is considerably larger than previous requests. We are planning to use some of the funds allocated for anti-terrorism/force protection (AT/FP) from the Defense Emergency Response Fund (DERF) toward military infrastructure. These additional funds are not included in any tables or other discussion in this statement.

Nearly three-quarters of the military construction request is for restoration and modernization projects. Consistent with our focus on solving housing needs, the active military construction request includes a robust bachelor housing effort totaling $275 million to construct, improve and replace 4,360 bachelor-enlisted quarters beds. There is also $69 million for six Navy and two Marine Corps quality of life projects, including fitness centers and dining facilities. We have included $69 million for planning and design efforts, and raised our request for unspecified minor construction to $23 million under the expectation that further AT/FP efforts will be needed.

Military Construction, Navy		
Type of Facility	**Navy (# projects/$M)**	**Marine Corps (# projects/$M)**
Quality of Life	12/$270M	6/$73M
Operational	15/$118M	1/$3M
Training	1/$6M	2/$10M
Maintenance/Storage	3/$63M	8/$75M
Utilities	2/$34M	1/$5M
RDT&E	1/$9M	

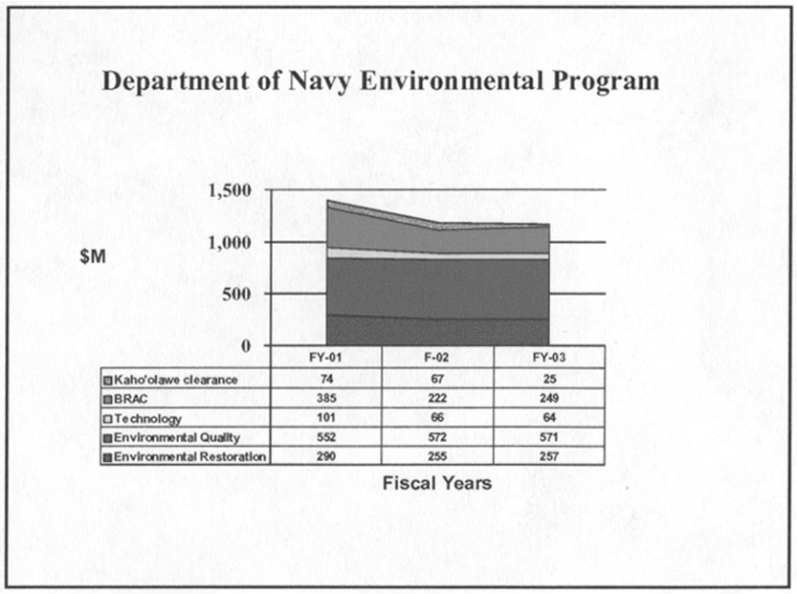
Our military construction, Reserve request totals $52 million, about the same as the fiscal year 2002 enacted level. There are six Navy (including a bachelor enlisted quarters for 92 spaces) and three Marine Corps projects totaling $48 million, $2.5 million for planning and design, and $1 million for unspecified minor construction.

Our prior Base Realignment and Closure request totals $259 million, a 20 percent increase over the fiscal year 2002 enacted level of $215 million. This funding supports caretaker functions and cleanup of contamination at base closures under the four previous rounds (i.e., BRAC 1988, BRAC 1991, BRAC 1993, and BRAC 1995). This request meets all current regulator and community expectations for cleanup at our BRAC bases. I am pleased to report we have resolved our fiscal year 2002 shortfall as a result of the additional funds provided by Congress, the availability of land sale revenue, and the use of prior year BRAC funds which we have determined are no longer needed for their original intended purpose. These prior year BRAC funds are being reallocated to fund fiscal year 2002 BRAC cleanup needs.

Our sustainment, restoration, and modernization (SRM) funded by operations and maintenance accounts request totals $2,066 million, a 15 percent increase over the fiscal year 2002 enacted level of $1,797 million. This $269 million increase in funding allows the Marine Corps to achieve 92 percent, and Navy 84 percent, of the sustainment requirement for the existing facilities inventory based on the current requirements model. This provides the highest level of sustainment funding achieved using this metric, considerably higher than the estimated 80 percent for Marine Corps in fiscal year 2002, and the estimated 71 percent Navy average over the 3 previous years.

Environmental Budget

Our environmental budget request totals $1.2 billion, the same as the fiscal year 2002 enacted level of $1.2 billion. Environmental quality is the single largest portion of the environmental budget. Funding for this function is contained in a number of different DON accounts: the active and Reserve operations and maintenance appropriations for Navy and Marine Corps; other procurement, Navy; military construction, Navy; military construction, Naval Reserve; research, development, test, and evaluation, Navy; and Navy working capital fund. This level of funding supports the basic environmental compliance, conservation, and pollution prevention functions at our bases, e.g., personnel salaries, environmental permits and fees, environmental sampling and laboratory analysis, and hazardous waste disposal costs. It also funds all known one-time compliance projects to meet fiscal year 2003 Federal, State, and local environmental standards such as the Clean Water Act, Clean Air Act, Safe Drinking Water Act, Resource Conservation and Recovery Act, and Act to Prevent Pollution from Ships.



	FY-01	F-02	FY-03
Kaho'olawe clearance	74	67	25
BRAC	385	222	249
Technology	101	66	64
Environmental Quality	552	572	571
Environmental Restoration	290	255	257

The environmental restoration program, also called the cleanup program, is designed to clean up contamination at current active Navy and Marine Corps bases. Cleanup funding at active bases is on par with last year, and provides sufficient funds to meet all legal agreements now in place with EPA and the States while continuing consistent progress to program completion in 2014.

The budget request continues a large environmental research and development effort, primarily aimed at resolving current and future marine environmental issues for our ships. For example, the budget request includes $10 million for marine mammal research to better understand behavior, habitat, and sensitivity to sound generated in the water.

The Navy is approaching the end of a 10-year effort to clear ordnance at Kaho'olawe, a small, uninhabited island in Hawaii that served as a naval bombing range for over 50 years. The fiscal year 2003 budget request of $25 million is the same as the fiscal year 2002 budget request. Although the clearance effort will not achieve full clearance of unexploded ordnance, it has already met the goals of Public Law 103–139 to allow public access for cultural, religious, and educational purposes. In accordance with this statute, the Navy will conclude its clearance efforts, and turn over access control of Kaho'olawe to the State of Hawaii in November 2003. We are grateful for the close cooperation we have received from the Kaho'olawe Island Reserve Commission on behalf of the State of Hawaii.

I would now like to address specific program areas in more detail:

HOUSING

We have two overarching housing principles:

- Our sailors and marines, and their families, are entitled to quality homes; and
- Housing that we provide, either directly through ownership or indirectly through privatization, must be self-sustaining over the long term. "Self-sustaining" means that we must ensure that the resources are there to operate, maintain, and recapitalize the home throughout its life.

Family Housing

Our family housing strategy consists of a prioritized triad:

1. *Reliance on the Private Sector.* We rely first on the local community to provide housing for our sailors, marines, and their families. Three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent

homes in the community. Our bases have housing referral offices to help newly arriving families find suitable homes in the community.

2. *Private Financing through Public/Private Ventures (PPVs).* With the strong support from this subcommittee and others, we have successfully used statutory PPV authorities enacted in 1996 to partner with the private sector and meet our housing needs, in part, through the use of private sector capital. These authorities, which I like to think of in terms of public/private partnerships, allow us to leverage our own resources and provide better housing faster to our families. We are aggressively seeking additional opportunities to meet our housing needs through the use of PPVs.

3. *Military Construction.* Military construction will continue to be used where PPV authorities don't apply (such as overseas) or where they don't make financial sense for the Department.

Some years ago, the Secretary of Defense established a goal to eliminate inadequate military family housing units by fiscal year 2010. Secretary Rumsfeld recently accelerated that goal by 3 years, to fiscal year 2007. Through a combination of increased funding and increased use of PPV authorities, I am pleased to say that the Navy and Marine Corps have stepped up to the challenge: the Navy will meet the Office of the Secretary of Defense (OSD) goal and eliminate their inadequate family housing by fiscal year 2007. The Marine Corps will exceed the goal and eliminate their inadequate housing by fiscal year 2005.

Bachelor Housing

Our budget request continues the emphasis on improving living conditions for our unaccompanied sailors and marines. While we are nearing the achievement of our goal for improving family housing, our track record in addressing the housing needs of our single members has been uneven. One of our top priorities is to focus attention and resources on improving bachelor housing. There are three challenges:

1. *Provide Homes Ashore for our Shipboard Sailors.* There are approximately 31,000 sailors worldwide who are required to live aboard ship even while in homeport. This situation is unacceptable. The recent change in law allowing E4s to receive BAH is a step in the right direction. Under current levels of funding, the Navy estimates that it will be able to achieve its "homeport ashore" initiative by fiscal year 2008. Our fiscal year 2003 budget includes two "homeport ashore" projects that will provide homes ashore to 764 shipboard sailors at Norfolk, VA and Bremerton, WA. Through continued emphasis on military construction and the use of private financing authorities for bachelor housing, I strongly believe we can, and must, do even better.

DON Barracks Construction Request

Location	Spaces	$M
NS Norfolk, VA	500	$ 37.3 *
NAF Andrews, MD	120	$ 9.7
NTC Great Lakes, IL	1,056	$ 43.4
NTC Great Lakes, IL	1,056	$ 41.7
NWS Yorktown, VA	168	$ 15.0
JHCS Larissa, GR	40	$ 14.8
CNM Guam	72	$ 13.4
NS Bremerton, WA	264	$ 35.1 *
NAS Atlanta, GA	92	$ 6.7
MCB Camp Pendleton, CA	400	$ 23.2
MCAGCC 29 Palms, CA	384	$ 25.8
MCB Quantico, VA	200	$ 10.3
MCB Quantico, VA	100	$ 5.0
Total	4,452	$281.5

2. *Ensure our Barracks Meet Today's Standards for Privacy.* We are continuing our efforts to construct new and modernize existing barracks to provide increased privacy to our single sailors and marines. The Navy applies the "1+1" standard for permanent party barracks. Under this standard, each single junior sailor has his or her own sleeping area and shares a bathroom and common area with another member. To promote unit cohesion and team building, the Marine Corps was granted a waiver to adopt a "2+0" configuration where two junior marines share a room with a bath. Both configurations allow for more private quarters for our senior sailors and marines. Our fiscal year 2003 request reflects a recent change in OSD criteria that gives the services flexibility to adjust the proportion of living area and common space within an overall limitation of 66 square meters (710 square feet) per module. The Navy will achieve these barracks construction standards by fiscal year 2013; the Marine Corps by fiscal year 2010.

3. *Eliminate gang heads.* The Navy and Marine Corps remain on track to eliminate the inadequate barracks with gang heads for permanent party personnel.[1] The Navy will achieve this goal by fiscal year 2008; the Marines by fiscal year 2005.

Family Housing Privatization

We are using a two-step approach for PPV. The first step (Request for Qualifications (RFQ) phase) allows a list of proposers to be narrowed to those who are judged to be highly qualified on the basis of their experience, financial capabilities, and vision for meeting our needs. Those proposers judged to be "highly qualified" (typically four to six) are then invited to submit technical and financial proposals to achieve our project objectives. We then select a preferred developer with whom we enter into exclusive negotiations. In all PPV projects, we have established the following objectives:

DoN Family Housing Privatization Projects Awarded

Location	# homes
Corpus Christi/Ingleside/Kingsville, TX	404
Everett, WA	185
Kingsville (II), TX	150
Everett (II), WA	288
San Diego, CA	3,248
New Orleans, LA	935
South Texas, TX	661
Camp Pendleton, CA	712
Total Awarded	**6,583**

- Self-sustaining projects that provide for necessary recapitalization over the long-term without additional infusions of cash;
- A legally recognized voice in key decisions made over the life of the agreement;
- Flexibility to accommodate unforeseen changes over the life of the agreement; and
- Protection of government interests and minimization of government exposure in case of default, poor performance, or non-performance.

We have now awarded eight PPV projects totaling 6,583 homes. Through the use of these authorities we have leveraged $135 million in DON funds with $478 million in private sector capital for a combined investment of $613 million in homes for our sailors, marines, and their families. We have effectively expanded our buying power

[1] Gang heads remain acceptable for recruits and trainees.

by stimulating over $4.50 of construction for each $1.00 we have contributed. We currently have two additional projects in procurement (not yet awarded) and another eight projects in planning. All told, the projects, either in procurement or planning, total 13,792 homes.

DoN Family Housing Privatization Projects in Process

In Procurement	# homes
Beaufort/Parris Island, SC	1,165
Stewart Army Subpost, NY	171
Total in Procurement	**1,836**
In Planning	
Northeast Region	564
Lakehurst, NJ	212
Oahu Regional, HI	1,978
Mid-South, TN	626
San Diego (II), CA	4,981
Hampton Roads, VA	TBD
Camp Pendleton (II), CA	3,595
Total in Planning	**11,959**

TBD – To be determined

Private Financing Alternatives for Bachelor Housing

I believe that there are real opportunities for applying PPV authorities to our barracks needs. We held an industry forum last November with developers, lenders, and property managers. We learned that there is a potential to use private sector financing to improve bachelor housing. We are developing three bachelor housing pilot projects—Hampton Roads, VA; Camp Pendleton, CA (Del Mar); and Quantico, VA (Basic School). We look forward to bringing these proposals to the subcommittee in the near future.

Housing Issues

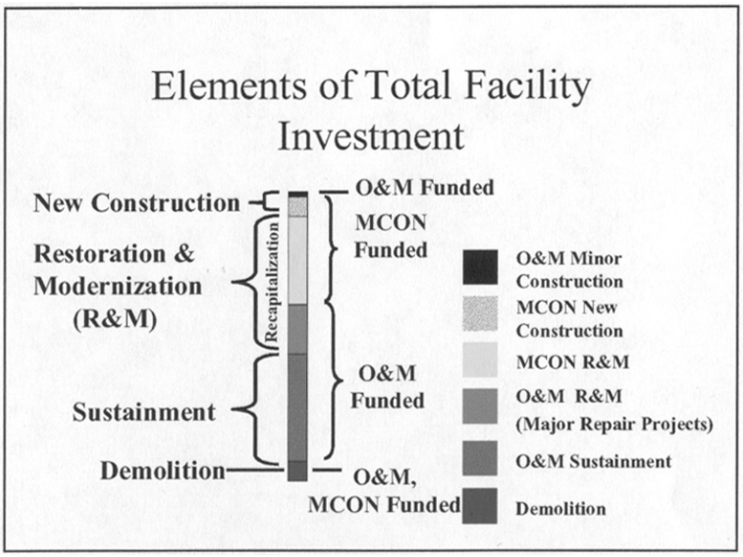
We appreciate Congress extending the military housing public/private venture authorities to 2012. DOD is considering additional legislative changes to improve our efforts in family housing and remove obstacles for the application of these authorities to bachelor housing, such as combining family and bachelor housing privatization accounts into a single fund to facilitate joint projects.

FACILITIES

Sustainment, Restoration, and Modernization

With this budget, the DON is implementing the new DOD methodology for facilities maintenance and repair. Sustainment is the amount of funding required for scheduled maintenance and facility component repairs over the expected service life of the facility. It does not improve the condition or readiness of the facility. It is calculated using the DOD Facilities Sustainment Model (FSM), which considers facilities quantity data (most often square feet), and unit cost factors (most often dollars per square foot) derived from private industry. The calculated sustainment requirement is unique to the DON infrastructure inventory and adds consistency and audit ability in determining our requirement. FSM projects inventory gains (new construction) and losses (demolition, privatization, excess facilities) to arrive at a total sustainment requirement. The sustainment metric is the percentage funded of the FSM generated requirement. While competing budget pressures precluded us

from doing better, this budget request meets more than 85 percent of the Department of Navy FSM calculated requirement—much better than in previous years.



Restoration and modernization (R&M) is the portion of SRM that goes beyond sustainment to improve the condition and readiness of the facility, using operations and maintenance as well as military construction funds. The operations and maintenance funds help to correct poorly rated facilities and to recapitalize the inventory. R&M requirements are based on an investment level to achieve a DOD average 67 year recapitalization rate, with all facilities satisfactorily sustained. Over the FYDP, R&M (O&M and MILCON) is funded to eliminate facility deficiencies by 2013. The fiscal year 2003 recapitalization rate is 122 years and the FYDP (03–07) average is 83 years.

Anti-terrorism/Force Protection

Every installation has increased its security posture since the attacks of September 11. Additional security personnel, technology (security systems, detection devices), security fencing, barriers, security boats, and training are being used to enhance our AT/FP posture. The SRM budget includes $147 million in AT/FP projects. These measures include shatter resistant windows, structural reinforcement, and building hardening.

The military construction budget request has incorporated AT/FP measures within the scope of each project, where appropriate. These measures include standoff distances, shatter resistant windows, structural reinforcement and building hardening. These features account for $17.5 million within the projects requested in the fiscal year 2003 MILCON program.

There are seven military construction projects totaling $107 million that support specific AT/FP enhancements and/or improvements. These projects were identified after the September 11 attacks:

- Advanced Explosive Ordnance Disposal Training Facility, Eglin AFB, FL—$6.4 million;
- Shoreline Security Fencing, Naval Station, Norfolk, VA—$2.0 million;
- Installation Services Support Center, Naval Support Activity, Bahrain—$26.0 million;
- Parking Garage and Perimeter Security Upgrade, Naval Air Station, Sigonella, Italy—$19.6 million;
- AT/FP Improvements, Naval Shipyard, Kittery, ME—$11.6 million;
- AT/FP Improvements, Naval Shipyard, Portsmouth, VA—$19.7 million; and
- AT/FP Improvements, Naval Shipyard, Puget Sound, Bremerton, WA—$21.7 million.

Building Demolition

Our centralized demolition program remains a success story. Defense Reform Initiative Directive 36 directed the Navy and Marine Corps to dispose of excess facilities over the period of fiscal year 1998 through fiscal year 2002. Navy will exceed its goal of 9.1 million square feet (MSF) in fiscal year 2002. The Marine Corps met its goal of 2.1 MSF in fiscal year 2000. Both Services will continue the demolition program. Our fiscal year 2003 budget request continues this effort, with Navy planning to spend $42 million on 50 projects to demolish 2.0 MSF and Marine Corps planning to spend $5 million on 15 projects to demolish 0.5 MSF. The Navy has expanded the use of the central account funds to allow limited relocation and repair costs to consolidate functions before demolishing the vacated building. These actions will eliminate obsolete excess facilities, and further reduce SRM needs.

Energy and Utilities Privatization

To comply with Executive Order 13123 goals, Federal agencies must reduce energy consumption 30 percent by fiscal year 2005 and 35 percent by fiscal year 2010, using fiscal year 1985 as the baseline. I am pleased to report that we have reduced consumption by nearly 25 percent through fiscal year 2001, exceeding our target of 24 percent. To meet these goals, we are implementing energy efficient technologies, conducting energy awareness programs, and using private sector expertise. I am delighted that the DON energy program received two of the four government wide Presidential Energy Awards presented by the Vice President at a ceremony on October 18, 2001.

We are also expanding the use of geothermal energy production at Naval Air Warfare Center China Lake, CA and Naval Air Station Fallon, NV. This gives us a cost efficient method to use private sector financing to generate additional energy in the western U.S. while using our land for military training needs.

Defense Reform Initiative Directive 49 directed the services to privatize their natural gas, water, wastewater, and electrical systems except where uneconomical or where precluded by unique security reasons. Privatization is expected to reduce total ownership costs while upgrading the reliability of our utility systems. The DON is continuing efforts to privatize, where economically beneficial, 704 systems at 122 activities worldwide by fiscal year 2005. Proposals are now being evaluated to privatize utility systems at the Marine Corps base at Twentynine Palms, CA, and Navy and Marine Corps installations in the Great Lakes and Washington, DC regions.

Facilities Issues

The DOD is considering a number of facilities related proposals, including:

- *Reduction in long-term facility maintenance costs.* Expands the demonstration program under Section 2814 of the National Defense Authorization Act for Fiscal Year 2002, now limited to the Army, to allow a single contractor to design, build, operate, and maintain facilities funded with military construction funds. It would allow additional demonstration projects that seek to reduce life cycle costs for facilities within the DOD.
- *Conveyance of surplus real property for natural resource conservation purposes.* Allows the transfer of environmentally sensitive property with endangered species habitat to a non-governmental organization. This type of property can now only be transferred to governmental entities. This proposal would expand the field of potential recipients, expanding the opportunity to dispose of excess property that has limited commercial development potential.
- *Amend 10 U.S.C. 2810 Construction Projects for Environmental Response Actions.* Based on Congress' new definition of repair, the Services are not able to continue to define environmental restoration of soil as repair. The unintended consequence of this redefinition is that these cleanups would have to be classified as MILCON, with all of the necessary approvals inherent with that funding source. This proposal would return the status of environmental restoration projects as repair and allow these cleanup projects to be funded from the environmental restoration accounts in the DOD Appropriations Bill. Notification would be submitted for projects estimated over $10 million.

PRIOR BASE REALIGNMENT AND CLOSURE

Status

We are now in the home stretch to complete environmental cleanup and property disposal from the four prior rounds of BRAC, 1988 under Public Law 100–526 and

1991, 1993, and 1995 under Public Law 101–510. We were authorized to implement a total of 178 actions consisting of 46 major closures, 89 minor closures, and 43 realignments. We have completed closure and realignment of all bases except one move from leased space to government owned space.

FY-2001 BRAC HIGHLIGHTS

- Cecil Field, FL: 29 acre parcel transferred to the city of Jacksonville, FL with no-cost economic development authority. Of the 17,037 acres, just 768 acres remain to be conveyed.
- Trenton, NJ: final 27 acres of the former Naval Air Warfare Center was sold for $1.2 million.
- Long Beach, CA: 323 acres transferred to the City of Long Beach under a Port Public Benefit Conveyance. Of the original 1,483 acres, only 235 acres remain to be conveyed.
- El Toro, CA: 901 acres conveyed to the Federal Aviation Administration.
- Barbers Point, HI: 148 acres transferred to the Hawaii National Guard.
- Philadelphia, PA: the last 2.9 acres of the Naval Complex were conveyed to the Philadelphia Authority for Industrial Development
- Perth Amboy, NJ: 3 acres of the former Naval Reserve Center were sold for $1 million.

Our focus is now on cleanup and property disposals for 595 parcels at 90 installations. I am pleased to report that to date we have transferred 354 parcels comprising over 69,000 acres. Conveyance actions are complete at 60 of the 90 installations. Still to go are 241 parcels at 30 installations. Completing environmental cleanup is generally the critical path to conveyance. The fiscal year 2003 budget is sufficient to meet all regulator requirements and commitments to local redevelopment authorities.

A Look Ahead

We have ambitious plans for property disposals during the remainder of fiscal year 2002 and into fiscal year 2003. At Mare Island we have signed early transfer agreements that will convey approximately 3,670 acres to the city of Vallejo and the State of California for economic use and development. At Hunters Point, the Secretary of the Navy signed an agreement with the city of San Francisco to work with a public/private partnership to accelerate the conveyance of this property. At the former Oakland Naval Hospital, we have initiated action with the General Services Administration to sell the 174-acre property by public sale. We are nearing conveyance of the final parcels at each of the following locations: Annapolis, Long Beach, Louisville, Naval Activities Guam, New London, and Orlando, with another seven locations working toward planned transfer in fiscal year 2003.

I will now discuss our environmental efforts, particularly with respect to mounting concerns about our ability to sustain military readiness.

ENVIRONMENTAL PROGRAMS

Sustained Readiness

Military readiness is essential to the security of the United States, to the protection of the lives and well-being of our citizens, and to the preservation of our freedoms, economic prosperity, and our national heritage. A well-trained military is a principal component of military readiness. To be well-trained and prepared, sailors and marines must train in the same manner as they fight. Military lands and training ranges (including land, sea and air training and operating areas) exist to ensure military preparedness by providing realistic training opportunities, including the use of live ordnance.

Having experienced combat first-hand, I can assure you that there is no substitute for training. In a world where advanced weapons and sensors are available for the

right price, no amount of technology, hardware, personnel, or leadership can substitute for realistic training. When ground forces ashore call for gunfire or close air support in future combat, we cannot afford to have the ship or aircraft crew learn on the job.

Population growth, economic development, increased land use, expansion of conservation and recreational areas, and urban and suburban sprawl, along with State and Federal environmental laws and regulations, have significantly restricted the military's access to and use of military lands, training ranges, and at-sea operating areas (OPAREAS), and limited its ability to engage in live-fire training. This phenomenon—sometimes referred to as "encroachment"—has markedly restricted the military's ability to train realistically and, unless checked, promises to produce further restrictions in the future.

Access restrictions have already negatively affected military readiness and will continue to erode it unless this trend is reversed. In some cases, the application of certain environmental laws and regulations to military lands and training ranges challenges their primary mission as locations for military training.

Navy and Marine Environmental Stewardship

- Marine Corps Camp Pendleton, CA: The endangered least Bell's vireo population has increased from 100 nesting pairs in 1985 to over 1,000 last year.
- San Clemente Island, CA: The Navy spends about $2.5 million per year on habitat preservation and a captive breeding program that has increased the endangered loggerhead shrike from 13 to 166 birds.
- The Navy spent $300 million to install plastic waste processors on all surface ships to avoid discharging plastics overboard during lengthy deployments.
- American Bird Conservancy recently hailed the Department of Defense's participation in Partners in Flight effort, praising its efforts to "defend the stepping stones of bird migration."
- The Navy is pursuing a multi-year research effort to detect, classify, and monitor behaviors, habitat, and migration routes of marine mammal populations using its expertise in underwater sound propagation.

Our goal is to enhance readiness, not to roll back environmental protection. We are not looking for an exemption for everything the military does, but a balanced approach between environmental concerns and unique military readiness needs.

Among the elements of our national heritage protected by the shield of military readiness is our Nation's environment—our land, air, and water as well as the fish, wildlife, and plant species that inhabit them. In addition to defending against foreign threats, the military acts as trustee, helping to protect the environment by its prudent and conscientious management of natural resources. Largely as a result of this stewardship, military lands present favorable habitats for plants and wildlife, including protected species.

The DOD is a recognized leader in environmental stewardship and will continue to protect the Nation and the environment. We must have the flexibility to use military lands and OPAREAS for national defense as the first priority. There are numerous examples of environmental considerations that limit training opportunities, and increase the challenge of sustaining readiness.

The designation of critical habitat under the Endangered Species Act (ESA) can undermine the purposes for which military lands have been set aside. Under the ESA, if an agency action may affect critical habitat, that agency is required to ensure that its action does not destroy or adversely modify designated habitat. We believe that designation of critical habitat on lands under military control will adversely affect military readiness. The courts have held that critical habitat is intended for species recovery. Once critical habitat is designated, such lands must be used first for species recovery. Hence, the designation of critical habitat is a bar to any land use that diminishes the value of that land for species recovery.

The DOD is already obligated under the Sikes Act to develop Integrated Natural Resource Management Plans (INRMP) for lands under military control. These

INRMPs address management of natural resources in the context of the military mission for which the lands were placed under the control of the military services. Because INRMPs are prepared in cooperation with the Fish and Wildlife Service (FWS) and State agencies, these agencies recommend ways for DOD installations to better provide for species conservation and recovery. The Sikes Act, however, preserves the principal purpose of providing the military with lands on which to test, train, and support military readiness.

Nowhere is the potential impact of critical habitat designation on the use of military lands for military training more apparent than in Southern California, especially with respect to Marine Corps bases in that locale. In February and March 2000, FWS proposed designation of 16,000 acres (more than half) of Marine Corps Air Station, Miramar for critical habitat. Areas proposed for designation included runways and other structures, although the runways and facilities themselves were not included. FWS also proposed critical habitat designation on about 57 percent of Marine Corps Base, Camp Pendleton, an installation of 126,000-acres. At Miramar, the Marines were able to convince FWS that the INRMP provided sufficient species protections therefore no formal critical habitat designation was made. At Camp Pendleton, FWS determined that the harm to military readiness was greater than the value of critical habitat designation, and scaled back its designation. Non-Federal entities are unhappy with these results, however, and are challenging these decisions in court.

If the challenges are successful, critical habitat designation at Miramar could impede the construction and use of ground support facilities, such as a rifle range. The Marine Corps will also have to consult with FWS for the use of existing runways and other aviation support facilities. At Camp Pendleton, a loss could require the Marine Corps to consult on training on 57 percent of the base. The Corps is already modifying training on that portion of the base currently designated as critical habitat: Marine Expeditionary Unit (MEU) amphibious landing exercises are seasonally restricted to only one beach at Camp Pendleton. In March 2000, the 13th MEU was restricted to 500 yards out of 17 miles of beach because of a number of encroachment restrictions, including endangered species. Instead of a realistic night time amphibious landing, units coming ashore on Landing Craft Air Cushion (LCACs) vehicles were off-loaded at the LCAC facility before moving inland to continue the exercise. They did not go through the full kinds of training required to prepare to take a hostile beach. This was a very serious degradation of training.

The Navy has worked hard to ensure that its training needs and those of endangered species such as the Western Snowy Plover can co-exist. Naval Air Base (NAB) Coronado has been home to Navy frogmen and SEALs since their inception in World War II. All of the basic skills from diving to hydrographic reconnaissance have been taught on the beaches and in the bays surrounding the base. Since 1996, the Navy has spent about $675,000 per year on conservation and management programs for the birds. That effort has successfully increased nesting by almost 300 percent. Nonetheless, the Navy's stewardship efforts resulted in the loss of training area. Due to encroachment, including the increase in the Western Snowy Plover and the Least Turn population, and the designation of critical habitat for the Pacific population of the Western Snowy Plover by FWS in December 1999, NAB Coronado has lost the use of over 80 percent of its training beaches. The Navy has had to substantially alter training activities or to conduct them elsewhere, both of which disrupt training cycles, increase costs and the already considerable time sailors must spend away from their families *before* leaving for 6-month deployments.

Rather than allowing successful stewardship to evolve into an infringement on training, there must be incentives that encourage continued conservation efforts. The Navy implemented a protection program for the endangered California Least Tern and Western Snowy Plover at Naval Amphibious Base Coronado, CA. Nests were relocated or marked, and areas with marked nests were avoided during training exercises. Over the period of 1993 through 2001, the number of Least Tern nests increased 600 percent and the number of Snowy Plover increased 300 percent. However, the FWS has allowed the Navy to take 10 Least Tern nests and one Snowy Plover nest annually. The Navy has had to move, scale back or drop its amphibious training exercises because of the potential to exceed the number of takes allowed. The Navy has requested an increase in the number of takes. This would allow more effective training, and provide an incentive to continue a program that is manpower intensive and costly.

Litigation under the Migratory Bird Treaty Act (MBTA) may result in restrictions on training at ranges and operating areas. MBTA was enacted more than 80 years ago to regulate commercial duck hunting and conservation of migratory birds. Since a U.S. Circuit Court of Appeals ruling, the MBTA has been viewed by some as a

vehicle for regulating a wide range of activities that affect nearly every species of bird.

Based on the Circuit Court decision, third parties have filed suit challenging the unintentional taking of migratory birds incidental to military training. The Navy has been sued over its use of a small, uninhabited island in the Western Pacific as a target range because the Navy does not have a permit to take migratory birds. We are concerned by the impact of the MBTA on training ranges and activities and are working within the administration to address this issue.

The basic competition between military and conservation interests in the use of on-base resources highlights one area where we have a strong common interest: preservation and enhancement of undeveloped off-base land, water, and air resources. Both military and conservation interests have a major stake in preserving and enhancing the remaining open space surrounding military installations. Recognition of this common interest has led to discussions with State and local governments, as well as non-governmental organizations to develop a partnership approach to addressing our mutual concerns.

Sutainable Readiness Requires:

- Recognition of the military's unique duty to prepare for and win armed conflicts;
- Legislative balance between environmental protection and national defense needs;
- Clarification of ambiguous standards;
- Flexibility to seek mutually optimum solutions;
- No change to routine environmental compliance.

Access for military purposes is an issue at sea as well as ashore. The Marine Mammal Protection Act's definition of "harassment" has been a source of confusion since the definition was included in 1994 amendments to the statute. The statute defines "harassment" in terms of "annoyance" or the "potential to disturb," vague standards that are difficult to interpret. The definition of harassment and its application are pivotal because an authorization to harass marine mammals must be obtained in advance of any activity that would be deemed to constitute harassment. The Navy has had to alter or halt its training and research efforts to eliminate even the possibility that a training event will disturb a marine mammal to avoid the delays and uncertainty with getting a permit under this ambiguous standard. A clearer definition of harassment is needed. We are working with other interested Departments on a legislative proposal to clarify the definition of harassment. The recent recommendations of the National Research Council that focus harassment on significant disruptions to behaviors critical to survival and reproduction may be a worthy approach for this administration to consider. Military training plans could then incorporate these standards in a consistent, balanced manner.

The DOD is working within the administration to identify ways to sustain the readiness of our forces. We must ensure the appropriate balance between military readiness and the environment, clarifying ambiguous statutory and regulatory requirements, finding more flexible ways to protect the environment, and working with conservation organizations to protect the environment within as well as outside the fence of our bases.

Section 1041 of the National Defense Authorization Act for Fiscal Year 2002 directs the Secretary of Defense to prepare a report to the President and Congress on the need for a "Defense Impact Review Process." This process would, if enacted, provide the DOD the opportunity to review the proposed actions of other Federal agencies in order to identify those actions which may have an adverse impact on national defense. We believe that just as the DOD must consider resource protection and conservation when formulating programs or actions, so should other Federal agencies consider national defense considerations. We are working with the Office of the Secretary of Defense and the other services to prepare the required report.

Munitions/UXO

The Department has an aggressive program to manage munitions and unexploded ordnance (UXO) at operational, closed, and transferred ranges. At operational ranges, it is vital that we train our people in the same manner and under the same conditions that they would fight. We also need to ensure that range operations do not present an unacceptable risk to human health or the environment. We plan to conduct comprehensive environmental assessments at each of our operational ranges to ensure there are no environmental threats. To ensure long-term viability of our ranges, Sustainable Range Management Plans will be developed for all Navy and Marine Corps ranges. For closed ranges and properties to be transferred from DOD ownership, we plan to use DOD explosive safety authorities and the procedures prescribed under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) to take appropriate actions (e.g., munitions removal, limiting access) and to cleanup munitions constituents. As part of the DOD Munitions Response Committee, we are discussing the special nature of clearance and cleanup for munitions with State and Federal regulators. The subcommittee has set a goal to develop a collaborative decision-making process for clearance and cleanup of properties with munitions and munitions related contaminants. One of the models for this approach is the successful munitions clearance and cleanup at Adak, AK. The Navy, EPA Region IX, and the State of Alaska worked together to reach agreement on a risk-based process for investigation, clearance, and remediation of the Navy's property at Adak.

Installation Restoration

The installation restoration program, also called the cleanup program, is focused on the investigation and cleanup of contamination at sites located on active Navy and Marine Corps installations. There are 3,656 sites on 200 installations—129 of these installations have on-going cleanup activities while 71 installations are completed.

We have established the following operating principles for the program:

- We will evaluate, and ultimately close out all sites in the program;
- We will use relative risk evaluations and risk management to determine priorities for action within available funding;
- We will maintain a stable funding profile at a level that protects human health and the environment, and makes progress toward fulfilling our legal obligation to address and reach decisions at all sites;
- We will plan, prioritize, and execute the program in open dialogue with regulators and public stakeholders, and ensure meaningful involvement of affected communities; and
- We will expedite cleanups by using formal partnering and the flexibilities and lead agency responsibilities described in Executive Order 12580 and the National Contingency Plan for Oil and Hazardous Substances Spills.

By the end of fiscal year 2001, we had "remedies in place" or "responses completed" at 61 percent of the active Navy and Marine Corps sites. I am pleased to report that fiscal year 2001 was a particularly successful year for us: we improved our process and cleaned twice as many sites while doubling the number of installations where all cleanup actions have been completed, compared to what we had planned to accomplish. Contributing to this success were major improvements in our site management database. More importantly, we have developed formal partnering arrangements with State and Federal regulators. This has led to a more streamlined process with fewer disagreements, which should hold us in good stead for the future.

In 1995, we created a Cost to Complete Index. This index tracks the total remaining cost to complete the program, the cumulative amount invested and the cost avoidance achieved through the implementation of various management initiatives and the application of new technologies. The cost to complete for the program has been reduced from $5.23 billion in fiscal year 1995 to $3.31 at the end of fiscal year 2001, including $570 million in cost avoidance. One of the initiatives that have paid dividends is the Navy's Alternative Restoration Technology Team, which seeks out new technologies and helps our field divisions apply them to site cleanups.

The Navy is working with State and EPA partners on an innovative method to ensure long-term management for land use controls. Land use controls are used to protect public health where residual contamination remains. The Navy has participated in a pilot project where land use controls would be managed by a non-profit, private trust specifically established for this purpose. There are significant advantages for all parties. Transferring responsibility for land use controls would allow the DOD to essentially privatize this function, and allow economies of scale since all land use controls in a State or region, from both public and private parties, could

be managed together. It provides a degree of assurance to regulators and the public that the controls will be monitored and enforced.

Shipboard Environmental Program

The Navy is a world recognized leader in environmental activities, and has invested about $775 million in the last 5 years to identify, develop, test, buy, and install environmentally compliant equipment on its ships. The goal is to ensure that Navy ships are environmentally benign. The Navy will complete the installation of pulpers and shredders to process solid waste on all surface ships this calendar year.

The Clean Air Act Amendments of 1990 prohibited the commercial production of chlorofluorocarbons (CFCs) that are used by the Navy as shipboard refrigerants and the commercial production of Halons that are used by the Navy as firefighting agents. The Navy has developed alternative shipboard systems that do not rely on the CFCs and Halons whose production has stopped.[2] The Navy is replacing CFC–12 in its shipboard cooling systems with ozone-friendly hydrofluorocarbon (HFC)–134a. The Navy will convert over 900 CFC–12 cooling systems to HFC–134a by the year 2005. At the end of fiscal year 2001, 261 of 316 total air conditioning plants have been converted and 451 of 655 refrigeration plants have been converted. These conversions make 192 ships CFC–12-free! We have sufficient funding to convert an additional 25 ships in fiscal year 2002. Our fiscal year 2003 budget request would convert an additional 29 ships.

The fleet-wide conversion of shipboard CFC–114 air-conditioning plants to use ozone-friendly HFC–236fa is underway. The converted cooling systems will incorporate redesigned compressors and microprocessor-based monitoring and control that will enhance troubleshooting and reduce the workload on sailors assigned to operate and maintain the plants. Testing indicates that these converted plants perform better and are quieter. As of the end of January 2002, a total of 35 plants have been converted aboard 9 ships. Under the current conversion schedule all 103 surface ships in the program would be completed by 2013. An additional 10 ships will be converted in fiscal year 2002. Our fiscal year 2003 budget request converts 13 more ships. Under the current conversion schedule, all 103 surface ships in the program would be completed by 2013.

Newly built ships such as the Navy's newest destroyers (Flight IIA of *Arleigh Burke* (DDG 51) class), the new *San Antonio* (LPD 17) amphibious class, the CVN 76 aircraft carrier, and all future shipbuilding programs will incorporate Navy designed and tested advanced shipboard air-conditioning and refrigeration plants that also use HFC–134a.

Approximately 70 percent of hazardous waste handled by Navy homeports originates from used or excess hazardous materials offloaded from ships. The Navy is buying commercial off-the-shelf pollution prevention equipment to reduce the shipboard use of hazardous materials. The goal is to reduce the need for hazardous material on ships by up to 35 percent. Savings will accrue not only to reduce environmental costs for hazardous waste disposal, but also areas outside the environmental budget, e.g., material procurement costs, labor, and safety. At the end of fiscal year 2001, 32 ships have been outfitted with pollution prevention equipment. Plans are to convert 40 more in fiscal year 2002, and the fiscal year 2003 budget request provides sufficient funds to convert 36 more. The Navy expects to complete this effort by the end of fiscal year 2005.

The Navy has been working with the U.S. Environmental Protection Agency to establish uniform national discharge standards not currently regulated for naval vessels. These standards will establish standards for armed forces vessel discharges that are not currently regulated. Phase I was completed with publication in the *Federal Register* in May 1999 for 25 identified ship discharges that require marine pollution control devices or other management control efforts. The next step is to establish performance standards for these 25 to-be-regulated discharges. This step has proven to be more complicated than originally thought. There are numerous combinations of vessel types, discharges, and control devices that must be considered. Navy and EPA are working to simplify this process by prioritizing the vessels and discharges of most concern and using a sequential rulemaking process. We will be updating the appropriate congressional committees on our progress later this year with a modified schedule for the Phase II rulemaking.

Environmental Quality

The Environmental Quality program is focused on ensuring that Navy and Marine Corps activities support fleet and fleet Marine readiness requirements in full

[2] The Defense Logistics Agency maintains a reserve supply for mission critical needs.

compliance with U.S. environmental laws and regulations.[3] Our environmental quality strategy emphasizes pollution prevention (P^2) as a means to meet environmental compliance standards in a cost-effective manner. P^2 eliminates the contaminant "at the source" through process changes and substitution of non-hazardous or less hazardous materials. Money invested in P^2 can avoid permitting, sampling, testing to ensure that permit standards are met, and hazardous waste disposal costs. It can also improve safety and occupational health in the workplace.

Environmental Quality Successes

- NAS Whidbey Island WA has been running a composting system that reduced the waste stream by 484 tons, saving $1.3 million in disposal fees.
- MAGTF Training Center Twentynine Palms CA created a Total Waste Innovations program to review and analyze their waste management efforts. The resulting changes reduced waste management costs by 48% and increased recycling and reuse volume by 40%.
- MCB Quantico VA received the 2001 Environmental Excellence Outstanding Achievement Award for a government facility from the Alliance for the Chesapeake for their pollution prevention program.

CONCLUSION

In conclusion, I believe our infrastructure is well positioned for the future. We are accelerating the solution to long-standing housing shortfalls for Navy and Marine Corps families and enlisted personnel. We are making real progress on family housing PPV, and look to apply these tools to bachelor housing. Funding to support our prior BRAC efforts is on track, and we have a strong environmental cleanup and property disposal plan for this year and next.

We are working within the administration to identify ways to sustain the readiness of our forces. Although military commanders do an outstanding job of protecting and restoring natural resources in the areas used to train our people, urbanization and rigid application of some environmental requirements threatens our ability to train our sailors and marines to be ready for combat when the President calls. We need to ensure the appropriate balance between military readiness and the environment.

This concludes my statement. I look forward to working with the subcommittee and staff to best support our sailors, marines, and our Nation.

Senator AKAKA. Thank you for your statement.

Secretary Gibbs.

[3] At overseas locations, environmental standards are based on Final Governing Standards which, in turn, are based on host nation standards, Status of Forces agreements, or application of U.S. standards.

STATEMENT OF HON. NELSON F. GIBBS, ASSISTANT SECRETARY OF THE AIR FORCE (INSTALLATIONS, ENVIRONMENT, AND LOGISTICS)

Secretary GIBBS. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force's fiscal year 2003 budget request for military construction, family housing and dormitories, environment programs, and realignment and closure programs.

The Air Force's total military construction and family military housing programs play a vital role in supporting the Air Force's operational needs, workplace productivity, and quality of life. This subcommittee's support for those programs has remained steadfast over the years. Last year, the Secretary of Defense made a commitment to transform the Department of Defense's installations and facilities into those required for a 21st century military.

Given the ever-present competing priorities, the Air Force has developed an executable and fiscally responsible plan for getting its facilities on a path to recovery. The Air Force's top priorities within this year's President's budget are to sustain the facilities that already exist; enhance quality of life by improving housing for both single and married members; complying with existing environmental statutes; and supporting new missions and weapons systems.

For fiscal year 2003, the Air Force is requesting over $4.2 billion to invest in Air Force facilities and infrastructure, approximately the same level as was submitted in the fiscal year 2002 request. This includes nearly $2 billion for sustainment, restoration, and modernization to maintain our existing infrastructure and facilities, an increase of over $360 million from fiscal year 2002.

This budget request also reflects the Air Force's continued commitment to take care of its people and families. Their welfare is a critical factor to overall Air Force combat readiness and the family housing program, dormitory program, and other quality of life initiatives reflect a commitment by the Air Force to provide its people the facilities they deserve.

The Air Force is requesting $1.5 billion for family housing, of which $700 million is to replace more than 2,100 worn-out units at 23 bases and improve more than 1,700 units at 11 bases. This request also supports privatization of more than 4,500 units at five bases.

To improve the quality of life for the unmarried junior enlisted members, the Air Force is requesting $135 million for its fiscal year 2000 dormitory program, which consists of 11 enlisted dormitory projects, 10 stateside and one overseas.

The fiscal year 2003 request also includes $500 million for Active Force military construction, $50 million for the Air National Guard, and $30 million for the Air Force Reserves. Included in those numbers are 33 new mission projects totaling over $350 million. The Air Force has been a leader and intends to continue to be a leader in environmental stewardship by focusing on its principles of enhancing operational readiness, being a good neighbor, and effectively applying its resources.

To reach these goals, the Air Force has built an environmental program around four key pillars: cleanup, compliance, prevention,

and conservation. The Air Force's compliance program strives to ensure compliance with all environmental law as it conducts its mission, and the Air Force is proud of its record on open enforcement actions, having reduced the total from 268 in 1972 to 17 in 2001. The environmental compliance military construction program in fiscal year 2003 includes four projects totaling $50 million in support of the Clean Air and Clean Water Acts.

In conclusion, I wanted to thank the subcommittee for its continuing strong support of the Air Force military construction, family housing, and environmental programs. With the subcommittee's assistance and support, the Air Force will 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 backboard of the most respected air and space force in the world.

Thank you very much, Mr. Chairman.

[The prepared statement of Secretary Gibbs follows:]

PREPARED STATEMENT BY HON. NELSON F. GIBBS

INTRODUCTION

Mr. Chairman and members of the subcommittee, good afternoon. I appreciate the opportunity to appear before you and discuss the Department of the Air Force's fiscal year 2003 military construction program, and the department's environmental and realignment and closure programs. Today, I will discuss with the subcommittee our investment strategies for facilities, housing, environmental programs, and utility systems.

OVERVIEW

The Air Force's total force military construction and military family housing programs play a vital role supporting Air Force operational needs, work place productivity, and quality of life. This subcommittee's support for those programs has remained steadfast over the years, and the Air Force is grateful. In recent years, the subcommittee's support for innovative programs such as privatizing military family housing has given the Air Force additional tools for improving the quality of life for its members, and that support has been appreciated.

As Secretary Rumsfeld recently testified to Congress, ". . . September 11 changed our Nation forever." The Air Force's challenge is to simultaneously accomplish three difficult missions: to win the war on terrorism; to restore the force through investments in procurement, people, and modernization; and to transform the force to meet 21st century demands. In the area of installations and facilities, this transformation began last year with the fiscal year 2002 budget.

Last year, the Secretary of Defense made a commitment—to tranform the Department of Defense installations and facilities into those required for a 21st century military. Given the competing priorities resulting from September 11, the Air Force has developed an executable and fiscally responsible plan for getting its facilities on a path to recovery.

While the Air Force acknowledges the importance of robust funding for facility sustainment and modernization, other priorities and insufficient Department of the Air Force topline have not permitted it to fully address the problems associated with an aging infrastructure. In fiscal year 2002, this administration proposed a significant increase in military construction and housing programs—to $2.7 billion, the largest in the last decade. That increase was supported and, in fact, enhanced by this subcommittee and other members of Congress, and was welcomed by the Air Force.

For fiscal year 2003, the Air Force is requesting over $4.2 billion to invest in Air Force facilities and infrastructure. This request includes $2.3 billion for total force military construction and military family housing, including $644 million for active force military construction, $1.5 billion for military family housing, $54 million for Air National Guard military construction, and $32 million for Air Force Reserve military construction. In addition, the Air Force has increased the request for operations and maintenance sustainment, restoration, and modernization (SRM) funding by $360 million over the fiscal year 2002 request, bringing the total force facility

investment request to the same level as submitted in the fiscal year 2002 budget request.

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 demolition of excess, uneconomical-to-maintain facilities.

Air Force missions and people around the world clearly depend upon this subcommittee's understanding of, and support for, the Air Force infrastructure programs. That support has never wavered, and for that the Air Force thanks you.

ACCOMMODATE NEW MISSIONS

New weapon systems provide the rapid, precise, global capability that enables combat commanders to respond quickly to conflicts in support of national security objectives. The fiscal year 2003 total force new mission military construction program consists of 33 projects, totaling $339 million.

These projects support the initial basing of a number of new weapon systems; two of special significance are the F–22 Raptor and the C–17 Globemaster III. The F–22 Raptor is the Air Force's next generation air superiority fighter. Tyndall Air Force Base, Florida, will house the F–22 flying training program. Nellis Air Force Base, Nevada, will be the location for F–22 follow-on operational test and evaluation. Langley Air Force Base, Virginia, will be home for the first operational squadrons. The requirements for F–22 related construction at Tyndall were funded in the fiscal year 2002 military construction program. The fiscal year 2003 military construction request includes one F–22 project at Nellis for $3 million, and three F–22 projects as Langley totaling $40 million.

The C–17 Globemaster III aircraft is replacing the Air Force's fleet of C–141 Starlifters. The C–17 provides rapid global mobility by combining the C–141 speed and long-range transport capabilities; the C–5 capability to carry outsized cargo; and the C–130 capability to land on short, forward-located airstrips. The Air Force will base C–17s at Charleston Air Force Base, South Carolina; Altus Air Force Base, Oklahoma; McChord Air Force Base, Washington; McGuire Air Force Base, New Jersey; and Jackson Air National Guard Base, Mississippi. Thanks to support from this subcommittee, construction requirements for Charleston, Altus, and McChord were all funded in prior-year military construction programs. The request for fiscal year 2003 includes a $25 million facility at McGuire Air Force Base, two facility projects for $35 million at Jackson International Airport, and $31 million for C–17 facilities at a soon to be announced location.

Other new mission requirements in fiscal year 2003 include supporting the Air Force's Global Strike Task Force by building B–2 aircraft hangars at Royal Air Force Fairford, United Kingdom, and B–2 aircraft parking pads at Diego Garcia. To support the Space/C^2ISR Task Force the Air Force will build facilities to base the Global Hawk unmanned aerial vehicle at Beale Air Force Base, California and to support the Defense Satellite Program and future SBIRS at Buckley Air Force Base, Colorado. Finally, to support the Global Response Task Force the Air Force will build facilities to support Combat Search and Rescue aircraft at Davis-Monthan Air Force Base, Arizona, C–130J aircraft at Little Rock Air Force Base, Arkansas, and expand aircraft parking at Naval Station Rota, Spain, and Ramstein Air Base, Germany.

INVEST IN QUALITY OF LIFE

The Air Force is committed to taking care of its people and their families. Quality of life initiatives acknowledge the increasing sacrifices airmen make in support of the Nation and are pivotal to recruiting and retaining the Air Force's most important resource—its people. When members deploy, they want to know that their families are stable, safe, and secure. Their welfare is a critical factor to overall Air Force combat readiness, and the family housing program, dormitory program, and other quality of life initiatives reflect a commitment by the Air Force to provide its people the facilities they deserve.

FAMILY HOUSING

The Air Force Family Housing Master Plan provides the road map for meeting the Department of Defense goal of providing safe, affordable, and adequate housing

for our members. The Air Force has increased its fiscal year 2003 housing request by $132 million over the fiscal year 2002 request.

The $677 million fiscal year 2003 military family housing replacement and improvement program replaces more than 2,100 worn-out units at 23 bases, improves more than 1,700 units at 11 bases, and supports privatization of more than 4,500 units at 5 bases. The Air Force housing privatization program will be covered in more detail later. The fiscal year 2003 housing operations and maintenance program totals $844 million.

DORMITORIES

Just as the Air Force is committed to provide adequate housing for families, it has an ambitious program to improve the housing for its unaccompanied junior enlisted personnel. The Air Force's dormitory master plan is a comprehensive, requirements-based plan, which identifies and prioritizes dormitory military construction requirements. 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 the Air Force is now concentrating on the final two phases of the investment strategy.

The total requirement is 79,400 Air Force dormitory rooms. There is currently a deficit of 12,700 rooms, and the existing inventory includes 3,900 inadequate rooms. It will cost approximately $1 billion to execute the Air Force Dormitory Master Plan and achieve the fiscal year 2009 Air Force goal to eliminate the deficit and replace the worst existing dormitories.

The fiscal year 2003 dormitory program consists of 11 enlisted dormitory projects at ten CONUS bases and one overseas base, for a total of $135 million. On behalf of all the airmen benefiting from this important quality of life initiative, I want to thank the subcommittee for its continued support of this critical quality of life effort.

FITNESS CENTERS

Other quality of life investments include community facilities, such as fitness centers, vital in the effort 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 the airmen. The fiscal year 2003 military construction program includes fitness centers at Andersen Air Force Base, Guam; Hanscom Air Force Base, Massachusetts; and Royal Air Force Lakenheath, United Kingdom.

OVERSEAS MILCON

The quality of overseas installations continues to be a priority for the Air Force because of the impact it has on both individual and family morale. Even though the majority of Air Force personnel are assigned in the United States, 14 percent of its forces are serving overseas, including 33,000 Air Force families. The Air Force overseas base structure has stabilized after years of closures and force structure realignments. At this level, the overseas infrastructure still represents 19 percent of the total Air Force physical plant. The fiscal year 2003 military construction request for European and Pacific installations is $233 million totaling 14 projects. The program consists of infrastructure and quality of life projects in Korea, the United Kingdom, Germany, Italy, and Spain as well as critical facilities on Guam, Diego Garcia, and Wake Island. The subcommittee's support for these operational and quality of life projects is equally as important as its support for stateside projects.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The Air Force will request $53 million in planning and design for fiscal year 2003. These funds are required to complete design of the fiscal year 2004 construction program, and to start design of the fiscal year 2005 projects. The Air Force is also requesting $21 million in fiscal year 2003 for the total force unspecified minor construction program, which is the primary means of funding small, unforeseen projects.

OPERATIONS AND MAINTENANCE INVESTMENT

To sustain, restore, and modernize what it owns, the Air Force must achieve a balance between military construction and operations and maintenance programs.

Military construction restores and re-capitalizes facilities. Operations and maintenance funding ensures the Air Force can perform facility sustainment activities, without which facilities would fail prematurely. Without proper sustainment, facilities and infrastructure wear out sooner. Operations and maintenance funding is also used to directly address many of the critical restoration and less-expensive recapitalization needs. Without these funds, commanders in the field are unable to address facility requirements that impact their near-term readiness.

With last year's "shot in the arm" provided to military construction, the Air Force is now in a position to restore its operations and maintenance balance. In fiscal year 2003, the sustainment, restoration, and modernization share of the Air Force operations and maintenance funding is $2.0 billion—meeting the required sustainment level for the first time in many years. Included in this amount is $159 million in operations and maintenance programmed for restoration and modernization work.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

In order to accelerate the rate at which it revitalizes its housing inventory, the Air Force has taken a measured approach to housing privatization. It started with a few select projects, with the goal of identifying successes and "lessons learned" to guide follow-on initiatives. The first housing privatization project was awarded at Lackland AFB, Texas, in August of 1998, and all 420 of those housing units are constructed and occupied by military families. There are three additional projects under construction that will result in 1,900 privatized units at Dyess Air Force Base, Texas; Elmendorf Air Force Base, Alaska; and Robins Air Force Base, Georgia. In addition, the Air Force is on track to award eight projects in the next 12 months that will result in an additional 9,000 privatized units across the Air Force. On average, the Air Force has realized a five to one leverage on the military construction investment for housing privatization, and this kind of favorable ratio is expected to hold steady or even increase on other projects in the outyears. As mentioned earlier, the fiscal year 2003 budget request includes $7.8 million to support the privatization of more than 4,500 units at five bases: Maxwell Air Force Base, Alabama; Hanscom Air Force Base, Massachusetts; Cannon Air Force Base, New Mexico; Shaw Air Force Base, South Carolina; and F.E. Warren Air Force Base, Wyoming.

The Air Force continues to pursue privatization of utility systems at Air Force installations. The goal is to privatize utility systems where it makes economic sense and does not negatively impact national security. The Air Force has identified 434 of 513 systems as potential privatization candidates, and has released requests for proposals for 242 systems and have completed the process on 161 systems.

CONTINUE DEMOLITION OF EXCESS, UNECONOMICAL-TO-MAINTAIN FACILITIES

For the past 6 years, the Air Force has pursued an aggressive effort to demolish or dispose of facilities that are not economical to sustain or restore. From fiscal year 1998 through fiscal year 2001, the Air Force demolished 9.6 million-square feet of non-housing building space. It expects to demolish an additional 4.4 million-square feet in fiscal year 2002 and fiscal year 2003, for a total reduction of 14 million square feet. 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 it to reduce the strain on its infrastructure funding by eliminating unneeded facilities.

ENVIRONMENTAL LEADERSHIP

The Air Force has remained a leader in environmental stewardship by focusing on its principles of enhancing operational readiness, being a good neighbor, and effectively applying its resources.

To reach these goals, the Air Force built its billion-dollar a year environmental program around four key pillars—cleanup, compliance, pollution prevention, and conservation. It is now moving to the next level of excellence by beginning implementation of an environment, safety, and occupational health management system, based on the International Standard ISO 14001, to continually improve its mission performance by systematically reducing environment, safety, and occupational health risks and costs.

The Air Force has made great strides in the cleanup of land and resources impacted by its operations, ensuring that it protects human health and the environment. Its strategy is to work with community stakeholders and evaluate relative risk, and then to cleanup or lower the risk at the worst sites first. The Air Force is on target to reach Defense Planning Guidance goals for cleanup of all "high relative risk" sites by 2007, and all "medium relative risk" sites by 2011. Staying the course will be a challenge as new cleanup standards are proposed for chemicals such

as perchlorate and trichloroethylene. These new cleanup standards may cause both costs and timelines to change.

The Air Force supports recommended changes to the military construction reporting process recommended by the Department of Defense for constructing remediation facilities to prevent delays and carry out its cleanup responsibilities.

The Air Force's compliance program ensures compliance with environmental law as it conducts its mission activities. The Air Force is proud of its record on Open Enforcement Actions, having reduced them from 263 in 1992, to 17 in 2001. Its environmental compliance military construction program in fiscal year 2003 includes four projects totaling $47 million in support of the Clean Air and Clean Water Acts.

Through its pollution prevention program, the Air Force has successfully reduced or eliminated pollution at the source. Its program allowed the Air Force to better the Department of Defense goal of 50 percent reduction in hazardous waste between 1992 and 2000, achieving a 50 percent goal by 1996, and then reaching a 66 percent reduction by 2000.

The Air Force's conservation programs offer some of the most visible and rewarding results of its commitment to being a good steward of its resources. Land set aside decades ago for the Air Force to conduct its military mission has also allowed unique American plant and animal species to flourish, and important American cultural resources and historic structures to remain preserved and appreciated. Ironically, it is precisely its commitment to conservation that now threatens the Air Force's ability to carry out its primary mission of protecting national security. Military installations, and test and training ranges, occupy land "zoned" for military operations and training. Additional demands from growing local communities, the resident plant and animal species now rare outside the installation boundaries, the installation's historic structures made significant due to past military successes, or the preserved relicts of early Americans, now create other land-use designations and limitations overlaid on land designated for military purposes. In most cases, these potentially competing requirements can be accommodated. The Air Force is working closely with the Department of Defense to develop its comprehensive strategy to address this issue of encroachment.

The Air Force's environmental compliance military construction program in fiscal year 2003 includes four projects totaling $47 million in support of the Clean Air and Clean Water Acts. The program includes upgrading two coal-fired power plants in Alaska to meet environmental air emissions requirements. In addition, the Air Force is upgrading the water distribution and stormwater drainage systems at Vandenberg Air Force Base, California, to comply with environmental standards. All of these projects satisfy Department of Defense Class-1 requirements, which 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, would result in an out of compliance situation in the current program year.

REALIGNMENT AND CLOSURES

This summer the Air Force lowered the flags at Kelly and McClellan Air Force Bases, its two most complex closure actions resulting from the Base Realignment and Closure Act. The Air Force has now completed all 39 of its base closure and realignment actions (22 closures and 17 realignments). As part of the closure process, the Air Force has worked with the local reuse authority at each base to minimize the impact on the local community from the closure. This effort has led to the creation of over 48,000 jobs and an annual payroll of $1.4 billion in the affected communities.

While these facilities are being returned to their respective communities, the Air Force has a continuing responsibility for environmental clean up from past industrial activities. The Air Force takes this responsibility seriously, having spent $ 2.4 billion since 1991 in environmental clean up at closing bases. For fiscal year 2003, the Air Force is requesting $119 million to continue the clean up.

Although past base closure rounds have reduced its infrastructure footprint, the Air Force still retains excess infrastructure. Maintenance of this excess infrastructure forces the Air Force to sub-optimize use of available operations and maintenance funds. The National Defense Authorization Act for Fiscal Year 2002 provides the Air Force an opportunity to divest itself of this unneeded infrastructure. In preparation for the 2005 base closure round, the Air Force will focus first on sizing its force, and then on sizing the infrastructure to support that force.

CONCLUSION

In conclusion, I again thank the subcommittee for its strong support of Air Force military construction, family housing, and environmental programs. With the committee's assistance and support, the Air Force will 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.

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

I have several questions.

Mr. DuBois, was the likelihood that any particular base might be the subject of a future base closure action used as a criterion in deciding what bases would receive military construction funding for new facilities or sustainment funding for current facilities in assembling the fiscal year 2003 budget request?

Further, will such criteria be used by this administration in the preparation of the fiscal years 2004 and 2005 budget requests?

Mr. DUBOIS. Mr. Chairman, as I tried to indicate in my opening remarks, there was no involvement because there is no current analysis that would yield categories of where excess capacity currently exists by force structure or fighting plans. I think it is important, as I indicated, to recognize that the only way to rationalize infrastructure is through BRAC, and we appreciate that authority. But a short answer to your question is no, we did not use the MILCON appropriation on the basis of certain bases getting one project or another.

The Secretary of Defense testified that he and the Service Secretaries and Service Chiefs were focusing on mission critical requirements, highest of the high priorities. They funded competing priorities. With respect to the infrastructure, at OSD's level, and I think this is also true for the services, the decisions were made in a macro sense. If a particular installation received an investment for infrastructure, sustainment, restoration, or modernization, it was driven by requirements and was not facilities-centric.

Senator AKAKA. The Department of Defense has stated that we have 20 to 25 percent excess capacity in our facilities. Will the Department make every effort to use the existing capacity to house a new Commander in Chief for homeland defense, called the Northern Command (CINCNORTH), before requesting funds to build new headquarters facilities?

Mr. DUBOIS. Mr. Chairman, with respect to the CINCNORTH, that proposal is in front of the President, the so-called unified command plan. The physical location of the headquarters of CINCNORTH, the responsibility being Canada, U.S., and Mexico, homeland security if you will, has not been determined. In point of fact, the Secretary only recently asked me to begin to think about what the options are, not just physical space. I want to just touch upon that in a second—what is available, where, and why.

You can rest assured that at this time the Secretary is inclined to put the headquarters of such a CINC on current military reservation land. We do not intend to go and buy land, build, or lease space for it. It may be that we have to build something on a current military installation.

The other issue is what are the criteria that one ought to follow to satisfy the requirements of such a CINC, given the mission? We are in the process of thinking that through. Homeland security

within the Department of Defense is a new concept and one that drives us toward a new set of requirements for the CINC's physical location.

Senator AKAKA. I would ask each one of the three service witnesses to give us their assessment of the status of your facilities overseas, especially in Germany and Korea, and how the quality of the facilities our forces live and work in overseas compares to the facilities here in the United States. May I hear from all three service witnesses?

Mr. DUBOIS. If I might just introduce their answers: The military construction and family housing budget, percentagewise, is 77–23, 77 percent in the United States, 23 percent overseas. In terms of total DOD spending it is 79 percent in the United States, 21 percent overseas. Each service has a slightly different cut on that.

Senator AKAKA. Secretary Gibbs.

Secretary GIBBS. As in the United States, the foreign facilities run the gamut from some that are in very good shape that we are justifiably proud of and others that are not and need to be enhanced. In setting its priorities both for the housing activities and for military construction, the Air Force takes those into consideration. It ranks its projects notwithstanding their physical location and we believe we are working on those with the greatest need around the world.

Senator AKAKA. Secretary Fiori.

Secretary FIORI. Yes, sir. As we look at both in the United States and overseas, our overall condition of our infrastructure is what we consider C–4 in our installation reporting status. In our housing area it is C–3 to C–4, which is not the highest in the world. Overseas housing, in general, is even poorer than what we have here and consequently, particularly in Korea, we are concentrating on putting new barracks in as rapidly as we can.

As I mentioned, we are reorganizing in Germany to get to one facility instead of 13 facilities, and in consonance with that we are going to have a fairly major construction project for infrastructure housing and also the normal MILCON facilities. That should provide a significant improvement.

Our other concern, particularly in Korea, is that we do not have much family housing, and that has affected the morale of our people on unaccompanied tours. We have goals to increase accompanied tours to 25 percent by 2010, and to get about half our families there by 2020.

We have a decent plan to improve family housing overseas and we are certainly committed to executing it.

Senator AKAKA. Thank you.

Secretary Johnson.

Secretary JOHNSON. We believe that overseas facilities are equal and in some cases better than the U.S. facilities. As you well know, we get strong support in Japan and we have a large presence there. I talked about the home port ashore program. They will build those 5,000 rooms for us when the time comes.

We have also invested heavily in Italy at Sigonella and other places. As you well know, we have not had a choice but to invest in Bahrain because of the activities there. In this year's budget we have $188 million in fiscal year 2003 for overseas MILCON and

family housing together. We have stressed quality, and we have also gotten some support from the host nations.

Senator AKAKA. Thank you very much.

Let me now call on my colleague for his questions.

Senator INHOFE. Thank you, Mr. Chairman.

I want to build a little bit on something you brought up. I was not going to, but I think it is significant. We are saying that it is just about three-to-one in terms of CONUS versus overseas, and we all know the reason for that. A major contributing reason is that there is no constituency overseas. I think it is natural that we at this table would be a little more concerned about things in our State than we are someplace else, everything else being equal.

This is a serious problem. Every year we have gone through this thing. I just got back 2 weeks ago from looking at housing facilities in Baumholder, Germany. It is about as bad as I have ever seen in terms of the on-base family housing.

Secretary Fiori, have you actually been there and seen that particular one?

Secretary FIORI. No, sir.

Senator INHOFE. I hope that you get a chance to see it. That has to be the poster child for the very worst, including stairwells where they have to walk up to the sixth floor and then walk all the way down to the basement to do laundry. It is something that should not have been tolerated. I am not blaming anybody. This is what you are inheriting and it is something we need to address.

Secretary FIORI. Yes, sir.

Senator INHOFE. Also, while there is some very good stuff that I have seen overseas, it seems like there is no plan for improvements.

Secretary Gibbs, you have talked about how our retention is moving up due to September 11. I think we all understand that. But where are we going to be a few months or a few years from now? I can tell you right now that in terms of quality of life and retention the facility I mentioned just has to be addressed. We found some others almost that bad in different places.

I would like to ask the four of you what ideas are out there to overcome this political obstacle of prioritizing things at home as opposed to overseas?

Mr. DUBOIS. Senator, you clearly point out one of our problems.

Senator INHOFE. Which is our fault, not yours. But how do we overcome it?

Mr. DUBOIS. One of the interesting statistics is, as I said, that 77 percent of the MILCON is U.S., 23 percent overseas, with approximately 25 percent of our forces overseas.

I think there are several ways we are going to try to deal with this. I have had several conversations with General Schwartz in Korea, as well as General Ralston, who I understand testified today. I spent nearly an hour with him when he came in from Europe to talk specifically about this issue.

With respect to the two areas in particular, Korea and Europe, we have a land partnership program to reduce our footprint program. We are doing this because we have never supported adequately the infrastructure of our military in either place. We have to reduce that and use those precious MILCON and investment

dollars in operations and maintenance, for sustainment, restoration, and modernization on a reduced amount of real estate and infrastructure.

That is one way that we think we can better manage the appropriation which you make to our Department. I think the second thing has got to be privatization. You have heard a lot about privatization in the United States. We have a similar program in Europe called build to lease. These programs leverage private capital in Europe to build appropriate and adequate housing for our personnel, wherein we then lease it back.

Similar to privatization in the U.S., we use the Bachelor Allowance for Housing (BAH) as the cash flow to attract private investment. It was a pilot project over the last several years and now it has proven itself.

Senator INHOFE. There are some places where that is working quite well, too.

Mr. DUBOIS. Yes, sir. I intend to work with my colleagues to try to make that happen in more places.

Senator INHOFE. Rather than have our other three witnesses respond now, please do it for the record in writing, unless there is something you would like to add now.

[The information referred to follows:]

Secretary GIBBS. The Air Force facility investment strategy concentrates resources on its Total Force top priorities. The Air Force integrates Total Force MILCON requirements into a single priority list and funds the most urgent needs of the Total Air Force within budget constraints. Urgency of need takes precedence over "fair share." Geographic location is not a consideration. Because of the general condition of its overseas infrastructure, the Air Force is seeing greater portions of its budget request for overseas projects.

In the fiscal year 2003 request, 32 percent of the Air Force's MILCON program is overseas, including 22 percent at permanent overseas locations and the additional 10 percent supporting warfighting missions at other than permanent locations (e.g., Diego Garcia). In fiscal year 2003, 23 percent of the Air Force's family housing request is for overseas installations, consistent with the 22 percent of the total family housing inventory that is overseas.

Secretary JOHNSON. To date, all of our attention has been focused on privatizing military family housing. We are now in a position to build on our experiences and apply the principles of privatization to address our critical bachelor housing needs. In November 2001, we held an industry forum with representatives from the development, property management, and financial segments of the private sector. Although bachelor housing privatization presents unique challenges, the consensus was that bachelor housing privatization can work. Finally, although Title 10 provides authority for bachelor housing privatization, there are some legislative obstacles that prevent implementation. We are prepared to work with the committees to address these considerations.

Secretary FIORI. I did want to say two things. First, I said we wanted 50 percent of our families in Korea in 2010. It is 25 percent in 2010, 50 percent by 2020. Second, in Korea and in our request for Grafenwoehr, Germany, we are addressing many of these problems and we are doing the lease-build situation in Grafenwoehr as we consolidate. We need the support. This budget requests approximately $600 million through 2009 or 2010 just in Germany. It is a serious problem to get those resources, but we are going to work on it.

Senator INHOFE. Building on something that our chairman brought up, let me ask a question in a different way: Are all of you saying that the delay in base closure is not related to the problems

that we are having in getting these units funded? Do you all agree with that?

Secretary FIORI. Yes, sir, I do.

Secretary JOHNSON. I agree, sir.

Secretary GIBBS. Yes, Senator. I went back and checked with the people who deal with the details and I am convinced that there was not a BRAC consideration in the determination of prioritizing the Air Force's request.

Senator INHOFE. I am looking at the comptroller's report dated February 2002, which says in regards to modernization of infrastructure: "Rate slowed by base closure dates." Is this incorrect?

Mr. DUBOIS. As I tried to indicate, it is inescapable that we will have less infrastructure at some point after 2005 than we do today. Did that enter into the macro decision with respect to the five major accounts in defense? What was the only account to be less this year than the President's request last year? It was MILCON.

Did BRAC delay, defer, imply, or impact to a measurable extent that the MILCON would go down by a specified amount? The answer is no. But it is inescapable that it is out there. I do not want to say that Dr. Zakheim was wrong. I want to say quite frankly that from my point of view the emphasis on BRAC was incorrect. As the three Assistant Service Secretaries have said, decisions were made on the basis of mission critical requirements, not installation-specific requirements.

Senator INHOFE. If it was not a consideration, I will accept that and forget about this report.

Let me just clarify my position. I have been supportive of the process. I was elected to the House in 1986 and Dick Armey came up with this idea and it was one that had to be addressed. You had to take politics out of it. I did support it and I supported it through the four BRAC rounds. It was not until the fourth one, the last one, when politics entered into it, the very thing that gave birth to the concept of having a non-political BRAC process.

We have closed 96 major installations, 150 total. BRAC has worked well, but it fell apart this last time and that is what is creating the problem right now.

The other problem is that we know from this meeting today and from previous hearings that even though we have had an increase of $48 billion, it is still inadequate in terms of taking care of the needs that we have out there. My feeling is we need to have access to as much money to take care of the immediate problems, some of those that we are talking about today.

One thing we know for sure is that when you close an installation it costs money, for a period of 2 to 4 years, depending on the type of installation.

I do not want you to think that I have always opposed the process. I was a supporter of the process. I also have to say that Oklahoma is the only State that has actually benefited from all four rounds, so that says something about Oklahoma.

I am not going to overextend my time, but I briefly want to raise the concern I have had over a long period of time over the Vieques problem. I do not think any of you or anyone at this side of the table can remember a time or a place in history when we allowed a bunch of illegal trespassers to kick us off a range that we had.

I have one of the largest ranges in my State of Oklahoma, Secretary Fiori, and it is one that they call the "Sound of Freedom." We are talking about a huge range there. But this being the case, we wrote into the defense authorization bill last year provisions addressing Vieques, anticipating this may become a political issue and there may be politicians trying to cater to the Hispanic vote, whether that person at that time could have been Al Gore, George Bush, or John McCain. We actually wrote that certain things are going to happen if that became a reality.

One of the things we wrote in to law is the closure of two major installations in Puerto Rico: Roosevelt Roads and Fort Buchanan. I would hope, and if you want to make any comment, that many of these benefits that have gone to the island are going to cease because they are there by virtue of the fact that we had that opportunity to use that range.

Any comments on that in the panel as to that?

Secretary JOHNSON. Certainly, sir. If we pull out of Vieques other activities that support it at Roosevelt Roads and so forth would be downsized accordingly. We certainly have not looked at the level of downsizing, whether we would have remaining missions there or not. But we agree with you that if you come out of Vieques you come out of the support base also.

Senator INHOFE. That level actually is written into the law, so you might go back and look at that, because it is pretty specific. We had to do that because I did not want to be the bad guy coming along afterwards saying we have to revoke certain benefits.

I would like to hear from Secretary Fiori and Secretary Gibbs. Vieques is critical for integrated training of marines and sailors, and as recently as 2 weeks ago I looked at the substitute they are using for that training. Everybody agrees it is not adequate. We have already had one accident in Kuwait that has cost six lives, five of which were American lives, as a result of not having live-fire training.

I would like to know from the Army and the Air Force perspective, recognizing this is not just a Navy problem. If we allow Vieques to close, it is going to happen to other ranges. I would like to have you share with us the potential encroachment you might see from some of your ranges as a result if they are successful in closing Vieques.

Secretary FIORI. Sir, our most recent experience are on encroachment was in the Massachusetts area and that had to do with the fact that the water was contaminated. We did have an agreement with the State that we could use the facility, but we cannot do live-fire training. So that certainly is a major handicap, but we believe we have sufficient ability and space there that we can do a certain number of work-arounds. Obviously, when you need live-fire training you are going to have to go to one of our facilities and that is going to take people away from their families.

Similarly, in Hawaii we have only 37 allowable exercises a year and we have a need, just for the Army, for at least 18 more per year. As I mentioned to you, that eliminates the access for our National Guard, our Reserves, and also the marines that were using our these facilities.

We are looking at expanding our National Training Center. The encroachment there has more to do with environmental issues and time-distance. As I mentioned to you, we need some larger spaces if we are going to move faster.

Senator INHOFE. You also have some protest encroachment there, too.

Secretary FIORI. Yes, sir. Right now we are working around it. I visited Fort Hood and saw some training there. They are doing a good job of using creative means to train their soldiers in live firing. They have been innovative in their safety procedures. They always want to guarantee safety in live firing, but there are some very innovative ways that our soldiers have figured out how to use the geography of the place and not always firing to the same hole in the ground. There are some very imaginative ideas going on but it is a constant concern.

Senator INHOFE. Secretary Gibbs.

Secretary GIBBS. Secretary Fiori used the phrase that we hear a lot in the Air Force: work-around. We work each situation individually and have been successful in most situations to avoid substantive diminution in the training. But we are beginning to become concerned as people get closer to some of the reservations.

I think you are aware of the Nellis Air Force Range. There is an innovative solution there. We have a load-out area off the end of the runway. We have airplanes taking off with live weapons headed to the range and developers wanted to come in and develop that area. We are working with the Department of the Interior to do a land swap to give the developer some other lands so that we can get that.

We are managing the problem at this point, but we watch it very carefully.

Senator INHOFE. As someone who has been involved in this issue for a long time, let me just be sure that you understand that right after the Vieques issue came up, all of a sudden there was a new way to close a range: protest and do things that are illegal. I was in Capo Teulada in southern Sardinia and there were articles in the newspaper saying, "If they get by with that, why are we going to let them come over here and bomb our beach?" The same thing in Cape Wrath in northern Scotland. I can show you the newspaper articles.

So it affects all ranges. I know I have abused my time, but maybe for the record, Secretary Johnson, since I cannot stay for another round, you could address the National Environmental Policy Act (NEPA) thing. We know the NEPA process takes generally 18 to 24 months, but in case of ranges it takes 2 to 3 years. If we are going to have a substitute we are going to have to go through that process. Is it safe to say that we have not started that process anyplace right now?

Secretary JOHNSON. We certainly have been thinking.

Senator INHOFE. Yes, but thinking does not help. If you are going to be closing it down in 2003 and it is going to take 2 to 3 years to go through that process before an alternative comes up, that is a serious problem.

Secretary JOHNSON. We have been thinking and we are progressing on some of the ranges that we can expand. We do not have an actual NEPA that has been signed yet, but we are preparing them.

Senator INHOFE. Thank you.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you.

Secretary—Senator Nelson.

Senator BEN NELSON. Thank you very much. I have enough trouble being a Senator right now, Mr. Chairman. I am not ready to take on a secretary role as well. But thank you very much.

Senator INHOFE. Particularly after today.

Senator BEN NELSON. Particularly after today, exactly.

I have two temptations right now. The first is to raise the questions of how you can decide what your needs and base support are before you have decided where you are going. But that is for another day if it comes back up, particularly in light of all the debate today and all the discussion about homeland security. I think the cart's clearly before the horse on this. I think it ought to be about base realignment.

Voting for BRAC has created more opportunities for consultants to run around the country and help themselves as they work with communities and others to try to tell people how to keep from having their base closed. You can tell from my comment how I voted. But again, that is for another day.

My second temptation is to commend you on the 3 percent budget reduction. But before I do I want to satisfy myself that it is not just a cost-cutting measure. I think it was George Will who said that in Washington if you want to get out of a 10-foot hole this is the one place you can assume that you have an 11-foot ladder.

Remember the fire station I talked about at Offutt, Secretary Gibbs? If you want to put things off and call it a hockey stick or if you want to force things out into year 2005, where I understand that that may be, then the question is, are you really dealing with the needs? I remember a year ago looking at all the leaky roofs and pipes, and so I have to ask myself and then maybe ask you the same, how can we suddenly with the budget process do more with less?

As a former governor, I used to try to do that and I commend it when people do. I do not want to be critical of people who are trying to do that, if that is what the case is. But if it is just a matter of cost-cutting to show less in this budget so that there can be more money spent on other priorities, which I think are also important, then I raise a question of whether or not it is truly good budgeting process. I question if it is just making the numbers work out in the bottom line after you have decided what the bottom line is and work your way back.

Maybe you can help me come to the conclusion that the leaky roofs are going to get taken care of. Senator Inhofe was concerned about what he saw. I just spent a night at K2 in Uzbekistan. I do not expect you to take care of the issues over there right now. That is temporary.

Mr. DUBOIS. Not this year, at least.

Senator BEN NELSON. That is exactly right. But I do know from my own personal experience of having seen the evidence of infra-

structure not being taken care of that it is hard for me to believe that you can do all that job and still cut the budget 3 percent. It is also hard for me to believe that it does not have something to do with BRAC somewhere along the line.

I think the extension of BRAC to 2005 threw a monkey wrench into a lot of this, because I do not know how you do decide to spend money on facilities without thinking if they will be around. I have done budgeting in the past myself, so I know the challenges. I am a friend of the court. I am not your enemy. But I do think I have the obligation to ask the difficult questions.

Mr. DUBOIS. They are very difficult questions, Senator Nelson, and there are days, perhaps more days than not, when I think I have an 11-foot hole and only a 10-foot ladder.

Senator BEN NELSON. Could be.

Mr. DUBOIS. The issue of leaky roofs and pipes and broken windows are issues that are dealt with through the sustainment account. The sustainment, that is to say trying to maintain what we have now as best we can, is what, quite frankly, this budget is all about. It is true that last year we had an enormous increase in MILCON, as well as sustainment, with your help.

I do want to point out that this year's MILCON request is the second largest in 6 years. Last year was the largest. But with respect to sustainment, what we call the operations and maintenance sustainment, is up year over year 2 percent for the Army. The Navy and the Marine Corps are up year over year 14 percent. The Air Force is up year over year 18 percent. Sustainment was our number one priority, but it is true that on the restoration and modernization account, the account that would be used to replace a 20-year roof was drawn down.

I was trying to explain this to my wife last night, and I said it would be as if you lived in Nebraska and in Washington, DC, and you maintained two homes. You have been here for some time and now you and your wife have decided that 3 years from now you are going to move to one or the other places. In the meantime, both houses have 20-year roofs, and their life is 20 years. You probably are not going to replace the roof on either house until you have made the decision 3 years from now as to which house you are going to end up living in.

The artificiality of my metaphor is obviously that in the case of the military we do not get to sell one of those houses. It is not like investing to get a higher return when I eventually sell the house or make the decision of which one to sell. I must give one of those houses to a nonprofit, in the case of the military, a no-cost economic conveyance. It is that kind of decision that creates the framework within which we live.

To continue my analogy, while we might not replace the roof, we would repair all the windows, leaky pipes, and the garage door opener that is busted. I apologize that it is somewhat simplistic, but there is a certain similarity to the difficult decision that we face.

Senator BEN NELSON. That is why I wondered about extending BRAC. If we are going to do BRAC, it seems to me that they ought to do it at the earliest possible moment, not extend it. You only extend the problem that much longer. Incidentally, keep the facilities

in Nebraska because, if you are like we are, the hail took care of our roof last year and we have a brand new one.

Mr. DUBOIS. I will make a note of that.

Senator BEN NELSON. I understand the nature of the problem and that is why I say I want to be a friend of the process here. But I think we have to ask the difficult questions about whether or not BRAC is playing a big role in the concept. It is hard for me to believe it is not, but I take your word on it.

I have been known as being tight as three coats of paint. As a matter of fact, part of the budget woes in Nebraska are due to the fact that I cut taxes. That is what somebody said the other day, which I think is fine.

But I think it is important to put the money where it needs to be when it needs to be there, and I think increasing the amount in this area to take care of not just leaky roofs, but the other needs, is a good expenditure of money.

Mr. DUBOIS. Yes, sir. I concur. Any of my colleagues want to comment?

Secretary JOHNSON. Yes, sir. We intentionally placed our emphasis on quality of life and sustainment, as opposed to some of the MILCON. We're doing what you talked about. But we also placed a great emphasis, as did the other departments, on destroying buildings that are no longer needed on installations.

We spend $45 million destroying buildings. I cannot imagine the savings we achieved. If you leave a building up, someone finds a use for it. So if we do not need it, we destroy it.

Secretary GIBBS. The Air Force went through a lengthy debate in terms of how to use the construction funds and the conclusion was that we have to support that which we have first. They are deteriorating. When I first came on and got last year's installation readiness report (IRR), I was somewhat appalled. I got the next one 6 months later and it was not any better.

So the Air Force has very specifically made the determination to put money into sustainment. We have also had the opportunity to spread it around better because the projects are smaller and we can cover more areas. In the new MILCON budget, the decision was principally in those cases where we have to be prepared to take on new missions and new weapons systems. As I said, over $350 million of the $500 million in new MILCON is for that. The remainder, which is only seven projects, are really for items that just had to be replaced. That was really the requirement. If we have something that has to be replaced, we put it in. If we can live with it another year, we are going to do that, and we are going to spread the money around.

As it relates to your comment on BRAC, if you do not mind my taking a moment, I would agree with you that sooner would have been better, but that is not reality. Once the Air Force has made an overt decision, we will not be talking at all in calendar year 2002 regarding individual facilities. That time is going to be taken to do the force structure study, which is required to identify what must be based and generally or generically where it may be based. It is not relative to any individual facility. We will not start that process until 2003.

Senator BEN NELSON. Thank you.

Thank you, Mr. Chairman.

Senator AKAKA. Thank you very much for your statement.

Since it has come up, I want to pursue the issue of encroachment. I am concerned that some in the Department view the so-called encroachment problem as one that is mainly caused by environmental statutes. In my view, the problem is much more complex and any effective solution must recognize and address the complex reality. We cannot single out one statute like the Endangered Species Act (ESA), if we want to seriously address this issue.

The Department of Defense should not seek solutions that exempt it from the laws that others must follow. Any workable solution will require consultation and cooperation with other communities and interested parties.

Last year, this subcommittee held a hearing on the impact of various factors that can affect military training, which some have called encroachment issues. At that hearing witnesses representing the three military services agreed that it was important for the Department to address environmental issues in partnership with States, local communities, and regulatory authorities. For example, General Robert Van Antwerp, the Army witness, explained that addressing these issues will "require a partnership, strong emphasis on outreach, on community involvement. It means partnership with our friends and neighbors who border our installations. It means partnership with other agencies, the regulatory agencies that have the ability to govern and to determine what are the areas that should be set aside for threatened and endangered species and regulatory things."

I would like to ask would you agree that it is important for the Department to work in partnership with local communities and regulatory agencies to address encroachment issues, and will your Departments meet with other agencies and outside groups to attempt to reach consensus on any statutory or regulatory changes that may be proposed?

Mr. DUBOIS. Mr. Chairman, as I indicated, the Deputy Secretary in December of last year set up an integrated team to represent each service and to represent various disciplines within the Department to assess the impact on realistic combat training and readiness. With respect to the term "encroachment," encroachment is, as you have pointed out, not necessarily an issue which is solely focused on endangered or threatened species or environmental legislation of the past.

We have a 30-year legacy in this country. In fact, I believe this is the 30th anniversary of the Clean Water Act. The Department of Defense recognizes its responsibilities with respect to environmental stewardship. I think that it has been documented and testified to by members of the Department, the Nature Conservancy, the EPA, and others, that the Department does a superb job, perhaps even second to none, when it comes to the maintenance of natural resources.

Spectrum competition, urban density, and air space management all go into the encroachment basket. We are and we have been for the past several months in discussions in an informal and lower level way. It was not at the Cabinet level by any means, with EPA, the National Oceanic and Atmospheric Administration (NOAA), the

Department of Interior, and the Fish and Wildlife Service, on issues that are of concern to us.

I personally have met with Secretary Norton, Administrator Christie Todd Whitman, and the head of NOAA, Vice Admiral Lautenbacher, to discuss generalities and issues in this arena.

I also want to address your very important point that all politics is local. The local land trusts, governments, and chapters of the Nature Conservancy are the entities with which we have worked in the past and continue to work in the future to expand, not contract, critical habitat in and around our military installations. As you probably know, at Fort Bragg, North Carolina, there is an active program with the Nature Conservancy and the Fish and Wildlife Service to allow property and lands around Fort Bragg to come under their control. In this case, this is so the critical habitat of the red-cockaded woodpecker is not solely within the fence line of the base, but rather extends outside the fence line, allowing us an opportunity to train effectively at Fort Bragg.

Fort Hood, a military installation that is a corps headquarters with two divisions and an air cavalry regiment, has nearly 200,000 acres, of which 154,000 are devoted to training. Of that 154,000 acres, however, only 45,000 are unrestricted. The other 105,000 plus have some form of environmental restriction.

We are trying to determine an appropriate balance. We are not making in any way, shape, or form a suggestion that amendments to environmental legislation is the way to go. However, there are administrative and regulatory actions which we are considering asking the administration to consider. The House Armed Services Committee has called a hearing to specifically focus on this issue. We are trying to determine how the Defense Department and the executive branch responds to these very appropriate questions.

We know and recognize that in the final analysis we must work with the local communities to determine what is best for managing natural resources, including endangered and threatened species, on our current military installations.

Senator AKAKA. Thank you very much for that.

I want to make a statement and hear how you feel about it. I must say that Makua, Hawaii, has been a model of how these issues can be resolved.

Mr. DUBOIS. I agree with that, sir.

Senator AKAKA. I commend the services for the way they worked it out and for taking into consideration the community and their traditions. I thank you for that.

Are there any further comments to make on that issue?

Secretary GIBBS. I do not have any.

Secretary FIORI. I do not.

Secretary JOHNSON. I certainly support the joint effort.

Senator AKAKA. Thank you.

I would like to ask the assistant secretaries of each of the military departments whether your operation and maintenance amounts fully fund 100 percent of your sustainment requirements, that is the amount needed to keep your facilities in current condition, in fiscal year 2003. If not, then how much additional funding would each department require to fully fund facilities sustainment?

Do your sustainment requirements include all current facilities or are you basing your requirements on less than your current inventory in anticipation of the 2005 base closure round?

Mr. DUBOIS. If I just might set the stage for my colleagues. As I indicated, facilities sustainment, both funding and requirements, is focused on our current footprint. It is not focused on some artificiality that we only want to sustain 20 percent less than what we really have. For all the services the requirement in fiscal year 2003 is $6.021 billion. We are sustaining it at $5.578 billion for a 92.6 percent level.

Mr. McCord and Mr. Lauffer can do the mathematics, but the issue here is it is not 100 percent. The services range from the Air Force at 97.6 percent to the Navy at 83.9 percent. But there is also an uneven level of current conditions, if you will, in the services and therefore they have different levels. But all services were at a 92.6 level, an all-time high.

It is true there is a delta and the delta is in the vicinity of $300 or $400 million. Would it be executable? I would have to defer to my colleagues. Perhaps Secretary Johnson wants to go first.

Secretary JOHNSON. We certainly have to make tradeoffs as we build our budget and we intentionally did not go over 90 percent on sustainment due to execution. Would we like to have more money? Of course we would, but there are other areas that probably would come first if we had discretionary funds.

On sustainment, I am not sure I would ever want to do 100 percent.

Senator AKAKA. Secretary Gibbs.

Secretary GIBBS. I have a slightly different number than Mr. DuBois does. I do not know if it is in the numerator or the denominator, but the Air Force believes it funded 100 percent of the sustainment using the OSD model this year. That is an internal decision that we had made on sustaining what we have, and that was the guidepost that we used. I do not know whether there are more facilities that popped up late, but we believe we funded 100 percent.

Senator AKAKA. Secretary Fiori.

Secretary FIORI. We set our Active, National Guard, and Reserves all at 92 percent. I think that is an achievable goal this year and we will be able to carry it out. We are still looking at the importance of barracks, strategic mobility, and transformation in the order of priorities as we established our budget for 2003.

Senator AKAKA. Secretary Fiori, the Army has announced the locations of four of six Interim Brigade Combat Teams. One of these will be the Second Brigade of the 25th Infantry Division at Schofield Barracks, Hawaii. Of course, I have supported the Army transformation effort. It is important that the Army provides the funding needed to make both these interim brigades and its larger transformation goals successful.

The first question is what is the total funding required in terms of military construction, land acquisition, and related costs to modify the host installations for these new brigades? How much of that funding is in the fiscal year 2003 budget request and FYDP? Finally, how many of the six brigades does the funding in the FYDP support?

Secretary FIORI. Yes, sir. For the fiscal 2003 budget we have $195 million. For fiscal year 2004 and out we are predicting a total amount of approximately $763 million for the six interim brigade combat teams. We will start spending on the Schofield Barracks brigade in 2004.

For this year we have Fort Lewis, Fort Wainwright, and Fort Polk, where we are continuing to finish those facilities. The total amount for these six brigades from the very beginning was about $958 million. The total amount that will be at Schofield is $308 million.

Senator AKAKA. I am particularly interested, as I said, in knowing how we are coming along with the brigade combat teams and your plans of funding in the FYDP. That is the reason for the question. I understand that you are planning the funding for the six brigades in the FYDP.

Secretary FIORI. Yes, sir, we are. I could give more detail for the record.

Senator AKAKA. Thank you.

[The information referred to follows:]

INTERIM BRIGADE COMBAT TEAM FUNDING

The total validated requirements for fiscal years 2002–2009 military construction (MILCON), includes land acquisition, planning and design, operation and maintenance (O&M), environmental, and information infrastructure for all Interim Brigade Combat Teams (IBCTs) is over $2.37 billion.

The requirements for each brigade are:

- Fort Lewis, WA (IBCTs 1 & 2)—$324.8 million;
- Forts Wainwright and Richardson, AK (IBCT 3)—$672.8 million;
- Fort Polk, LA (IBCT 4)—$216.7 million;
- Schofield Barracks, HI (IBCT 5)—$615.1 million;
- Pennsylvania Army National Guard (IBCT 6)—$317.8 million (includes requirements in PA and VA); and
- Planning and Design (P&D) for all IBCTs—$174.1 million.

The Army has funded in fiscal year 2002, or programmed in the Future Years Defense Plan over $1.2 billion for the IBCTs.

The funded and programmed amounts for each brigade are:

- Fort Lewis, WA (IBCTs 1 & 2)—$285.7 million;
- Forts Wainwright and Richardson, AK (IBCT 3)—$299.1 million;
- Fort Polk, LA (IBCT 4)—$171.9 million;
- Schofield Barracks, HI (IBCT 5)—$326.7 million;
- Pennsylvania Army National Guard (IBCT 6)—$99.9 million; and
- Planning and design (P&D) for all IBCTs—$39.9 million.

All six brigades are supported by the programmed amounts in the President's Budget FYDP.

The Army is addressing shortfalls between requirements and currently programmed amounts in the fiscal year 2004–2009 Program Objective Memorandum (POM).

Senator AKAKA. The Army had been funding the cleanup of formerly utilized defense sites (FUDS) at a level that would lead to remedies in place by 2014. This year the Comptroller arbitrarily stretched the program out to 2020 to reduce the funding level required. At best, however, the Army expects to have remedies in place for unexploded ordnance problems by 2089. I would like to ask this question to Mr. DuBois and Secretary Fiori. Do you believe that 2089 is an acceptable goal for addressing problems with unexploded ordinance at formerly utilized defense sites? If not, do you plan to seek additional funds for UXO?

Mr. DUBOIS. Mr. Chairman, let me be clear about this. The FUDS funding levels are determined at OSD level. The United States Department of the Army is the executive agent and executes the program. I want to compliment them. They have executed very well. But I do not want to place the burden on them for certain decisions that were made at OSD level.

It is a very difficult program, make no mistake about it. We are on track to complete the requirements of the National Defense Authorization Act for Fiscal Year 2002, section 313, which requires us to provide a plan, an assessment, a schedule, and a cost estimate for the FUDS program to Congress by April 2003. As you indicated, the DOD Comptroller, Dr. Zakheim, adjusted the FUDS goal from 2014 to 2020 in large measure because of the strong fiscal realities we currently face in the Department.

The one thing that I can say to you now, having worked with Dov Zakheim for the past year, is that he is very committed and insistent on as honest a portrayal of programmatic issues as possible as they translate into financial requirements over time.

I do not know whether 2089 is correct. I share with you a hesitancy to embrace such a number. It is so far away. But as we all know the characterization of ranges, active, closed, closing, or transferred, is a difficult task. However, we are committed to doing better job of that. As I indicated, we will report to you by April 2003, as required under section 313. In that regard, one of the first letters that I drafted when I took this job last spring, I believe Deputy Secretary Wolfowitz signed it to Congress, admitted that we do not have good software or characterization data for transferred or closed ranges with UXO. It is difficult. We intend to honor our commitment and obligation to report to you by April 2003.

The money involved, which is rather large over time, is still yet to be determined. We are doing the best we can within the fiscal constraints.

Senator AKAKA. Thank you, Mr. DuBois, I understand that the DOD Comptroller has determined that, contrary to the Department's longstanding practice, only military construction funds may be used for environmental projects costing more than $750,000. Several members of the panel have made reference to this problem. The question is do you expect to propose legislation to address this issue? If you do, then when can we expect to see it?

Mr. DUBOIS. I would like to take that question for the record, sir. But I want to just have, if I might, a clarification. Are we talking about the $750,000 MILCON threshold below which we do not have to identify, or are we talking about an issue pertaining to environmental programs?

Senator AKAKA. These would be those used for environmental projects that cost more than $750,000.

Mr. DUBOIS. I will take that question for the record, and report back to you.

[The information referred to follows:]

USE OF MILCON FOR ENVIRONMENTAL RESTORATION REQUIREMENTS

Mr. DUBOIS. Yes, the proposed legislation addressing this issue was submitted with the MILCON bill last month. The issue arose as a consequence of the 1998 Defense Authorization Act, amendment to section 2811, of 10 U.S.C., which included a definition of repair. This change was in response to what Congress perceived as

abuses connected to the environmental restoration program. The new definition does not permit the services to continue to define repair as including environmental restoration of the installation's soil. This was an unintended consequence of the amendment. Consequently, all environmental restoration account funded environmental restoration that fits the definition of construction must now be classified as military construction.

As MILCON, such projects are now subject to all the paperwork that MILCON requires, including individual notifications to Congress. This will significantly increase the number of such notifications as well as cause delays in the restoration program while those packages are processed. Because of the need to ensure communications to Congress are accurate, such notifications require extensive time to prepare and review before approval. Such notifications delay environmental restoration actions, drain resources that would otherwise be applied to environmental restoration, and are redundant given the annual restoration reports already provided to Congress.

Our legislation proposes changes to section 2810 of 10 U.S.C., which would return the status of environmental restoration projects to virtually the same position they had prior to the enactment of the statutory definition of "repair" provided in the amendment to section 2811 of 10 U.S.C.

Senator AKAKA. The House energy bill contains a provision that would require all Federal buildings to be metered within 5 years. I understand that the Department of Defense considers the provision to be burdensome and unworkable. Yet metering is acknowledged to be an important tool for understanding and controlling energy costs. Is the Department prepared to put together an alternative to the House provision which would contain realistic objectives and timetables and still accomplish the objective of encouraging energy conservation through the use of metering within the boundaries of DOD facilities?

Mr. DUBOIS. The answer is somewhat complicated, as most answers in this arena are. I have on my desk, as a matter of fact, a views report that I read yesterday. I edited it. I will re-edit it when I get back tonight.

DOD installations are metered. But many, in fact most, of the DOD buildings are not metered. Let me put this into two baskets if I can. We are committed to metering family housing, especially family housing that is being privatized, built, or rehabilitated, because we want to, obviously, inject some discipline in the system. It is estimated that it will cost $1.5 billion to meet a mandatory metering requirement. That is a lot of money.

We recognize that metering can play a useful role in energy conservation, but we would suggest that it is not necessarily a universal solution.

On the issue of energy consumption reduction, I think the Defense Department has a very good record. All four services, all three military departments, have a very good record. I come from a background wherein I devoted a number of years to energy conservation in the industrial sector. You are absolutely right, metering is a wonderful discipline. But it is not the only discipline that one can use to reduce energy consumption per financial unit.

I will recommend to the Deputy Secretary that he sign this views letter back to you. It does address the H.R. 4 and S. 1766 issues raised both with respect to mandatory metering provisions and other provisions, such as the royalty schedule for geothermal production on military property. We will provide answers in that views letter, but as a practical matter at this point it is a very expensive proposition to meter at every building that we have.

The square mileage of lands and buildings owned by DOD is in excess of the State of Pennsylvania. This is all the more reason to do everything that we can to conserve energy and to use renewable energy, too. That is the best answer I can give you right now, and we will continue to give you more refined answers in the future.

I do not know if any of my colleagues want to address the energy issue.

Secretary JOHNSON. We have been very successful, as I mentioned in my opening comments, with energy conservation. We agree on metering, but our people are really committed to conserving energy and doing a tremendous job.

Senator AKAKA. Secretary Johnson, in your written statement you state the Navy's position that it has met the goals of the legislation passed by Congress to allow public access for cultural, religious, and educational purposes on the island of Kaho'olawe, Hawaii, which was utilized as a bombing range. This is despite the Navy's inability to meet the goals in the memorandum of understanding (MOU) with the State of Hawaii, which addressed the clearance of UXO on Kaho'olawe.

I fully understand the difficulties associated with clearing ordnance on this island. However, I also know that the Navy's ability in the eyes of the Hawaiian community to fulfill its obligations with respect to Kaho'olawe will have a major impact on the willingness of the local communities in Hawaii to work with the military on difficult issues. What are the Navy's plans to meet its obligations with respect to the clearance of ordnance on the island of Kaho'olawe, and would an increase in funding assist the Navy in meeting the goal set forth in the MOU agreed to in 1994?

Secretary JOHNSON. Yes, sir. At the beginning of this year we were at 43 percent of the goal, and I think it is the same on the MOU. I gave a copy to your staff, and would like to come visit with you and the experts to go over the goals versus the MOU. At the current funding level we will be at 62 percent when we finish in 10 years. That is November 2003. If we have continued adds, as we have in the past, we can get up to 80 percent, and we would like to ensure that we are meeting the MOU as you and the State of Hawaii want us to. We would bring the contractor as well as the engineering experts.

Senator AKAKA. I thank you very much for that.

The Navy has continued to clear Kaho'olawe and it is coming to a point now where the Navy will be passing it to the State of Hawaii, and I am particularly interested in the clearance.

Secretary JOHNSON. We would like to talk to you about what happens in November 2003, whether you want the Navy and our contractor team to continue or if you want to have a relationship with the States.

Senator AKAKA. I know this has been a long hearing now. I thought that was the right time. [Laughter.]

Mr. DUBOIS. It does not seem that long, sir.

Senator AKAKA. I thank you so much. You have been so responsive to our questions. I would like to thank all of the witnesses for your testimony. This subcommittee looks forward to working with you to address the difficult issues we have discussed today and others that will be facing us.

With respect to encroachment, the Department needs to continue to work with the local communities, States, and organizations to address these issues. Similarly, it is important that the Department fulfill its obligations as it reflects the credibility of the Department. I look forward to working with all of you in the days ahead, and I want to wish all of you well in your responsibilities. We are doing the best for our great country as we face today's challenges.

A person made a remark to me that I was surprised about, and it made me think. The person asked, "Are we in a war?" We are. We have certainly declared war on terrorism. As the President said, it is going to be a long one, but we are in that situation. As such, we are trying the best we can, and you are too, to continue to provide the best quality of life for our troops, wherever they are, and give them the best training. In the future, I hope we can also help them with further compensation and pay increases.

All of us we need to think about the future. Again, I want to thank you. I do not know whether you have any closing comments you want to make.

Secretary FIORI. No, sir. Thank you.

Mr. DUBOIS. Thank you very much, Mr. Chairman.

Senator AKAKA. This hearing is adjourned.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

UNEXPLODED ORDNANCE

1. Senator AKAKA. Secretary Fiori, the Army has been funding the clean-up of BRAC sites at a level that would lead to remedies in place by 2005. The Army has excluded Unexploded Ordnance (UXO) problems from this effort, providing only a minimal level of funding for UXO. As a result, facilities with significant UXO problems will not meet the 2005 clean-up goal. Do you believe that it is acceptable to set aside UXO problems at BRAC facilities to be addressed at a later date, or should the Army be addressing these problems now?

Secretary FIORI. The Army is addressing UXO problems as part of its overall effort to ensure that BRAC properties are suitable for transfer. The Army is providing funds to perform munitions responses, which includes the removal of UXO, at its BRAC installations. As of the end of fiscal year 2001, the Army has spent approximately $90 million on munitions responses at BRAC sites. This fiscal year, the Army plans to spend an additional $20.2 million. The Defense Planning Guidance (DPG) for BRAC properties establishes a goal for complete cleanup for hazardous and toxic wastes by fiscal year 2005, but the DPG does not currently establish goals for munitions responses. Nevertheless, the Army is committed to performing adequate responses at its properties. Because of the complexity and multitude of challenges associated with the conduct of munitions responses, properties with significant munitions-related issues will not be ready for transfer by fiscal year 2005. Some of these challenges are: gaps in existing UXO identification and discrimination technologies; the collective inability to quantify risks posed by UXO; and overlapping Federal and State environmental laws and regulations. The Army and the Department of Defense, in coordination with other Federal agencies, the States, and the Tribes, are actively addressing these challenges.

REPLACEMENT FOR VIEQUES

2. Senator AKAKA. Secretary Johnson, Secretary England has stated that the Navy plans to find a replacement for Vieques by May 2003. Any funds needed to prepare an alternative location by that date would have to be expended in fiscal years 2002 and 2003. Has the Navy requested any funding in the fiscal year 2003 budget to set up an alternative site or sites for east coast training? If not, how can the Navy hope to meet Secretary England's goal?

Secretary JOHNSON. Funding was not included in the fiscal year 2003 President's budget. Different alternatives are being considered in development of the FYDP in fiscal year 2004 as the fleet requirement solidifies. A funding profile has not been finalized, but Navy intent is to support the validated requirements for interim and long-term measures to support infrastructure improvements and environmental documentation for some of our east and gulf coast facilities and Range/OPAREA complexes that will ensure fleet readiness.

3. Senator AKAKA. Secretary Johnson, has the Navy prepared an estimate of how long it is likely to take and how much it is likely to cost to get a replacement training range up and running?

Secretary JOHNSON. The Navy anticipates that a combination of alternative training sites, methods, and various advance technologies using simulation will provide the required mix of training capabilities. The Navy is waiting for the CNA study, which will provide recommendations on future training options. In addition, the Navy is developing a strategy to repair and upgrade existing training ranges supporting Atlantic Fleet pre-deployment training and to build cooperative efforts with other services. The strategy will provide the resources to reverse degradation of range infrastructure and associated support facilities, improve realism of pre-deployment training, and take advantage of available technology to further enhance training. It is envisioned that the strategy will increase the capacity and capability of ranges supporting Atlantic Fleet commanders and improve their flexibility in reacting to disruptions such as weather, periodic reduction, or loss of access to a particular range facility without a resulting loss in training fidelity. This strategy, however, has not been finalized.

POLICY ON LAND ACQUISITION

4. Senator AKAKA. Mr. DuBois, it is my understanding that any request by the military departments to acquire more than 1,000 acres of land, or any land worth over $1 million, must be approved in advance by the Office of the Secretary of Defense. I also understand that the services generally have not considered acquiring land they do not actually plan to train on because they have no specific military use for it. Acquiring such buffer zones to provide space between training areas and the local communities, or perhaps to provide critical habitat that is not also a critical training area, might be useful in preserving key training ranges. Is the Department of Defense considering this as one approach to preserve key training areas?

Mr. DUBOIS. The Department recognizes that targeted land acquisitions can be very useful in preserving key training ranges, and the proposed legislation includes a provision that would enhance the Department's ability to preserve open space in the vicinity of military installations. This proposal would authorize the Secretary of each Military Department to enter into agreements with any private organization that has the conservation, restoration, or preservation of land and natural resources, or a similar objective, as its stated principal organizational purpose or goal, to preserve high-value habitats or forestall incompatible development.

HOUSING PRIVATIZATION IN HAWAII

5. Senator AKAKA. Secretary Johnson and Secretary Fiori, both the Navy and the Army are contemplating housing privatization in Hawaii. To date, this privatization of military housing has not been attempted in Hawaii, in part due to the issue of ceded lands. What are your Department's plans for housing privatization in Hawaii, and how do you plan to deal with the unique land ownership issues there?

Secretary JOHNSON. The Navy and Marine Corps' family housing master plans include privatization of existing military family housing on the island of Oahu. Funding for the first phase is included in our Fiscal Year 2003 budget request. None of the housing identified for the first phase is sited on ceded lands. We will review records to determine what, if any, housing in future phases may be on ceded lands.

Secretary FIORI. The Army plans to privatize 8,178 homes in Hawaii (3,045 housing units at Fort Shafter and 5,133 units at Schofield Barracks) during 2003. Major milestones include:

Notify Congress of Solicitation	June 15, 2002
Conduct Industry Forum/Issue Solicitation	August 28, 2002
Notify Congress of Community Dev & Mgt Plan (CDMP) Award	January 2003
Select Developer to Prepare CDMP	February 2003
Notify Congress of Project Execution	October 2003
Issue Partner Notice to Transition/Proceed	November 2003

A majority (60 percent) of Army family housing in Hawaii is located on ceded lands. However, the Army's approach to privatization will minimize legal concerns regarding ceded lands because, the Army retains title to the land. Additionally, the Army retains a vested interest in the project, as a member of a Limited Liability Corporation (LLC). Finally, the land and improvements will continue to be used to house military families. In February 2002, the Army's privatization team met with the local Hawaiian congressional delegation and Chamber of Commerce Military Advisory Committee to discuss the Army's privatization efforts in Hawaii. Coordination will continue among all key stakeholders. At the recommendation of the local congressional delegation, the Army plans to contact the State's Attorney General office to brief the Army's military housing privatization program and discuss any legal issues or questions they may have.

PRIVATIZATION OF BACHELOR ENLISTED HOUSING

6. Senator AKAKA. Secretary Johnson, your statement mentioned the Navy's interest in attempting to privatize the operation of bachelor enlisted quarters in the Navy. Although this authority has existed for several years, no such projects have been attempted. Why does the Navy believe this approach is now more likely to succeed?

Secretary JOHNSON. To date, all of our attention has been focused on privatizing military family housing. We are now in a position to build on our experiences and apply the principles of privatization to address our critical bachelor housing needs. In November 2001, we held an industry forum with representatives from the development, property management, and financial segments of the private sector. Although bachelor housing privatization presents unique challenges, the consensus was that bachelor housing privatization can work. Finally, although Title 10 provides authority for bachelor housing privatization, there are some legislative obstacles that prevent implementation. We are prepared to work with the committee to address these considerations.

7. Senator AKAKA. Secretary Johnson, what impact would privatization have on the character of such facilities, including their role in promoting unit cohesion?

Secretary JOHNSON. I strongly believe that the privatization of bachelor housing is compatible with service goals, such as unit cohesion and team building. We expect that service bachelor housing assignment policies, which are based on these goals, can carry over to privatized housing.

FORCE PROTECTION

8. Senator AKAKA. Mr. DuBois, is the Department of Defense attempting to assess the requirements and costs of the higher force protection standards we are implementing, and may well be using for the foreseeable future, at our facilities around the world? Is the Department of Defense attempting to fund such construction costs, including the relocation or significant renovation of existing facilities, in the near-term using emergency funds, or will this mostly be a long-term effort built into future military construction budgets?

Mr. DUBOIS. The "DOD Anti-Terrorism Standards for Buildings," establishes the minimum requirements for force protection. We perform vulnerability assessments at 80 to 100 installations per year. The installation commanders take that information and determine the level of protection required. As a result, some projects may require higher than minimum standards. Based on the fiscal year 2002 and fiscal year 2003 military construction programs, we are predicting a 3 to 5 percent increase in costs. This varies, depending on the type of project, whether it is new construction or renovation, and the percentage of renovation. In the fiscal year 2002 program, the added costs ranged from 1 percent to 28 percent.

The Department is requesting emergency funds only for those projects with an immediate need for force protection. Upgrading all Department of Defense facilities according to our force protection standards will be a long-term process. We expect these costs to be part of future military construction programs.

ARMY INSTALLATION MANAGEMENT

9. Senator AKAKA. Secretary Fiori, the Army is planning a new installation management structure under which the funds needed to run and maintain Army bases

would be placed under your control and would no longer be available to the division commanders to deal with unexpected training needs without the approval of senior Army leaders. How would division commanders work with the garrison commanders (who will report to you and the Assistant Chief of Staff for Installation Management) to set requirements and priorities, and deal with real-world changes, under this new structure?

Secretary FIORI. I fully expect division commanders and the garrison commanders will continue to work together as they are now. Garrisons commanders, by the nature of their command, are charged with servicing the needs of their Army community. However, execution of training remains the responsibility of division commanders. Our garrison commanders have flexibility with their base support funding, and we will also retain flexibility at the Installation Management Agency to address unforeseen circumstances within the garrison commander's area of responsibility.

To ensure mission commanders are closely involved in setting installation management requirements and priorities, we are placing the senior mission commander in the rating chain for our garrison commanders. The division commander at a division post, such as Schofield Barracks or Fort Drum, will be the garrison commander's senior rater. In the Army culture, that is the best means to ensure satisfactory customer service to senior commanders. To provide further influence at a senior level, commanding generals will sit on our new Installation Board of Directors, helping to set priorities and strategies for Army installations.

MILITARY CONSTRUCTION FOR NATIONAL MISSILE DEFENSE

10. Senator AKAKA. Mr. DuBois, does the Department of Defense plan to use any military construction funding for construction of a national missile defense system, and if so, does the fiscal year 2003 budget or Future Years Defense Program contain military construction funds for this program?

Mr. DUBOIS. No military construction funds are requested in fiscal year 2003 for Ground-Based Midcourse (GMD) (formerly National Missile Defense) construction. All construction funds are in RDT&E. In fiscal year 2002, the Administration requested, and Congress approved, legislation that stated the following: "(1) The Secretary of Defense, using funds appropriated to the Department of Defense for RDT&E for fiscal years after fiscal year 2001 that are available for programs of the Ballistic Missile Defense Organization (now MDA), may carry out all construction projects, or portions of construction projects, including projects for the acquisition improvement, or construction of facilities, necessary to establish and operate the Missile Defense System Test Bed; and (2) The authority provided in subsection (a) may be used to acquire, improve, or construct facilities at a total cost not to exceed $500,000,000."

In fiscal year 2002, $281 million of RDT&E funds was appropriated for GMD construction. The budget request for fiscal year 2003 for GMD construction is $137 million.

NAVY ENCROACHMENT STRATEGY

11. Senator AKAKA. Secretary Johnson, your prepared statement focuses on critical habitat when discussing concerns about training. However, a Department of Defense issue paper identifying encroachment issues that the Navy currently faces at various bases found that at 8 of the 14 bases, the problems came from noise, airspace restrictions, or unexploded ordnance, rather than from environmental constraints. What steps is the Navy taking to develop a comprehensive encroachment strategy that addresses all of the many factors that have an impact on Navy training?

Secretary JOHNSON. The DON and DOD have developed a comprehensive approach to improve and manage DOD ranges, including encroachment issues. The Senior Readiness Oversight Council (SROC) identified recapitalization, modernization, and sustainability as the key issues in improving and maintaining DOD ranges. The SROC is addressing recapitalization and modernization of ranges separately and has established an Encroachment Integrated Product Team (IPT) to coordinate all issues of encroachment. The IPT is developing action plans to address specific encroachment issues, and oversees their implementation. Another important group reporting to the SROC on encroachment issues is the Operational and Environmental Executive Steering Committee for Munitions (OEESM). OEESM has developed the DOD Munitions Action Plan (MAP) addressing life-cycle management of munitions for range sustainment. DOD also manages issues on a regional basis, specifically the Southern California/Arizona region. The strategy will engage stake-

holders and range managers to identify issues and develop solutions to regional encroachment that will be applied nationally if successful. In addition, DOD has established planning goals, and DON is budgeting for comprehensive range sustainability studies at Navy and Marine Corps ranges. These studies will include Range Complex Management Plans, regulatory compliance evaluations, on-site contaminant assessments, and encroachment vulnerability analyses. DOD and the services are actively communicating the importance of a balance between military readiness and environmental stewardship with environmental groups, the public, other stakeholders, and members of Congress and their staffs.

In addition to these programmatic solutions to encroachment, DOD and the military services have been in discussions with OMB, the Council of Environmental Quality, the Environmental Protection Agency (EPA), the Fish and Wildlife Service at the Department of Interior, and the National Oceans and Atmospheric Administration (NOAA) at the Department of Commerce. Together, as a team, and with the help of Congress, we will work to find solutions. If the administration decides to pursue statutory clarifications, we are ready to work closely with the appropriate congressional committees on any necessary clarifications.

CONTRACTS WITH ENRON

12. Senator AKAKA. Mr. DuBois, please provide a list of the contracts for the provision of energy services or any utility privatization contracts that the military departments and the defense agencies had with the Enron Corporation at the time it declared bankruptcy; a description of whether the services the government contracted for are still being provided; and in any cases where there was a default, how those services are now being provided.

Mr. DUBOIS. The Department has contracted directly with Enron or its subsidiaries in three areas—utilities privatization, natural gas procurement, and renewable energy purchases.

The Army awarded Enron Federal Solutions Inc. (EFSI) the contract for privatization of the water, wastewater, natural gas, and electric systems at U.S. Army Garrison, Fort Hamilton, NY. The contract called for EFSI to upgrade these utility systems prior to conveyance. EFSI made the capital investments to upgrade most of the utilities infrastructure, but has stopped performing the operations and maintenance functions. The operations and maintenance services are currently being provided by an existing base operating support contract. The Army filed a stipulation with the bankruptcy court to obtain permission to terminate the contract and is expecting funds from the performance and payment bonds to support completion of some of the contracted work. The Army plans to competitively re-solicit the privatization contract.

The Defense Energy Support Center (DESC) awarded Enron Corporation contracts to supply natural gas to Federal customers at various locations. These contracts were terminated for default on December 1, 2001, because Enron was unable to deliver the gas. The customers were able to revert to gas supplied by the local utility, so there was no interruption of service. DESC has since awarded new contracts to other suppliers.

In May 2001, the Air Force contracted with Enron to supply renewable power to Edwards AFB. This contract was part of the Department's plan to reduce electricity demand from the commercial power grid in the western U.S. Although Enron is still providing power under this contract, it is uncertain that this will continue much longer. DFAS is holding payment in abeyance pending a ruling by the bankruptcy court. If necessary, Edwards AFB will procure electricity from the local utility supplier—the Western Area Power Administration (WAPA)—at the tariff rate. WAPA is soliciting for a new supplier.

Additionally, there are two instances where DOD was procuring electricity from Enron indirectly.

The Navy entered into an interagency agreement with WAPA in March 2001 to obtain 80-megawatts of electricity for 12 Navy and Marine Corps installations in the San Diego region. WAPA then procured the electricity from Enron. Although Enron has continued to supply the electricity as contracted, WAPA has made arrangements with the California Independent System Operator to ensure no interruptions of service occur, should Enron fail to deliver.

Hanscom AFB, MA, has an agreement to purchase electricity from the General Services Administration (GSA), which obtained the power from Enron. GSA has already awarded a replacement contract to another supplier.

CENTRAL COMMAND FACILITIES

13. Senator AKAKA. Mr. DuBois, are emergency funds being used at this time only for temporary needs related to Operation Enduring Freedom, or also to construct facilities that U.S. forces intend to use on a long-term basis?

Mr. DUBOIS. The fiscal year 2003 Defense Emergency Response Fund request is designed to respond to, or protect against, acts or threatened acts of terrorism against the U.S. The majority of military construction projects are for construction of perimeter security and gates, providing increased security in the long-term. Some of the projects may be used on a short-term basis, but most will be used for the foreseeable future.

CORROSION PREVENTION

14. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, studies now being prepared for submission to Congress have found that the Department of Defense incurs at least $20 billion each year in damage to equipment and weapon systems because of corrosion. Are you aware of similar studies, analyses, or reports on the effects and costs of corrosion for military infrastructure and facilities?

Secretary FIORI. The Army Corps of Engineers, Engineer Research and Development Center (ERDC) is aware of many studies including the following recent study of the national cost of corrosion by CC Technologies and the National Association of Corrosion Engineers (NACE) International: "Corrosion Costs and Preventive Strategies in the United States," Report to Federal Highway Administration (FHWA), Office of Infrastructure Research and Development, Report FHWA-RD–01–156, September 2001. This report concluded that the national direct cost of corrosion in the U.S.A. was $276 billion. The total annual direct cost of corrosion incurred by the military services for systems (military equipment and hardware) and infrastructure is approximately $20 billion. For DOD facilities, this study concludes the following: "Information on corrosion-related costs for these DOD assets was not available; however, based on other studies described in this report, it is reasonable to assume that these costs are on the order of several billion dollars annually."

Secretary JOHNSON. We are not aware of any service-wide study of the cost of corrosion for military infrastructure and facilities. About 5 years ago, Naval Facilities Engineering Service Center (NFESC) conducted a sampling of the Commander in Chief, Pacific Fleet (CINCPACFLT) claimant level efforts and determined that sustainment and restoration projects to address operational waterfront facility corrosion problems has cost CINCPACFLT approximately $5 million per year. Considering a similar impact for Commander in Chief, Atlantic Fleet (CINCLANTFLT) would create a requirement in excess of $10 million for the fleet. This does not account for corrosion projects to correct problems related to non-critical facilities such as building exteriors, fences, antennas, or other metal structures.

Secretary GIBBS. The Air Force is not aware of any such studies related to corrosion for military infrastructure and facilities.

15. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, how much of your facility maintenance budgets are dedicated to fixing or preventing corrosion-related damage?

Secretary FIORI. Our sustainment requirement does not separately identify costs for corrosion. The operation and maintenance (O&M) funding is allocated to the major commands and installations to repair our most critical readiness requirements that includes corrosion as a component of the total project.

Secretary JOHNSON. Based on the NFESC study, the annual cost of corrosion for the Naval Shore Establishment is estimated to exceed $10 million for critical facilities. Corrosion prevention in facilities is normally addressed as part of the installation recurring maintenance and thus more precise estimates are not readily available.

Secretary GIBBS. The Air Force does not distinguish between the annual cost of corrosion damage/maintenance (Question 18) and how much of our facility maintenance budgets are dedicated to fixing or preventing corrosion-related damages (Question 15). Additionally, the Air Force does not specifically track day-to-day maintenance (including man-hours expended) to prevent or fix corrosion damage, nor does the Air Force track the annual cost of corrosion control or related damages to Air Force facilities and infrastructure.

The Air Force does have corrosion control programs established at each installation and have been successful in reducing and preventing our corrosion maintenance requirement. For facilities, those programs are multi-faceted in scope, generally centered on protective coatings, cathodic protection, and industrial water treatment.

Facility requirements to restore or prevent corrosion-related damage to facilities compete for available funds with other facility needs based on their impact to the installation mission. The amount will therefore vary from year to year. However, these requirements are primarily accomplished by contract when funded.

16. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, what initiatives are you taking to reduce corrosion maintenance costs?

Secretary FIORI. The following initiatives currently underway help to reduce corrosion related maintenance costs:

(a) Army Corps of Engineers sponsored PROSPECT Training in Corrosion Control has been conducted annually since 1975;

(b) Army Corrosion Control Technology Program at select installations demonstrates and implements emerging corrosion control technologies; and

(c) All new construction of underground distribution systems or storage tanks use nonmetallic materials where appropriate. Where nonmetallic materials are technically impractical or not life cycle cost effective, coatings and cathodic protection systems are provided to eliminate or minimize external corrosion. Hydronic heating and cooling systems often include automatic systems for the chemical treatment of water to minimize or prevent internal corrosion.

Secretary JOHNSON. Corrosion initiatives initiated through Naval Facilities Engineering Command (NAVFAC) include:

- Establishing corrosion control technical expertise at the Naval Facilities Engineering Service Center (NFESC);
- Conducting periodic base corrosion surveys. Work done by the technical experts, NAVFAC Engineering Field Division (EFD) corrosion managers, or by contract;
- Activity, EFD, and NFESC personnel collaborate to determine corrosion control requirements for POL facilities for programming by the Defense Energy Support Center Corrosion Control Program;
- Periodic waterfront underwater assessment surveys managed by technical experts at the NFESC;
- Revision of outdated design criteria to install proper corrosion control during initial installation to avoid unnecessary maintenance costs;
- Corrosion control training classes, as requested, are conducted periodically throughout the Naval Shore Establishment;
- The NAVFAC Engineering Network (ENET), as well as corrosion technical expert web sites, are established to identify Navy personnel knowledgeable in corrosion control, transfer lessons learned, and help field personnel obtain assistance with corrosion control problems; and
- Research and development investments into corrosion resistant paints and application techniques, as well as corrosion control practices.

Secretary GIBBS. The Air Force's intent is to reduce corrosion maintenance requirement through effective corrosion prevention programs. For facilities, those programs are multi-faceted in scope, generally centered on protective coatings (exterior facility painting), cathodic protection (protecting underground metal piping and above ground storage tanks), and industrial water treatment (internal treatment of heating and cooling systems). In recent years, the Air Force has outsourced the majority of these operations. In those cases, it has found the use of blanket purchase agreements and requirements contracts as an effective way to reduce its contract costs.

CORROSION CONTROL

17. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, corrosion control and prevention is an essential element of a maintenance program. However, because of its nature, corrosion has been simply accepted as a normal degradation of military equipment. In planning for maintenance, the military services and the Department of Defense have done little to train their technicians and have not specifically allocated funding to address corrosion of facilities and equipment. When formulas are developed to project military maintenance costs, corrosion is rarely considered. Do you document the impact of corrosion on your facilities? If so, who provides the information? Where is that information stored? Is it used in resource planning and determining facility maintenance requirements? Is such information made available and shared with others? If you do not document the impact of corrosion, why?

Secretary FIORI. The Army has documented the impact of corrosion on its facilities via Army-wide corrosion surveys until 1998.

This information is currently stored at the U.S. Army Engineer Research and Development Center (ERDC) Construction Engineering Research Laboratory (CERL) in Champaign, Illinois.

It has been used in research resource planning and determining maintenance requirements.

It is made available and shared with Army Installations, Major Commands (MACOMs), and the Assistant Chief of Staff for Installation Management (ACSIM).

Secretary JOHNSON. The impact of corrosion is documented in individual reports of corrosion control surveys conducted under NAVFACENGCOM and Defense Energy Support Center (DESC) Corrosion Control Programs. These survey reports are stored either at activities, NAVFACENGCOM Engineering Field Divisions (EFDs), or at DESC. This information is being used to identify corrosion related projects, and to some extent, prioritize such projects. As an example, at their request CINCPACFLT and the NFESC have collaborated in developing a single report summarizing cathodic protection (one major method of corrosion control) status at all CINCPACFLT activities and prioritizing the deficiencies at each activity. DESC uses information from surveys conducted under their program to develop their execution plans.

Secretary GIBBS. Facility maintenance programs are managed by engineers at each Air Force installation. Those engineers conduct recurring facility inspections, during which they gather and document maintenance requirements in databases stored at each installation. Corrosion management is part of these recurring facility inspections. As each installation develops its annual budget request for facility maintenance, it considers corrosion prevention and maintenance requirements (along with all other facility maintenance requirements). As funds are appropriated by Congress and made available to each installation, installation commanders then execute their facility maintenance programs.

18. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, what is the annual cost of corrosion damage/maintenance for your military facilities?

Secretary FIORI. The annual direct cost of corrosion/maintenance is not provided for in the budget process and is not available.

Secretary JOHNSON. Based on the NFESC study, the annual cost of corrosion for the Naval Shore Establishment is estimated to exceed $10 million for critical facilities. These costs are part of the installation's recurring maintenance and thus more precise estimates are not readily available.

Secretary GIBBS. See answer to question no. 15.

19. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, where do you receive your guidance for corrosion management?

Secretary FIORI. The Army Corps of Engineers and my office, the Office of the Assistant Secretary of the Army (Installations and Environment), provide technical and policy guidance, respectively. In general, the installations use industry standards and practices via contract support.

Secretary JOHNSON. A Tri-Service Committee develops all guidance for the Department of Defense. In response to the Appropriations Conference Report 105–247 and the DOD Installation Policy Board directive of January 13, 2000, the Tri-Service Committee on Unified Design Guidance was formed. The Naval Facilities Engineering Command, the Army Corp of Engineers, and Air Force Civil Engineering Support Agency develop all new DOD facility guidance jointly. One example of this in the corrosion control area is the Unified Facility Criteria (UFC) document UFC 3–570–06 which provides Tri-Service guidance on maintenance and operation of cathodic protection systems, and which is under final review by the Air Force.

Secretary GIBBS. The Air Force works together with the other services, service laboratories, and the private sector corrosion maintenance industries, including both the National Association of Corrosion Engineers (NACE) International and the Steel Structure Painting Council (SSPC), to collect and implement guidance on corrosion prevention and maintenance.

20. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, do you provide guidance to your military units on corrosion management? If so, in what format and to whom?

Secretary FIORI. The Army provides guidance to the Army Installation's Director of Public Works (DPW) staff on corrosion mitigation through Technical Manuals and Bulletins.

Secretary JOHNSON. Guidance is provided through various methods including:

- NAVFACENGCOM Design Criteria and Instructions. Criteria are updated periodically and distributed to Navy Design and Public Works De-

partments. A NAVFACENGCOM corrosion control program instruction is currently being revised.

• NAVFACENGCOM corrosion control technical experts at NFESC and Engineering Field Divisions provide guidance to field personnel through technical reports, training classes, and electronic and telephonic means.

Secretary GIBBS. Yes. The Air Force Civil Engineer Support Agency (AFCESA) at Tyndall AFB, FL is the lead agency for providing facility corrosion maintenance technical assistance to Air Force installations. They do so on an as-requested basis. In addition, AFCESA publishes technical papers and operating guidance made available to the field via various forms of electronic media. When requested and practical, AFCESA personnel visit installations to provide on-site technical assistance.

21. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, do you conduct periodic inspections of facilities to ensure they are being maintained to published standards? Do these inspections include the analysis of the impact of corrosion? If not, why?

Secretary FIORI. The Army uses an annual report, the Installation Status Report (ISR), as a tool in determining the quality and quantity of facilities Army-wide. The ISR uses Army-wide standards developed by the Army staff to measure the condition of facilities.

Occupants of the buildings do the inspection using rating sheets and booklets. Several of the booklets, especially those pertaining to medical facilities, include specific corrosion reporting items. As a result of these inspections, the condition of the facilities are classified as red, amber, or green. Sustainment, renovation, or construction costs are then developed.

ISR does not separately analyze the effects of corrosion. This type of inspection would require technical analysis. Corrosion within pipes is a difficult check since it requires shutting down the system and dismantling the pipes. This causes disruption of service to a customer's facility and is usually only discovered when repairs are being done.

Secretary JOHNSON. Yes, Navy and Marine Corps activities conduct periodic inspections of the facilities and document deficiencies:

• Activities conduct some specialized inspections/maintenance of corrosion control systems either in-house or by contract;

• NFESC/EFD technical experts conduct periodic base wide corrosion and waterfront underwater inspection surveys that include analysis of corrosion control systems such as cathodic protection; and

• Periodic surveys of POL systems at Navy activities are conducted under a Defense Energy Support Center corrosion program when such a requirement has been justified.

The inspections conducted by the NFESC/EFD technical experts and the inspections conducted under the DESC program will most often include analysis of the impact of corrosion. Activity specialized inspections will sometimes include such analysis.

Secretary GIBBS. The Air Force does not conduct any centrally directed formal inspection program for corrosion maintenance at its installations. However, each Major Command conducts installation visits to inspect installation infrastructure, including the different aspects of corrosion maintenance. Each installation commander is responsible for performing recurring facility inspections, gathering and documenting facility maintenance requirements, and utilizing available resources to best meet those requirements.

22. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, do you receive guidance from the Department of Defense on corrosion management? If so, from what office? If not, from whom would you expect to provide this guidance?

Secretary FIORI. We do not receive specific guidance for corrosion management from the Department of Defense. My office, the Office of the Assistant Secretary of the Army (Installations and Environment), provides policy guidance and the Army Corps of Engineers provides technical guidance for construction projects.

Secretary JOHNSON. The Office of Under Secretary of Defense (Installation and Environment) provides guidance on corrosion control developed by the Tri-Service Committee on Unified Design Guidance. Currently, Unified Facility Criteria (UFC) document UFC 3–570–06, which provides Tri-Service guidance on maintenance and operation of cathodic protection systems, is under final review by the Air Force.

Secretary GIBBS. The Air Force does not receive specific guidance from DOD on facility corrosion prevention and maintenance, nor does it require it. The Air Force

works with the other services and industry to develop the corrosion prevention and maintenance guidance it needs.

23. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, how do you ensure that your corrosion-related maintenance is safe for the environment and the personnel who perform the maintenance?

Secretary FIORI. All procedures and chemicals used by installations are in compliance with applicable Occupational Safety and Health Administration, Environmental Protection Agency, and State and local regulations.

Secretary JOHNSON. The Department has safety and environmental offices at the Navy and Marine Corps headquarters down to the individual installations that monitor compliance. Environmental personnel are involved in the design and review process of these projects. Corrosion technical experts participate in military and private sector committees developing military criteria and industry standards to ensure environmental compliance. They keep abreast of changing environmental and safety requirements from such agencies as EPA, Office of Underground Storage Tanks, and the Office of Pipeline Safety. Updated information is sent to field personnel through criteria updates, technical reports, project reviews, and electronic/telephonic means.

Secretary GIBBS. Corrosion maintenance-related environmental guidance is established and distributed by the Air Force Civil Engineer Support Agency, based on its crossfeed with the other services and the corrosion maintenance industry. Further, the environmental protection and safety experts on each Air Force installation work with the installation maintenance and contract personnel to ensure only environmentally/occupationally safe products are used on the installation.

24. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, if you were able to reduce the frequency of corrosion-related maintenance, what benefits, including cost savings, would you project for military resources and the environment?

Secretary FIORI. While we are unable to project cost savings, it is expected that the major benefit is that the life cycle costs are going to be significantly lower because of life extension of facilities and equipment. The reliability and readiness of facilities will also be increased, which is critical for systems that contain or transport substances that could harm people or the environment, such as natural gas or transportation fuels.

Secretary JOHNSON. Reduced frequency of corrosion-related maintenance would allow sustainment resources to be applied to other requirements. Corrosion control systems that are properly designed, installed, and maintained could result in significant cost avoidance. For example, a pipeline with a properly designed coating and cathodic protection system will be free of leaks for the designed service life. The cost to install and maintain the corrosion control system is usually much less than it takes to periodically replace or perform a major repair to the pipeline. One major fuel leak could result in environmental cleanup/penalty costs of $500,000 to $2,000,000. In addition, by prolonging the lives of facilities, the costs for premature major repairs or replacements will be avoided.

Secretary GIBBS. In addition to the cost savings from avoided material replacement, the Air Force expect benefits would include manpower savings and a reduction in hazardous waste generation.

25. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, for corrosion-related facilities maintenance, who does the work? What are the annual costs? How many man-hours are expended annually on corrosion repairs?

Secretary FIORI. The Installation Department of Public Works staff and contractors perform the corrosion related maintenance work. The Army does not track or have records which report maintenance work specifically for corrosion control or repairs.

Secretary JOHNSON. A mixture of in-house and contract personnel accomplish corrosion-related facilities maintenance work. The mixture is dependent on the extent of the work and the capability of the in-house force. Costs and man-hours are not specifically collected for corrosion repairs, and are thus not readily available.

Secretary GIBBS. See answer to question no. 15.

26. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, can you provide an analysis of the return on investment from corrosion repairs or preventative measures?

Secretary FIORI. We are unable to provide specific information on return on investment from corrosion repairs or preventive measures. Anecdotal evidence sug-

gests that the return on investment resulting from a properly executed corrosion control program for utilities and facility components is between 10 to 1 and 100 to 1.

Secretary JOHNSON. Economic analyses have been used to justify many corrosion control projects, but historical return on investment numbers have not been kept.

The cost of implementing corrosion control typically amounts to about 15–20 percent of the total facility construction, depending on the type of construction. Corrosion systems would also require some small amounts of annual investment for operation and periodic maintenance. A properly designed and maintained corrosion control system can extend the life of a structure for 15–20 years, and if the corrosion control systems are replaced every 15–20 years, the structural life can be extended indefinitely. The maintenance, operation, and periodic system replacement costs far less than major repairs or replacement of a structure caused by uncontrolled corrosion.

Other impacts that can be avoided as a result of preventing corrosion are:

- Downtime and disruption of service;
- Expensive loss of product (fuel);
- Environmental and safety hazards and costs;
- Decreased system capacity (e.g. loss of a storage tank); and
- Adverse impacts on operational readiness.

Secretary GIBBS. No, the Air Force does not currently track separate investments made on separate corrosion repairs or preventative measures, as these are embedded in each installation's other infrastructure maintenance and repair programs.

27. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, for your corrosion maintenance, do you use materials, techniques, and processes prescribed by military commands or laboratories, or are you using commercial products and processes? Are they safe? Are they effective? Do they provide a savings to the government?

Secretary FIORI. The materials, techniques, and processes for corrosion maintenance are generally prescribed by manufacturers and suppliers. The laboratories assist in the proper selection and evaluation of materials and technologies. Judiciously selected materials, techniques and processes for corrosion control are widely accepted as safe and effective, and have been shown to reduce costs of operations and maintenance.

Secretary JOHNSON. Occasionally, the Department will use techniques and processes prescribed by military commands when they are found to be superior to commercial products or where commercial standards are too general or vague to ensure the required quality. For the most part, the Department uses commercial products for facility corrosion maintenance.

For example, in September 2001, Tri-Service Paints and Coatings Guide Specification was revised to replace all references to Federal and military coating standards with Non-Government Standards (NGS) coating standards. The NGS's reference commercial, off-the shelf products instead of the combined formulation/performance requirements of the Federal and military standards. Application techniques and processes utilized in guide specifications also reference NGS standards. The NGS standards are created/developed and maintained by committees of field experts so they are the safest and most effective techniques possible. Using these standards saves government dollars by not having to develop and maintain MIL specifications.

Navy technical experts also work with environmentally concerned NGS organizations to set goals and standards that meet, and preferably exceed regulatory requirements. This is done to meet the intent of Executive Order 13101: Greening the Government Through Waste Prevention, Recycling, and Federal Acquisition.

Secretary GIBBS. In general, products prescribed by the military commands and laboratories are the same as the commercial products and processes used in industry. The Air Force continually interfaces with the private sector and academia, most commonly through industry forums, and thus tries to stay current with and take advantage of the latest technologies whenever possible. The products and processes used by the Air Force for corrosion maintenance are as safe and effective.

CORROSION CONTROL—ROLE OF LABS AND ACADEMIA

28. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, each of the military services has a laboratory system that provides technical leadership on materials and corrosion. The laboratories are limited in their capabilities as related to corrosion and most often seek help from the academic community. How does

your service seek to leverage the expertise in academia and the private sector on corrosion prevention and remediation?

Secretary FIORI. The Army laboratories continually seek opportunities to leverage the expertise in academia and the private sector through partnering, conferences and joint research efforts.

Secretary JOHNSON. By using up to date techniques and processes available through Non Government Standard (NGS) organizations, our corrosion technical experts leverage academia and private sector expertise into Naval working documents. This meets the intent and spirit of OMB Circular No. A–119: Federal Participation in the Development and Use of Voluntary Consensus Standards and in Conformity Assessment Activities. Projects focused on specific corrosion preventive efforts also lead to cooperative efforts between the labs and academia and private sectors. Many specialized corrosion control studies are contracted with the private sector.

Secretary GIBBS. The Air Force leverages the expertise in academia and the private sector through participation in corrosion-related industry forums, including the services co-hosting an annual corrosion seminar with the National Association of Corrosion Engineer (NACE) International. Very often, scholars from academia participate (and are featured) in these forums, and it is an excellent means for the Air Force to gather information and discuss its corrosion-related issues directly with industry.

29. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, how do your services' efforts relate to those ongoing in the other services? Do you see opportunities for further collaboration, both within the military community and with those outside of it?

Secretary FIORI. The Army/Army Engineer Research and Development Center (ERDC) staff is dynamic in coordinating Tri-Service activities through collaboration and participation in the Annual National Association of Corrosion Engineers (NACE) Corrosion Conference, Annual Tri-Services Corrosion Workshop, and other related Tri-Services meetings. The Army is continually seeking improved leveraging opportunities for collaboration both within and outside of the military community because of funding constraints.

Secretary JOHNSON. Navy corrosion technical experts actively participate in Tri-Service committees formed to foster communication, collaboration, technical training, and technology transfer on facilities related maintenance issues between the services, especially with regard to corrosion prevention measures. The committees cover paints and coatings, LBP (lead based paint), cathodic protection, fuels, water, and other areas of concern.

Their continued participation on non-government committees and industry organizations further leads to many cooperative efforts that benefit the Department, the Tri-Services in general, and private sector applications.

Secretary GIBBS. The services co-host an annual corrosion seminar with the National Association of Corrosion Engineers (NACE) International to bring together corrosion personnel from all levels of the service's engineering organizations, service laboratories, and the private sector corrosion maintenance industry to collect and implement guidance on corrosion prevention and maintenance.

30. Senator AKAKA. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, do you seek guidance from your military laboratories to solve corrosion issues? If so, do they satisfy your requirements? If not, why?

Secretary FIORI. We look to our laboratories to provide technical guidance and support to solve corrosion issues. The laboratories satisfy our requirements.

Secretary JOHNSON. Yes, military laboratories (NFESC, US Army CERL, NRL, etc.) have been and are still consulted to help solve corrosion issues.

Secretary GIBBS. Yes. The Air Force works with the U.S. Army Corps of Engineers and the U.S. Navy labs, as well as the Air Force Research Laboratory. These relationships meet the Air Force's requirements.

HOUSING PRIVATIZATION

31. Senator AKAKA. Mr. DuBois, how much of the basic allowance for housing funding in the military personnel accounts for fiscal years 2002 and 2003 is dedicated specifically to payments related to housing privatization?

Mr. DUBOIS. In fiscal year 2002, we project approximately $135 million of the basic allowance for housing funding in the military personnel accounts will be used by members to pay rent at housing privatization projects. The new impact of privatization in fiscal year 2002 will be approximately $68.3 million. The $68.3 million

reflects the number of service members who, prior to privatization of their housing, were living on-base or in MILCON housing and not receiving BAH, but now are. For those service members who were receiving BAH to pay for housing off-post or in the private sector, that impact on the BAH account should be transparent as they move into privatized housing.

In fiscal year 2003, we project approximately $448 million of the basic allowance for housing funding in the military personnel accounts will be used by members to pay rent at housing privatization projects.

UTILITY PRIVATIZATION

32. Senator AKAKA. Mr. DuBois, are the services still being directed to complete the privatization of utility systems by the end of fiscal year 2003?

Mr. DUBOIS. In December 1998, the Deputy Secretary of Defense directed the services to privatize all utility systems by September 2003, except those needed for security reasons or when uneconomical.

As of October 1, 2001, the services have privatized 26 systems. Two hundred five systems were determined to be uneconomical to privatize or exempt due to security reasons.

The program has turned out to be more complex than when initially conceived and has taken much longer to implement than anticipated. We are currently reviewing the September 2003 completion milestone. Meanwhile, the services are proceeding with efforts to execute the program.

HOMEPORT ASHORE PROGRAM

33. Senator AKAKA. Secretary Johnson, I understand that in the Norfolk area barges fitted for berthing are being used to provide berthing for sailors in port. What role do you believe such barges should play in the homeport ashore program?

Secretary JOHNSON. Junior shipboard sailors should have homes ashore, just like their more senior or shore based counterparts. The use of berthing barges as they relate to the homeport ashore program will continue for uninhabitable ships undergoing overhaul when bachelor housing space is not available, until more permanent housing can be provided.

EMERGENCY FUNDING FOR INFRASTRUCTURE PROJECTS

34. Senator AKAKA. Mr. DuBois, Secretary Fiori, Secretary Johnson, and Secretary Gibbs, please provide a list of all infrastructure projects funded through the Defense Emergency Response Fund using the $40 billion appropriated by Public Law 107–38 and the supplemental included in Public Law 107–117, to include both military construction projects as well as projects involving the improvement of existing facilities for purposes including anti-terrorism or force protection.

Mr. DUBOIS. The projects funded through the Defense Emergency Response Fund and Supplemental are below. There were no defense agency projects in these appropriations.

[In millions of dollars]

P.L. 107–38:	
Dover AFB Mortuary	18.8
Guantanamo Naval Base Detention Facility (PH I)	20.6
Guantanamo Naval Base Detention Facility (PH II)	13.4
Classified Project	75.0
P.L. 107–117:	
Thurmont, MD—Road Construction	2.0
Fort Detrick, MD Anti-Terrorism/Force Protection	9.1
Army classified project in Utah	7.0
Army classified project	4.6
Air Force classified projects	46.7
Various locations worldwide—Weapons of mass destruction enhanced security	35.0

Secretary FIORI. The Defense Emergency Response Fund provided funds for infrastructure improvement projects both above and below the $1.5 million life, health, and safety, threshold for military construction funded projects. The Army does not have visibility on access control projects below the threshold that were accomplished by installation commanders' decisions. The list of known projects follows:

[In thousands of dollars]

State/Location	Project	Cost
Active Army		
Maryland		
Fort Detrick	AT/FP High Risk Facility Hardening	4,950
Fort Detrick	Perimeter Security Fence	1,350
Fort Detrick	Remote Delivery Facility	2,800
Utah		
Dugway Proving Ground	Classified Project	7,000
Inside the U.S.		
Various	Security Measures for WMD	35,000
Outside the U.S.		
Various	Classified Project	4,600
Army Reserve		
New Jersey		
Fort Dix	Install Lighting	120
	Install Perimeter Fence	1,050
Pennsylvania		
Oakdale (99th RSC)	Repair Fence and Install Lighting	190
Wisconsin		
Fort McCoy	Install Perimeter Fence	1,050

Secretary JOHNSON. The following military construction projects were funded through the Defense Emergency Response Fund:

[In millions of dollars]

P.L. 107–38:	
Military Construction:	
Guantanamo Bay Cuba—Detainee Facility I	20.6
Guantanamo Bay Cuba—Detainee Facility II	13.4
P.L. 107–117:	
Military Construction:	
Thurmont, MD—Road Construction	2.0

Funding totaling $75.3 million from P.L. 107–38 was used to increase the security posture at various installations. Anti-terrorism force protection projects at these installations included fencing, perimeter lighting, gate houses, concrete barriers, intrusion detection systems, waterside security, flight-line barriers, pop-up gate barriers, installation of window film, and building hardening.

Secretary GIBBS. A list of Air Force infrastructure projects funded with the $40 billion Fiscal Year 2002 Defense Emergency Response Fund follows:

DERF Report

Miltary Construction Project Titles	Location	Amount ($K)
SW Asia Planning & Design, SIOH	Classified Location	20,000
SW Asia Airfield Base Ramp	Classified Location	17,600
SW Asia Airfield Ramp	Classified Location	9,100
Dover Mortuary (MILCON scope)	Dover AFB	18,800
Dover Mortuary (Demo/Equipment, etc.)	Dover AFB	11,200

O&M Project Titles	Location	Amount ($K)
Rpr Fence & Boundary Signs	Patrick AFB, FL	45
Install Perimeter Lights	Patrick AFB, FL	200
Rpr Perimeter Fence	Patrick AFB, FL	208
Install Perimeter Lights	Patrick AFB, FL	184
Secure Utility Manholes	Patrick AFB, FL	84
Install 200KW Generator/Enclosure	Vandenberg AFB, CA	207
Rpr Base Fence	F.E. Warren AFB, WY	453
Rpr Law Enforcement Facility	Malmstrom AFB, MT	681
Renovate Law Enforcement Facility	Malmstrom AFB, MT	61
Renovate Main Entry Bldg	Minot AFB, ND	417
Rpr Locate Security Door	Thule AB, GR	18
Maintain Runway, Rubber Removal and Stripping	Incirlik AB	180
Construct Concrete Pads for Munitions Staging Area (RAC II Safety Hazard)	Incirlik AB	89
Security Upgrade-Fuel Mgmt Area	Aviano AB	92
Install Security Sensor Curtain Flight Line	Ramstein AB	246
Hardstands	RAF Mildenhall	461
Convert Bldg 774 to Maintenance Hanger	RAF Mildenhall	60
Hardening Water Wells (AETC)	Keesler AFB	96
Site R (11th Wg)	Classified	210
CENTCOM Village Trailer Rental	MacDill AFB	82
CENTCOM Complex Electrical	MacDill AFB	114
JIC Alarm system	MacDill AFB	102
Repair Contingency Dorms 1671 & 1660	Andrews AFB	1,526
Construct Coalition Village	MacDill AFB	1,016
Rental and Set-up of Trailers	MacDill AFB	519
CENTCOM Parking Ramp repair	MacDill AFB	471
ACC Alert Facility	Travis AFB	285
RENOVATE B2058 FOR AFIWC/33 IOS, PH3	67 IOW - OLD KELLY FIE	671
RENOVATE B829, PH3	NAIC - WRIGHT PAT AFI	1,483
GENERATOR FOR INFO OPS CENTER	AIA - OLD KELLY FIELD	54
GENERATOR FOR 488 IOG	67 IOW - MILDENHALL A	72
ALTERNATE POWER FEED FOR MRSOC	70 IW - MRSOC	829
RENOVATE SCIF FOR 20 IOS, B301D	67 IOW - OFFUTT	187
REPLACE ELEC DISTRIB SYS, PHASE 1	AIA - OLD KELLY FIELD	104
Force Protection Water Wells	Lajes Field	56
Bollard installation at Main/West gates	Holloman	32
MUHJ 01-0302, Install Metal Posts (Swing gates)	Langley	4
MUHJ 01-0303, Install Metal Posts (Swing Gates)	Langley	8
MUHJ 01-7028, Construct vehicle search lane (West gate)	Langley	163
INSTALL SECURITY BARRIERS, Main Gate	NELLIS AFB	106
Design construction, barriers/solariums, base gates	Offutt AFB NE	1
Force Protection Remote Comm Sites	Lajes Field	57
Aircraft Shelters	Hill AFB	642
Const Interim Ord Handling Pad	Andersen	470
Inc AC (Dining Facility - Bldg 939)	Andersen	35
Const Bus Stop Bldg 938	Andersen	10
Const Canopies for Galley Ent	Andersen	5
Insulate HVAC Bldg 939	Andersen	5
Inst Cannon Plugs on Transformers	Andersen	5
Inst Commercial Power in SFS Guardshacks	Andersen	44
Paint South Taxi Way Striping (AJJY-00-7200)	Andersen	5
Roof Repair (AJJY-97-0003)	Andersen	38
Alert Fac Renovation (Bldg 2510)	Andersen	37

Wide Access Rd (Main Gate)	Andersen	35
Install Security Fence along Airlifter Dr, FXSB 02-1025	Elmendorf AFB	490
Install Security Fence along Slammer Ave, FXSB 02-1026 Obligated Sep 01	Elmendorf AFB	350
Security Measures for the Power Plant and Water Plant (Cameras/fences)	Eielson AB	330
Install Vehicle Shelters	Osan	6
Purchase Barriers for the Flightline	Osan	168
Portable Fence	Osan	42
Fire Trainer	Kunsan AB	93
Hardened Aircraft Shelter Doors	Kunsan AB	116
Repair/Replace Perimeter Fence	377th Kirtland	900
Battlestaff SIPRNT Ceiling Sensor	ASC (88th ABW)	7
Huffmann Prairie Fence	ASC (88th ABW)	237
Munition Storage Area Gate	ASC (88th ABW)	72
Flightline Security Gate	ASC (88th ABW)	43
	TOTAL	92,819

QUESTIONS SUBMITTED BY SENATOR MARK DAYTON

ENERGY SAVINGS PERFORMANCE CONTRACTS

35. Senator DAYTON. Secretary Gibbs, I understand that the Air Force currently has six regional energy savings performance contracts in place covering Air Force facilities throughout the United States. I have been told that some of these contracts are now approaching their ceiling prices, and that the Air Force does not plan to perform any more work under these contracts until they can be recompeted, a process that could take a year or more. Do you support the use of energy savings performance contracts to make Air Force facilities more energy-efficient and reduce the Department's energy costs?

Secretary GIBBS. Yes, the Air Force supports the use of energy savings performance contracts as one of the primary tools it has to identify and implement energy saving measures. The Air Force has engaged in the use of these contracts in each of its six regions, awarding over $250 million to date in task orders funded by the respective Energy Service Companies (ESCOs) against these six contracts. The Air Force reimburses the ESCO up front cost over time from annual energy cost savings associated with each task order. The Air Force plans to continue the use of these six contracts and is currently considering an additional $350 million in task orders identified by the ESCOs.

36. Senator DAYTON. Secretary Gibbs, do you believe that it would be appropriate to raise the ceiling prices on existing contracts to the extent necessary to avoid a gap in performance during the period in which these contracts are being recompeted?

Secretary GIBBS. Currently, the Air Force does not anticipate any gap in awarding new energy saving measures. The existing contracts are approximately 4 years old, and each has a term of 25 years. The Air Force is in the process of procuring a new contract in one region where the awards to the ESCO have reached 80 percent of the original $250 million ceiling available for that region. That new contract should be in place by the end of this fiscal year. However, the Air Force does not anticipate reaching the ceiling on that contract or in any other region before a new contract has been awarded.

37. Senator DAYTON. Secretary Gibbs, will you review the Air Force's current contracting effort and report on the extent to which this contracting mechanism is or is not being used today?

Secretary GIBBS. I have reviewed the current Air Force effort. The Air Force has pursued energy savings performance contracting and to date has approved and implemented more than $250 million in energy saving performance task orders funded up front by the ESCO, and reimbursed over time from Air Force energy cost savings. In addition, the Air Force is currently considering contractor proposals for another nearly $350 million in task orders across the six regions.

38. Senator DAYTON. Secretary Fiori, I understand that the Army currently has two energy savings performance contracts covering Army facilities throughout the United States. I have been told that the Army has stopped placing work orders under these contracts. Do you support the use of energy savings performance contracts to make Army facilities more energy-efficient and reduce the Department of Defense's energy costs?

Secretary FIORI. The U.S. Army Corps of Engineers, Huntsville Center, awarded two sets of energy savings performance contracts covering Army facilities throughout the United States for a total of eighteen contracts. In addition, the Army Medical Command awarded nine contracts for use in its medical facilities, and the U.S. Army Corps of Engineers, European District, has awarded several contracts for use in Europe. Army installations are also using Department of Energy contracts at some locations. All of these contracts permit the contractor to develop multiple energy saving projects.

We have not stopped placing work orders against any of these contracts. We have suspended the use of energy savings performance contracts in Army family housing units that are part of the Army's Residential Communities Initiative effort due to some extremely complex coordination issues.

39. Senator DAYTON. Secretary Fiori, will you review the Army's current contracting effort and report on the extent to which this contracting mechanism is or is not being used today?

Secretary FIORI. The Army is using energy savings performance contracts extensively. The Army awarded 23 projects in fiscal year 2000 with an investment value of $107 million and 15 projects in fiscal year 2001 with an investment value of $135 million. So far in fiscal year 2002, we have awarded three projects with an investment value of over $12 million.

40. Senator DAYTON. Secretary Fiori, does the Army have adequate resources to manage and administer these programs?

Secretary FIORI. Yes.

41. Senator DAYTON. Secretary Fiori, is there a funding shortfall in terms of managing this effort?

Secretary FIORI. No.

42. Senator DAYTON. Secretary Fiori, could the Army execute more energy savings performance contracts with additional administrative support?

Secretary FIORI. No. New technology and renewable energy projects are often not cost effective under energy savings performance contracts and cannot be accomplished. Direct funding to reduce the private sector investment will increase the use of renewable energy sources.

43. Senator DAYTON. Secretary Gibbs and Secretary Fiori, how much has been saved by energy savings performance contracts since the inception of the program?

Secretary GIBBS. Because of the structure of the contracts and the timeframes involved, it is difficult to quantify savings at this point. Each awarded task order is funded up front by the ESCO who is reimbursed by the Air Force over time according to the specific annual energy savings identified in the task order. Payback periods may range from 1 to 25 years. After the task order is reimbursed, continuing savings revert to the Air Force, and will accumulate indefinitely after payback. To date, the Air Force has awarded $250 million in task orders, all of which will be reimbursed to the ESCO by 2023, and contribute to Air Force savings.

Secretary FIORI. Since the inception of the program in 1996, the Army has awarded 85 projects with over $400 million in investment at our installations. These projects are expected to reduce energy consumption by 3 million MBTUs of energy (approximately equal to 20 million gallons of oil) each year. Virtually all the dollars saved are used to pay for the private sector investment.

44. Senator DAYTON. Secretary Gibbs and Secretary Fiori, could additional savings be generated? If so, how much?

Secretary GIBBS. The Air Force works with the ESCOs to identify additional savings opportunities. Good ideas are cross-fed across installations and regions to take advantage of successful projects. While the ESCOs continue to identify additional savings opportunities, the future unidentified potential cannot be quantified.

Secretary FIORI. Most of our installations have executed projects using energy savings performance contracts. We expect to award an additional $200–$250 million

in projects over the next 5 years, with an estimated savings of 1.5 million MBTUs of energy (approximately equal to 10 million gallons of oil per year).

QUESTIONS SUBMITTED BY SENATOR JOHN MCCAIN

BASE TRANSFERS

45. Senator MCCAIN. Mr. Dubois, in a letter on January 16, 2002, I raised the fact that the David W. Taylor Research Center in Annapolis, Maryland, selected for closure in 1995, had not yet been transferred to the local reuse authority. Secretary Aldridge responded on February 19, 2002 suggesting, "a pending court decision regarding a private citizen's lawsuit" was the "critical issue" holding up the transfer. Department of Defense officials have since informed my staff that this lawsuit is not relevant to the Navy's transfer of the David W. Taylor Research Center. Are you now of the understanding that the process to fully close the David W. Taylor Research Center and transfer the property to the local reuse authority will move forward expeditiously? Please provide me with a timetable for the transfer of this property.

Mr. DUBOIS. The referenced civil suit, while one of several local issues, is not delaying Anne Arundel County from accepting title to the property. Rather, the County Executive cannot close on the David Taylor transfer documents without authorization from the County Council. This local authorization requires agreement between the master developer, the County, and the Navy. Most provisions necessary for the local legislative process to proceed have been ironed out and the County expects property settlement and transfer by September 30, 2002.

46. Senator MCCAIN. Mr. Dubois, what steps is the Department of Defense taking to review the caseload of bases awaiting final transfer and what resources have been devoted to ensure this effort happens in a timely manner?

Mr. DUBOIS. I have directed the military services to identify impediments to transfer, and to propose remedies at all BRAC sites with some outstanding property. I will routinely review the progress we are making in the transfer of these properties with the military services and seek remedies to any impediments as they are encountered. This review will include the development of an updated transfer schedule for each installation, and validation of budgets to ensure adequate resources are dedicated to these efforts. Each military service is responsible for the disposition of this property and it is within each service that the preponderance of resources are being expended to facilitate the remaining transfers.

Among the actions OSD is undertaking include:

- A complete review of the environmental programs presently underway for time/cost-saving opportunities;
- A review of sites where transfers appear to be impeded due to the community reluctance to accept transfer, or the consideration of alternative transfer options; and
- Direct the military services to review their existing procedures to ensure the timely preparation of transfer documents and funding of necessary actions to facilitate transfer.

It should be recognized that not all property can be transferred since there are some installations at which ongoing DOD missions after BRAC will delay property transfer for several years, e.g. chemical demilitarization operations at Pueblo and Umatilla Army Depots, and a Missile Defense Agency mission at Ft. Wingate.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

DOD RECAPITALIZATION RATE

47. Senator INHOFE. Mr. DuBois, last year you announced with great enthusiasm the Department of Defense's 67-year recapitalization cycle. Congress provided a level of funding to support an 83-year cycle. This year's request funds a 121-year cycle. What funding levels are required to achieve the 67-year cycle and when do you intend to provide the funds to support this goal?

Mr. DUBOIS. In fiscal year 2003 dollars, and given our current inventory forecast, we need about $6.4 billion annually in restoration and modernization funding, using a combination of military construction and operations and maintenance funds, to achieve a 67-year rate. In addition, we have to fund full sustainment levels in the O&M accounts, or the facilities will not last the required 67 years on average. The fiscal year 2003 President's budget includes funds to achieve the 67-year recapital-

ization cycle by fiscal year 2006 or fiscal year 2007 depending on the inventory that remains at that time. Sustainment levels improve and reach 97 percent in fiscal year 2007.

48. Senator INHOFE. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, assuming there is no increase in military construction, sustainment, restoration, or modernization funding over the fiscal year 2003 request, what is a realistic goal for achieving the 67-year recapitalization goal?

Secretary FIORI. The current funding level in 2003 reflects a recapitalization rate of 123 years. We have programmed additional funding in the FYDP and are on track to reaching the 67-year cycle by 2010.

Secretary JOHNSON. Attainment of the 67-year recapitalization rate is predicated on increased funding programmed in FYDP. However, given the uncertainty presented by BRAC 2005, which would eliminate the need to recapitulate some unknown fraction of the DON infrastructure, it would be conjecture to estimate an alternate timeframe. The DON recapitalization rate included in the fiscal year 2003 President budget is 122 years.

Secretary GIBBS. Based upon the present fiscal plan, the Air Force reaches the 67-year recapitalization rate goal in fiscal year 2007. However, competing fiscal priorities and the need to balance sustainment of existing infrastructure with the need for new construction may impact that schedule.

OVERSEAS MILITARY CONSTRUCTION

49. Senator INHOFE. Mr. DuBois, last month I traveled to Germany and received a briefing on the Efficient Basing East Program. I understand that our forces in Korea through the Land Partnership Plan have a similar effort to reduce the number of installations from 41 to 21. Although I support these efforts since they benefit our forces and reduce cost, these plans are also a benefit to the host nations. What are Korea and Germany doing to support these efforts?

Mr. DUBOIS. At this point, German reaction to the Efficient Basing East (EBE) initiative is unknown, since the U.S. Embassy in Berlin just began host nation consultations with the Federal Republic of Germany (FRG). It is possible that the affected states within Germany may have different reactions—the losing state may be concerned about job losses, while the gaining state may react very positively. The FRG has the opportunity to raise any concerns during the host nation consultation process. After consultations are completed, the Secretary of Defense will make the final decision on the complete return of 12 installations and the partial return of one installation. Assuming he decides to return the affected installations, the Department plans to accomplish certain construction projects supporting EBE through payment-in-kind compensation provided by the Germans as reimbursement for U.S.-funded improvements on returned facilities.

The Land Partnership Plan reflects substantial support from the Republic of Korea. Of the entire Land Partnership Plan cost, only 13 percent ($297.6 million) will come from the United States through already programmed military construction projects. The remaining 87 percent ($1.07 billion) will be paid from Republic of Korea funded construction, and additional host nation funding produced by sales of returned, high value land.

50. Senator INHOFE. Mr. DuBois, what are your plans for expansions and/or reductions to the infrastructure in Southwest Asia?

Mr. DUBOIS. The combatant commanders are currently assessing their overseas basing structure. The study will be provided to Congress when it is completed.

51. Senator INHOFE. Mr. DuBois, what support is the United States getting to maintain or build new facilities from the various countries in the region?

Mr. DUBOIS. The current level of support provided by each country is outlined in the Status of Forces Agreements and burdensharing agreements applicable to that country. The burdensharing report will be published soon, and we are exploring additional opportunities to increase burdensharing by our Allies.

F–22 BEDDOWN

52. Senator INHOFE. Secretary Gibbs, the Air Force is requesting $42.8 million for the beddown of the F–22. This is a follow-on to $54 million appropriated last year. How much additional funding will be required to provide for the beddown of the F–22 and how much of your budget is dedicated to new mission programs?

Secretary GIBBS. Based on the current F–22 production schedule, an additional $36.9 million in fiscal year 2004, $43.2 million in fiscal year 2005, $60.1 million in fiscal year 2006, $96 million in fiscal year 2007, $83.5 million in fiscal year 2008, and $16.4 million in fiscal year 2009 is required to beddown the F–22. This allows unique F–22 facility requirements to be met at all beddown locations.

EFFICIENT BASING EAST PROGRAM

53. Senator INHOFE. Secretary Fiori, during my last visit to Germany, I received a briefing on the Army's Efficient Basing, East, Program. Although I support the plan, I understand that the $350 million cost has risen significantly. What is the projected cost for moving the Brigade Combat Team and their families to Grafenwoehr, Germany? What are the efficiencies you expect from this relocation?

Secretary FIORI. The total construction cost is estimated at approximately $695 million. This cost is comprised of military construction, Army (MCA) of $596 million and military construction, Defense-Wide of $100 million for non-Army construction (DODEA, DECA, AAFES, and Defense Medical). There has been no increase in the cost of this program.

The initiative is necessary and efficient. Efficient Basing, East consolidates a heavy Brigade Combat Team from 13 small, scattered installations to a single installation. It is good for soldiers, it will improve operations and training, and it saves money. Soldiers will be located next to their major training area, work in facilities built to support their job most efficiently, and housed in modern barracks and family housing, properly sized and outfitted to today's standards. This initiative saves money because, in the long run, it is cheaper to build new in a single location than rehabilitate and refurbish old outmoded facilities in a dispersed World War II footprint.

PRIVATIZATION OF BARRACKS

54. Senator INHOFE. Secretary Johnson, I understand that the Navy is considering the privatization of barracks to meet its goal of providing dormitory space to shipboard sailors. What is the incentive behind your program, especially when earlier attempts to privatize barracks were rejected?

Secretary JOHNSON. It will be a number of years before we are able to address our critical bachelor housing needs through traditional military construction funding. Based on our successful experience with family housing privatization, we believe there is a potential to similar leverage our resources to improve living conditions for single sailors and marines much faster. Although there are unique challenges posed by bachelor housing, such as extended deployments, we are developing pilot projects that, we believe, will address these issues and remain compatible with service operational objectives such as unit cohesion and team building.

ANTI-TERRORISM AND FORCE PROTECTION

55. Senator INHOFE. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, although anti-terrorism and force protection measures have been on the forefront for some time, the tragic events of September 11 dramatically demonstrated the need to provide additional protection to our military installations. Although protective measures are important, the greatest defense measure is standoff distance from the surrounding community. In the past we have discussed the impact of encroachment on our training environment. What is the impact of encroachment on our ability to protect our installations? What are we doing to resolve this matter?

Secretary FIORI. There are Army installations where the encroachment of the civilian community on the installation's perimeter is unavoidable. The impact of encroachment creates challenges for installation commanders, and requires a balance between community development and force protection. Each installation commander performs a risk analysis to make effective decisions on force protection and the impact on the installation and the surrounding communities. The Army, working with the local community leaders and boards, can achieve a balance with community development and force protection.

Currently, revised standards for minimum standoff distances are being written and will apply to all new and existing structures. Where those distances are not available, the structure will be analyzed by an engineer experienced in blast-resistant design and hardened as necessary.

In addition, open communication, community interaction, and a thorough information campaign assist in protecting and reassuring both the installation and the com-

munity on security issues. The key to this is the involvement of public affairs officers and liaison activities with leaders in local government, public agencies, civic organizations, and the local public media.

Secretary JOHNSON. Just as encroachment at training ranges impacts our process for assuring combat readiness, encroachment on our installations contributes to a myriad of security challenges for Navy/Marine Corps installations and can compromise the security of our civilian and military personnel. Inadequate standoff distance around our installations associated with encroachment has several impacts including: inadequate setback for blast protection; compressed security force response time; opportunities for close surveillance of military operations by adversaries; communications challenges as civilian use of the frequency spectrum competes with military training, security, and communications requirements; and increased threat to flight and other military operations. September 11, also highlighted the accessibility of our installations from threats from the air, the sea, and through various existing easements, highways, and railroads that pass through our installations (e.g. I–5 at Camp Pendleton).

Every installation has increased its security posture since the attacks of September 11, 2001. Additional security personnel, technology (security systems and detection devices), security fencing, barriers, security boats, and training are all being provide to enhance our antiterrorism/force protection (AT/FP) posture. The military construction (MILCON) projects in the fiscal year 2003 budget request have incorporated AT/FP measures within the scope of the project. These measure include standoff distances, shatter resistant windows, structural reinforcement, and building hardening. There is approximately $107 million in Navy MILCON projects to support this objective.

[In thousands of dollars]

AT/FP	Project		
EGLIN AFB FL NAVSCLEO	903	ADV EXPL ORD DISP TRAINING FAC	6,350
BAHRAINNAVSUPPACT	911	INSTALLATIONSVCSUPTCNTR	25,970
NORFOLK VA NS	469	SHORELINE SECURITY FENCING	2,030
SIGONELLA ITALY NAS	625	PARKING GARAGE	19,560
KITTERY ME PORTSMOUTH NSY	904	AT/FP IMPROVEMENTS	11,600
PORTSMOUTH VA NORFOLK NSY	902	AT/FP IMPROVEMENTS	19,660
PUGET SOUND WA BREMERTON NSY	903	AT/FP IMPROVEMENTS	21,670
Total			106,840

In addition to the above projects that specifically address AT/FP enhancements and/or improvements, each of our MILCON projects has AT/FP construction features (appropriate to the type and function of the project). These features account for $17.5 million or approximately 3 percent of the projects requested in the fiscal year 2003 Navy MILCON program.

DON is also exploring various land use controls measures that may assist in restricting development of lands surrounding our installations from uses that are incompatible with military requirements. Initiatives such as the Joint Land Use Study (JLUS) program, an initiative sponsored by the Office of Economic Adjustment and Air Installations Compatible Use Zones can facilitate joint planning between DOD and local communities to protect military operations and public safety.

Secretary GIBBS. To date, urban encroachment has not been an issue impacting the Air Force's ability to protect its installations.

The objective of the Air Force anti-terrorism program is to reduce the vulnerability of personnel and facilities while balancing defensive measures with mission requirements and available resources. The Air force goal is not to fortify the installation, but make it a less attractive target. This is achieved by incorporating flexible and common sense protection through appropriate base development planning. As the Air Force works to enhance its urban encroachment program, asset and force protection will be one of many issues that it addresses.

MAINTENANCE AND PRODUCTION FACILITIES

56. Senator INHOFE. Secretary Gibbs, at virtually every hearing, the service chiefs testify that the aging equipment in our military is impacting readiness due to heavy maintenance requirements. I was therefore surprised to see that funding for maintenance and production facilities in the Department of Defense's request was down almost 60 percent from the National Defense Authorization Act for Fiscal Year

2002. The Air Force's request is down almost 80 percent from last year. How does the Air Force intend to provide adequate maintenance and depot support at these funding levels?

Secretary GIBBS. The year-to-year distribution of facilities funding varies by facilities categories. The Air Force does not budget to maintain a level investment for each facility category. It budgets with a wider viewpoint—while the military construction request for maintenance and production facilities is lower this year, the sustainment budget for all Air Force facilities has been increased from fiscal year 2002 to fiscal year 2003.

The Air Force is requesting over $4.2 billion in total to invest in Air Force facilities and infrastructure in fiscal year 2003, the same level as submitted in the fiscal year 2002 budget request. The Air Force's focus in fiscal year 2003 will be to sustain the facilities that already exist, investing nearly $2 billion for sustainment, restoration, and modernization, an increase of over $360 million from fiscal year 2002.

REPAIR OF FACILITIES

57. Senator INHOFE. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, I have a special interest in the training of our military personnel and take a special interest in operation and maintenance (O&M) funding. Last year, your services reported that you allocated more that $370 million for 31 building repair projects. That number reflects only those projects costing more than $7.5 million. I am concerned that you are using training dollars to support the military construction (MILCON) program. What criteria are you using to decide whether or not a project should be funded using MILCON or O&M? What is the source of the O&M funding you are using for these projects?

Secretary FIORI. The Army appropriately uses O&M funds to repair facilities that require immediate attention, overhauling or replacing failed or failing components or materials. The condition of these facilities must be addressed quickly to prevent accelerated deterioration and potential unsafe conditions and cannot wait for long-term MILCON programming to correct. The use of O&M funds for repair projects may include some associated minor construction that may not exceed a new cost limitation of $750,000. If this minor construction corrects a deficiency that is life, health, or safety threatening, then the cost limitation for associated construction is $1.5 million. Any repair project that has associated minor construction that exceeds these cost limitations must be considered and programmed for either Unspecified Minor Military Construction, Army (UMMCA), or Military Construction, Army (MCA). Repair projects exceeding a total cost of $7.5 million are reported to Congress.

The Army distributes O&M funds to the Major Army Commands (MACOMs), who in turn, distribute to the installations. Amounts for these funds are specified for use in training, operational costs, and for sustainment, restoration, and maintenance costs.

Secretary JOHNSON. The Department does not use funds programmed for military personnel training to repair buildings or construct new buildings. Title 10 U.S.C. Chapter 169 provides the criteria to determine if a project should be MILCON funded. The Navy and Marine Corps have implementing guidance on O&M funded repair and minor construction projects, OPNAVINST 11010.20F and MCO P11000.5. O&M funds are requested in the budget for sustainment, restoration, and modernization (SRM). These funds are programmed for repair of real property facilities.

Secretary GIBBS. To sustain, restore, and modernize its infrastructure, the Air Force must achieve a balance between military construction and operations and maintenance programs. Military construction restores and re-capitalizes facilities. Operation and maintenance funding ensures the Air Force can perform facility sustainment activities, without which facilities would fail prematurely. Operation and maintenance funding is also used to directly address many of the critical restoration and less-expensive recapitalization needs. Without these funds, commanders in the field are unable to address facility requirements that impact their near-term readiness.

When the Air Force builds its annual budget request, it projects the requirement for operations and maintenance and program funds in the O&M facility sustainment, restoration, and modernization line. Once appropriated by Congress, these are the funds we use to address our O&M facility repair requirements.

FAMILY HOUSING PRIVATIZATION

58. Senator INHOFE. Mr. DuBois, the Department of Defense plans to privatize about 100,000 family housing units over the next several years. Based on the latest report, which reflects data since 1996, the Department of Defense has less that 30,000 units awarded or pending award. Although this is a major improvement over the fiscal year 2001 report, there is still a great deal of work ahead to achieve the 100,000 goal. Are you satisfied that each service now has a housing privatization program that will support the Department of Defense's privatization goals?

Mr. DUBOIS. The Secretary of Defense accelerated the Department's goal for eliminating inadequate housing (which totals about 168,000 units) from 2010 to 2007. At this point, all the services, with the exception of the Air Force, met the 2007 goal (Air Force is now using 2010). Accordingly, we are accelerating housing privatization, but working to implement this program in a manner that ensures high quality construction and operation of military family housing.

As I noted in my testimony before the House Appropriation Committee, Subcommittee on Military Construction on March 13, 2002 regarding the DOD housing privatization program, we awarded 10 projects in 5 years (fiscal year 1996–2001), producing about 7,000 privatization units. Only 1 year later, we have awarded a cumulative total of 16 projects (7 Navy, 1 Marine, 4 Air Force, and 4 Army) producing about 25,000 privatized units. The six privatization projects awarded over the last year more than tripled the number of units already privatized.

Through the experience of creating, awarding, and executing the first 16 Military Housing Privatization Initiative projects, the services have developed internal expertise and capacity in disciplines important to housing privatization. Each service now has experienced privatization teams in-place with expertise in project management, acquisition, financial management, personnel, legal, and real estate/housing management. This expertise can be found at the installation, command, and headquarters levels of each service. I believe the program has momentum, and service project privatization plans are moving forward to achieve our 2007 goal. Assuming our congressional support and funding remain stable the Department will: privatize 35,000 units in fiscal year 2003; award a cumulative total of 60,000 units privatized by the end of fiscal year 2003; and continue that acceleration through fiscal year 2004–2007.

CHEMICAL DEMILITARIZATION PROGRAM

59. Senator INHOFE. Secretary Fiori, Congress has appropriated $1.3 billion for the construction of chemical demilitarization facilities. This year, the Army budget includes an additional $167 million. What have the taxpayers received for this huge investment?

Secretary FIORI. The military construction funds financed design and construction of large scale industrial disposal facilities, depot infrastructure support projects, and a training facility. Funds have been used to design and construct the Tooele, Umatilla, and Anniston Chemical Agent Disposal Facilities. Funds have also been used to design and continue construction at Pine Bluff, Aberdeen, and the Newport Chemical Agent Disposal Facilities. In addition, military construction funds are used at each of the sites to construct depot infrastructure upgrades that are required to support the chemical agent disposal facilities such as utility and road upgrades. A training facility was also built to support to chemical demilitarization destruction program.

Construction at Tooele was completed in 1993, and the facility is now in agent operations. To date, Tooele has destroyed 44 percent of the chemical agent and 81 percent of the munitions stored at the Deseret Chemical Depot. In addition, Johnston Island has completed 100 percent destruction of all the chemical munitions stockpile stored on the island and is in the closure process. Construction at Anniston and Umatilla was completed in 2001, and these two facilities are currently in the systemization-testing phase with planned disposal operations to start in fiscal year 2003. Construction is currently ongoing at Pine Bluff (83 percent complete), Aberdeen (25 percent complete), and Newport (26 percent complete). The Aberdeen, MD, facility has accelerated the neutralization process by as much as 2 years for disposal of mustard bulk agent. The Army is evaluating a similar option to accelerate disposal of the bulk VX nerve agent stockpile at Newport, IN, and will continue to evaluate options at other sites. As permitted by law, depot upgrade contracts that are technology neutral have also been started at Pueblo Chemical Depot and Blue Grass Army Depot to support the planned chemical disposal facilities at those locations. The training facility in Edgewood, MD, was completed in 1991 and is used

to provide initial and refresher training of systems contractor personnel in a hands-on replica of a functioning disposal facility.

The Non-Stockpile Product is continuing construction of the Munitions Assessment and Processing System at Aberdeen, MD, which will be used to destroy recovered munitions.

60. Senator INHOFE. Secretary Fiori, how much additional military construction funding is programmed to complete facilities?

Secretary FIORI. In addition to the $167 million programmed for fiscal year 2003, a total of $537.5 million is also programmed in fiscal year 2004 ($187.7 million), fiscal year 2005 ($180.5 million), fiscal year 2006 ($115.6 million), and fiscal year 2007 ($53.7 million). These funds are to complete the construction at Newport ($88.0 million) and to fully fund the construction of the disposal facilities at Pueblo ($201.3 million) and Blue Grass ($248.2 million). Start of construction at Pueblo and Blue Grass disposal facilities will begin once process technology decisions are made and Resource Conservation and Recovery Action (RCRA) permits are approved. A technology decision for Pueblo is planned for the third quarter fiscal year 2002 and Blue Grass is planned for the first quarter fiscal year 2003.

61. Senator INHOFE. Secretary Fiori, will the Army meet the 2007 treaty-imposed deadline to destroy the unitary chemical stockpile?

Secretary FIORI. The Army is exploring all viable options to safely destroy the chemical stockpile at the earliest possible date. The Office of the Secretary of Defense (OSD) has completed a major program review (September 2001) that resulted in the recognition that the existing stockpile destruction milestones would not be met. The largest contributor to this is the incorporation of our chemical agent destruction experience at Johnston Island and at Tooele, Utah, into realistic forecasts for other disposal sites.

The Army is accelerating the effort to neutralize the chemical agent stockpile at Aberdeen Proving Ground, MD, and is studying the feasibility of a similar effort at Newport, IN, and will evaluate similar options at other sites. Using the accelerated neutralization process, the Army will eliminate these two stockpiles before the treaty deadline.

The Non-Stockpile Product Program continues to execute the disposal of the U.S. chemical warfare materiel that is not part of the unitary chemical stockpile, in compliance with the Chemical Weapons Convention (CWC). The non-stockpile program is on schedule to meet the 80 percent CWC deadline (April 2005), and the 100 percent CWC deadline (April 2007) for the destruction of Schedule 1 Chemical Weapons Production Facilities.

GUAM ELEMENTARY SCHOOL

62. Senator INHOFE. Mr. DuBois, due to the inadequacy of Guam's education system, the Department of Defense directed the Department of Defense Education Agency (DODEA) to establish a school system on Anderson Air Force Base and Naval Station Guam. Congress supported the decision by authorizing funding to provide interim facilities. However, it was agreed that the Department of Defense would include funding in future budgets to build new facilities. To date only the middle school at Anderson Air Force Base has been completed. I understand that funding for the construction of the new high school is in the Future Year Defense Program, but nothing has been programmed for the Navy middle school. I understand that the condition of the Navy middle school is deplorable and that it is not compliant with the Americans with Disabilities Act. The Navy's decision to homeport new ships in Guam will only aggravate the situation and cause further hardship on the students and faculty. Since this is a critical quality-of-life issue, when will the Department of Defense provide the funding to DODEA for the construction of the Navy middle school?

Mr. DUBOIS. The Department of Defense is examining all restationing efforts, to include the Guam restationing. The Guam Elementary/Middle School is a priority and will be reprioritized to meet the educational needs of our students. The construction of a new middle school is needed with or without the influx of population from the restationing effort.

DEFENSE IMPACT REVIEW PROCESS

63. Senator INHOFE. Mr. Dubois, Section 1041 of the National Defense Authorization Act for Fiscal Year 2002 directs the Secretary of Defense to prepare a report

to the President and Congress on the need for a Defense Impact Review Process. This process would provide the Department of Defense with the opportunity to review the proposed actions of other Federal agencies in order to identify those actions that may have an adverse impact on national defense. This report is due June 2002. How will the Section 1041 Defense Impact Review Process be beneficial for the Department of Defense in addressing encroachment issues? Has the Department started preparing the report? Will it be here on time?

Mr. DUBOIS. Secretary Mayberry and I are directing the effort to prepare the Section 1041 Report and that effort has begun. We do believe that action agencies should be required to consider military readiness impacts during any regulatory or administrative process that may result in an action that has the potential to affect military testing, training, or operations. Action agencies could be required to prepare formal "defense impact analyses," much as they routinely prepare environmental impact analyses today. Other mechanisms under consideration that would be beneficial ensure that DOD is given: (1) advance notice of proposed agency actions that have the potential to affect military testing, training, or operations; (2) a reasonable opportunity to bring DOD's concerns, if any, to the action agency's attention; (3) assurance that DOD's readiness concerns will be given appropriate consideration; and (4) an opportunity for DOD to raise its concerns within the Executive Office of the President should the action agency decide it must act notwithstanding DOD's concerns. The Department will submit its report in June 2002.

64. Senator INHOFE. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, it is expected that the input of the military departments will be a critical aspect of the review process and report preparation. What role has the military departments played in the Defense Impact Review Process? Do you anticipate that this process will help to address your departments' environmental encroachment concerns in a substantive manner?

Secretary FIORI. The Army has actively participated with the Office of the Secretary of Defense and our sister services in the development of the Secretary of Defense's recommendation to the President. The Army is evaluating the probable benefits of a formalized National Defense Impact Review Process against the potential costs and administrative burden that such a process may create.

Federal agencies sometimes take actions, particularly at the local and regional level, without adequate consideration of the effects those actions will have on national defense. These actions often affect or have the potential to affect our ability to train soldiers and ensure military readiness. In large part this is due to the fact that there is no process through which we can ensure national defense concerns are identified and considered, and the appropriate balance between defense and other important national policies is achieved. The Army believes that such a process should consist of five critical elements: notification of proposed agency actions, reasonable opportunity for DOD to comment, consideration of Defense Department views, consultation to resolve disagreements, and submission of an annual report to OMB.

Secretary JOHNSON. The Office of the Secretary of Defense asked each military department to report on the impact of federal regulatory and administrative actions on defense activities consistent with the requirements of Section 1041 of the Fiscal Year 2002 National Defense Authorization Act. The Department of Navy tasked the Navy and Marine Corps to survey their bases and provide specific examples of how military activities were being impacted or restricted by other federal actions. The services reviewed their files and documented specific cases where the services had raised concerns about the potential impact of federal regulatory actions on military readiness but those concerns were not addressed by the acting agency. In the Department of Navy's response to the Department of Defense, we will provide a summary of the examples that we have found and recommendations on how best to address military needs in the regulatory process.

The Defense Impact Review Process provides an important vehicle for addressing regulatory impacts on military readiness. Based on this review, DOD will recommend needed changes in the process to help ensure military readiness is given appropriate consideration in the federal regulatory process.

Secretary GIBBS. OSD has requested, and the Air Force has provided, examples of encroachment related to other Federal agency actions for OSD's report to Congress. The Defense Impact Review Process can assist the Administration in minimizing gaps in interagency cooperation to prevent potential mission impacts.

Currently, the Air Force's only formal means of addressing impacts is as a cooperating agency under the National Environmental Policy Act (NEPA) when other Federal agencies perform environmental impact analyses. Generally, other agencies do

not request military departments to be a cooperating agency; therefore this tool is not always used effectively.

When not a formal cooperating agency, the Air Force provides comments and input on potential readiness issues on an ad hoc basis. The Air Force reviews environmental analyses for other agency's proposals when provided the opportunity; when the Air Force identifies other agency proposals via the *Federal Register*; or when other agencies provide copies of their environmental documentation as a matter of routine (not necessarily an active engagement). These efforts often fail to identify readiness impacts as an issue, thus the Defense Impact Review Process can be of significant benefit.

ALTERNATIVES TO VIEQUES

65. Senator INHOFE. Secretary Johnson, in his March 20, 2001, testimony before the Readiness and Management Support Subcommittee, Vice Admiral James F. Amerault stated, "Encroachment is a serious problem—we are finding it increasingly difficult to train our sailors effectively at other locations due to overly broad legal requirements—we are witnessing a loss of training realism. . . ." Given the Navy's expressed intent to find equivalent training facilities to replace Vieques, how do you propose to address the continuing environmental encroachment pressures that diminish the quality of training at alternative ranges?

Secretary JOHNSON. We have identified several encroachment issues that if allowed to go unmanaged and unregulated will continue to compromise the effectiveness of all our training and testing missions. DOD and the military services have been in discussions with OMB, the Council of Environmental Quality, the Environmental Protection Agency (EPA), the Fish and Wildlife Service at the Department of Interior, and the National Oceans and Atmospheric Administration (NOAA) at the Department of Commerce. Together, as a team, and with the help of Congress, we will work to find solutions and we will properly address the challenges of encroachment on all of our ranges. We are hopeful that we can find long-term solutions rather than "work-arounds" to the pressures of encroachment that will allow the Navy to sustain range operations.

66. Senator INHOFE. Secretary Johnson, regarding Vieques, the Navy maintains that by May 2003 they will be able to identify "one or more alternative training facilities—to provide an equivalent or superior level of training for units of the Navy." A number of land- and sea-based ranges on the east coast are being considered as alternatives to Vieques. Has the Navy begun its National Environmental Policy Act (NEPA) analysis regarding the use of these alternative training facilities? When will that NEPA analysis likely begin and end? Will training be interrupted pending the completion of the NEPA analysis?

Secretary JOHNSON. Independent of replacing Vieques, Navy has begun environmental analysis to support enhancement of training capabilities at individual land and sea-based ranges on the east coast. Some of these site-specific analyses are already complete; others will require more time. This process of site specific analyses is designed to optimize training opportunities at individual locations and provide flexibility to operational commanders so they can adapt unit and battle group training needs in response to a dynamic mission, training schedule, and natural environment. We anticipate that some of these sites could accommodate training currently done on Vieques. While much has been accomplished in planning for alternative training sites, we have not formulated a final plan to replace the training opportunities now available on Vieques.

67. Senator INHOFE. Secretary Johnson, given the fact that environmental encroachment issues already exist at ranges all along the east coast, what would the Navy propose to do if, after May 2003, the NEPA analysis reveals that many of the alternative ranges cannot support additional training?

Secretary JOHNSON. The Navy anticipates a training strategy that will use a combination of existing ranges, methods, and advanced/improved technologies to meet future training requirements. The intent of the strategy will be to ensure no single range complex becomes a point of failure for the training strategy as a whole.

68. Senator INHOFE. Secretary Johnson, at Camp Lejeune, North Carolina, the community has already reacted very negatively to the possibility of serving as a training alternative to Vieques. How does the Navy propose to deal with such inevitable community reactions?

Secretary JOHNSON. The Navy is, and will continue to be, a good environmental steward of the properties entrusted to us. The appropriate level of analysis will be prepared pursuant to the National Environmental Policy Act (NEPA) to ensure that Navy decision makers and the public are fully informed about potential environmental impacts associated with training alternatives.

GENERAL ENVIRONMENTAL ENCROACHMENT ISSUES

69. Senator INHOFE. Mr. DuBois, Secretary Fiori, Secretary Johnson, and Secretary Gibbs, the military departments have primarily responded to environmental encroachment issues through the development of "work-arounds" or training constraints imposed as a result of legal requirements. Other than "work-arounds," what specifically is each of the military departments doing to resolve these issues to ensure realistic training now and in the future? How is the Department of Defense facilitating the services' efforts in this area?

Mr. DUBOIS. Last December, the Deputy Secretary of Defense directed the Under Secretary of Defense for Personnel and Readiness and myself to form an Integrated Product Team (IPT) to act as the Department's coordinating body for all encroachment issues on ranges, operating areas, and other training locations. The IPT is formally working these issues. It has formed two groups, an Overall Integrated Product Team (OIPT), which Dr. Mayberry and I chair with Department principals, and a working IPT, which includes staff members from both OSD and the military departments. Although we have many initiatives underway, they can be categorized under five broad headings: leadership and organization, policy and plans, programs and funding, outreach, and legislation and regulation. The IPT is working under the broad guidance of the Department's Senior Readiness Oversight Council, which is chaired by the Deputy Secretary. The IPT has begun work on key elements of the problem, and we have significant initiatives planned and underway.

Secretary FIORI. The Army is working internally and with other agencies with environmental regulatory responsibilities to mitigate the effects and potential effects that encroachment has on our training and readiness. Our principal internal effort is the Sustainable Range Program (SRP). The objective of SRP is to maximize the capability, availability, and accessibility of ranges and training land to support doctrinal training and testing requirements. SRP is based on three tenets:

(1) Scientifically defensible information. Develop and maintain complete data on all aspects of ranges—operational characteristics of training facilities, physical characteristics of real property, and data on the range as part of the natural and cultural environment.

(2) Integrated management. Integrate across the four disciplines that directly affect ranges: range operations and modernization; facilities and installation management; explosives safety; and environmental management.

(3) Outreach. Inform political leadership, regulators, and communities and improve understanding of the Army's need for training and testing and the Army's more sophisticated range management approach. The Office of the Secretary of Defense is working with the services to develop overarching Department policy for sustainment of ranges and operating areas. This policy will support the long-term planning and programming necessary to ensure our ranges and training areas meet mission needs now and into the future.

Secretary JOHNSON. DOD and the military services are pursuing programmatic solutions, administrative fixes, and regulatory changes. We have developed a comprehensive range sustainment approach to manage encroachment issues. The approach includes the development of comprehensive Range Complex Management Plans, efforts to establish regulatory clarifications, public outreach and education, dialogue and negotiations with regulatory agencies, and regional and national initiatives. The SROC established an Encroachment IPT to coordinate all issues of encroachment within the services. The IPT developed action plans to address specific encroachment issues, and oversees their implementation. Another work group has developed the DOD Munitions Action Plan (MAP) addressing life-cycle management of munitions from acquisition through demilitarization. DOD is also working on an encroachment strategy for the Southern California/Arizona region. The strategy will engage stakeholders and range managers to identify issues and develop solutions to regional encroachment that will be applied nationally if successful. DON is budgeting for comprehensive range sustainability studies at Navy and Marine Corps ranges. These studies will include Range Complex Management Plans, regulatory compliance evaluations, on-site contaminant assessments, and encroachment vulnerability analyses.

We have engaged OMB, CEQ, EPA, DOI, and DOC in discussions regarding encroachment issues. In some instances, however, legislative changes may be required. In some cases, the requirements that must be amended or clarified are in existing legislation so legislation provides the best vehicle to address the issue.

Secretary GIBBS. Several policies and initiatives ongoing in the Air Force will be of assistance to avoiding readiness impacts in the future. First, the Air Force is working to develop effective metrics to better define readiness requirements and vulnerabilities. A better understanding of the problem will allow better solutions. Second, the Air Force will continue the practice of investing in scientific research and analysis to better inform regulatory decision makers and avoid unnecessary readiness limitations.

The military departments also participate continually in legislative and regulatory processes to craft solutions for readiness and the environment. The Air Force has developed standardized language for proposed wilderness bills to preserve access and overflight of the lands proposed as wilderness in support of our military mission, while training in a manner compatible with the wilderness designation.

Finally, the Air Force is working closely with the Federal Aviation Agency (FAA) on the National Airspace redesign efforts, and is emphasizing pollution prevention initiatives in operational activities.

70. Senator INHOFE. Mr. DuBois, Secretary Fiori, Secretary Johnson, and Secretary Gibbs, the ability to conduct live-fire training at military ranges is at risk because of a broad spectrum of environmental encroachment issues. I am aware of the training restrictions imposed at Massachusetts Military Reservation and the threats to live-fire training at Makua Military Reservation and other ranges throughout the Department of Defense. In light of these issues, what macro resolutions are being sought to preserve quality training throughout the Department of Defense?

Mr. DUBOIS. Draft legislation will be provided to Congress to clarify and amend existing legislation that will contribute toward preserving quality training throughout the Department of Defense. Because maintaining the readiness of our forces is one of the Department's highest priorities, it is critical that we strive to maintain a "measured balance" between our test and training requirements and sound environmental stewardship. We aim to seek this balance in a way that considers the concerns of the neighboring communities near our ranges and operating areas. Some of the issues may be amenable to regulatory fixes or even to administrative policy solutions. As the administration pursues statutory clarification, we are ready to work closely with appropriate congressional committees to fully apprise these committees of the basis for and objectives of any necessary clarifications. I am convinced that the goals of environmental stewardship and realistic military training are not mutually exclusive.

Secretary FIORI. As I stated in response to your previous question, the Army is working internally and with other agencies with environmental regulatory responsibilities to mitigate the effects and potential effects that encroachment has on our training and readiness. Our principal internal effort is the Sustainable Range Program (SRP). The Office of the Secretary of Defense is working with the services to implement a Department wide policy for the sustainment of ranges and operating areas.

Although we believe that our efforts will minimize the impacts of encroachment on our ranges and training lands, we also recognize the need to clarify the application of several environmental laws to military testing and training. The Army has been working with our sister services and the Office of the Secretary of Defense to develop initiatives that clarify our responsibilities under a variety of environmental statutes. These initiatives focus on supporting our training activities and allow flexibility to consider impacts to military readiness in the implementation of environmental statutes.

Secretary JOHNSON. The Department of Defense is subject to a great number of environmental requirements, and is looking toward both micro and macro resolutions. Micro resolutions are typically done at specific sites or throughout a region. The Department is also working with OMB and other Federal agencies on macro, or nation-wide solutions. Where specific issues cannot be resolved through policy or regulatory actions, the Department will seek the support of Congress for legislative clarifications.

Secretary GIBBS. The Air Force is implementing a variety of solutions to preserve quality of training on its ranges. These include effective readiness metrics; good science; legislative and regulatory interface; and investment in pollution prevention. Other macro level efforts include using the Integrated Natural Resource Management Plan (INRMP) process to engage local, State, and Federal wildlife officials to

resolve many of the management issues at Air Force ranges. The Air Force is also working to ensure its weapon system acquisition processes address encroachment issues such as noise in the design and production phases to limit impacts when aircraft or ordnance are deployed.

ENVIRONMENTAL LEGISLATION

71. Senator INHOFE. Mr. DuBois, growing urbanization has transformed many military training ranges into "islands of biodiversity" that contain endangered species and critical habitats. Fleet operations have also been effected by concerns related to marine species and the sustainability of the maritime environment. During the hearing, it was noted that there are some legislative proposals that under consideration within the Department. Could you describe the nature and status of these proposals in more detail?

Mr. DUBOIS. Yes, the Department intends to submit draft legislation to Congress. The major elements are:

Endangered Species Act (ESA): Confirm an existing policy (under court challenge) that provides that DOD cooperation with the U.S. Fish and Wildlife Service on natural resource management may make the designation of critical habitat on DOD lands unnecessary.

- This legislation confirms existing policies of the last two administrations.
- The legislation explicitly requires that the Defense Department continue to consult with the Fish and Wildlife Service and the National Marine Fisheries Service under Section 7 of the ESA; the provisions of the ESA, as well as other environmental statues such as the National Environmental Policy Act, would continue to apply.

Marine Mammal Protection Act (MMPA): Follow the National Research Council's recommendation that the current, ambiguous definition of "harassment," of marine mammals, which includes "annoyance" and "potential to disturb," be focused on more biologically significant effects.

- The legislation confirms existing practices of the last two administrations, endorsed by the National Research Council.
- Although excluding transitory, biologically insignificant effects from regulation, the MMPA would remain in full effect for biologically significant effects—not only death or injury but disruption of biologically significant activities.
- DOD currently funds much of the most significant research on marine mammals, and will continue this research in the future.

Migratory Bird Treaty Act (MBTA): Reverse a March 2002 court decision interpreting the MBTA to prohibit training at the Farallon de Medinilla (FDM) range in the Western Pacific due to concerns about even low numbers of bird deaths.

- The legislation restores the legal and regulatory status quo as it existed for over 80 years, until the FDM decision in March 2002.
- The FDM case was brought in the DC Circuit, which has jurisdiction over all DOD activities. As a result, the FDM case puts at risk military aviation, military telecommunications, and live-fire training nationwide.

Clean Air Act (CAA): Maintain DOD's commitment to CAA standards while providing flexibility to meet State air quality policies and training and readiness requirements.

- The CAA currently prevents DOD from beginning readiness activities involving even relatively minor increases in emissions until it can demonstrate immediate compliance with State clean air plans.
- Without greater flexibility, the conformity requirement could be a significant obstacle to basing military aircraft in any Southern California location, as well as a potentially serious factor in siting the Joint Strike Fighter and the Advanced Amphibious Assault Vehicle.
- The legislative proposal reaffirms DOD's obligation to meet State air requirements but allows DOD and State regulators more time to ensure full compliance.

Resource Conservation and Recovery Act (RCRA) and Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), commonly known as Superfund: Confirm that the cleanup of military munitions is not required so long as munitions remain on the operational ranges. DOD's obligation to cleanup off-range munitions and munitions causing imminent danger on-range would remain unchanged.

• The legislation does not modify DOD's cleanup responsibilities under CERCLA or RCRA at Formerly Used Defense Sites; closed, closing, or transferring ranges; or currently operational bases that close in the future.

Cooperative buffer zone acquisition authority: Allows military departments to enter into agreements with third parties—such as private land preservation organizations—to prevent urban development that threatens testing and training. The proposal would assist DOD with preserving "buffer zones" between ranges/bases and urban areas. Buffer zones provide critical habitat for endangered and threatened species.

Conveyance of surplus property for conservation purposes: Allows DOD to convey surplus property to a State or local government, or to a nonprofit conservation organization. The proposal allows the transfer of land only if it is used for conservation purposes in perpetuity.

72. Senator INHOFE. Secretary Fiori, Secretary Johnson, and Secretary Gibbs, growing urbanization has transformed many military training ranges into "islands of biodiversity" that contain endangered species and critical habitats. Fleet operations have also been effected by concerns related to marine species and the sustainability of the maritime environment. During the hearing, it was noted that there are some legislative proposals that under consideration within the Department. What, if any, impediments are each of you experiencing regarding these proposals?

Secretary FIORI. I would not characterize the efforts to develop our legislative clarification proposals as "impediments." Rather, the Department is working internally and with other agencies within the administration to refine and focus the proposals to just those needed to preserve military readiness without reducing the level of protection to human health and the environment. When the Department provides the legislative clarification proposal to Congress it will be a fully coordinated administration position that serves both military readiness and environmental protection requirements.

Secretary JOHNSON. We have worked closely within the Department of Defense and other federal agencies, including the Department of Transportation, the Department of Commerce, the Environmental Protection Agency, and the President's council on environmental quality to craft a carefully tailored legislative package that provides us with the flexibility and balance we need to meet mission requirements while still protecting the environmental values that we as a nation cherish. This debate has taken more time than expected, but we feel that important to present a fully vetted administration proposal to Congress.

Secretary GIBBS. Several proposals to clarify the implementation of environmental laws to military readiness activities were developed by the Department of Defense and are currently under consideration by Congress as the Readiness and Range Preservation Initiative.

73. Senator INHOFE. Mr. DuBois, Secretary Fiori, Secretary Johnson, and Secretary Gibbs, during this session of Congress the Senate is expected to resume debate on comprehensive energy legislation. Apparently, the Department of Defense and the services have concerns regarding both the House and Senate versions of this legislation. Could you explain those concerns and how you propose to address them with Congress?

Mr. DUBOIS. The attached Statement of Administration Policy from the Secretary of Energy reflects the Department of Defense's position as well.

The Secretary of Energy
Washington, DC 20585

June 27, 2002

The Honorable W.J. "Billy" Tauzin
Chairman, House-Senate Conference on H.R. 4
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Tauzin:

The purpose of this letter is to provide the Administration's views to the House and Senate conference committee on H.R. 4, energy legislation as passed by the House and Senate.

The Administration is pleased that a majority of the provisions of the President's National Energy Policy are included in either the House or Senate versions of H.R. 4. Conferees have an opportunity to pass a balanced, comprehensive energy bill that improves the Nation's energy and economic security, creates jobs and benefits consumers by reducing our reliance on foreign sources of energy, protects the environment, increases conservation, improves energy efficiency, and expands the use of new technologies and renewable energy sources.

Modernization of Wholesale Electricity Laws

The Administration believes a comprehensive energy bill must include a sound electricity title that modernizes our Nation's antiquated wholesale electricity laws. Electricity modernization will increase supply, promote efficiency and renewable energy, improve reliability, and protect consumers. We applaud the Senate for including an electricity title that is a step in the right direction and urge conferees to modify this title to better reach these goals and be consistent with the Administration's objectives.

The Administration supports efforts to ensure open access for all generators to the wholesale electricity grid; establish mandatory and enforceable reliability rules that will reduce the chances for power outages; repeal the Public Utility Holding Company Act (PUHCA), an outdated law that restricts utility investment; and reform Public Utility Regulatory Policies Act (PURPA) in an innovative and competition-friendly manner.

The Administration is also pleased with the provisions that would strengthen the Federal Energy Regulatory Commission's (FERC) authority to review mergers and prohibit abuses of market power. Furthermore, the Administration will support provisions that will protect consumers against unauthorized disclosure of personal information or unauthorized switching of electricity service and strengthen the FERC's ability to ensure just and reasonable rates. To protect consumers against unethical individuals and companies in this industry, the President has proposed increasing criminal penalties for violating the Federal Power Act from $5,000 to $1 million, from $500 per day to $25,000, and prison terms from two years to five. We strongly urge the conferees to include these provisions in the final bill.

We believe the bill needs to facilitate an effective national electric transmission grid to benefit consumers and continue to believe that last-resort Federal siting authority for high-priority transmission lines is needed.

The Administration supports the Senate bill's proposal clarifying the tax implications arising from the sale or transfer of transmission assets to companies that will operate under a Regional Transmission Organization (RTO). The Administration also supports the Senate effort to eliminate provisions that jeopardize the tax-exempt status of electric cooperatives when they offer nondiscriminatory access to their transmission system. The Administration notes that the Treasury Department is finalizing regulations related to the private use of transmission facilities owned by municipal power authorities.

The Administration supports initiatives to increase the use of renewable fuels in electricity generation. However, we think renewable portfolio standards (RPS) are best left to the States. We oppose the Senate bill's RPS mandate, which would likely raise costs to consumers, especially in areas where these resources are less abundant and harder to cultivate or distribute. The Administration supports renewable energy in electricity production by calling for the three-year extension of the renewable energy production tax credit. A two-year extension of the credit was enacted under the Job Creation and Worker Assistance Act of 2002. In addition to our substantive concerns with an RPS, combining it with the renewable energy production tax credit would be costly and inefficient.

Fleet Fuel Economy

The Administration supports improving fuel economy while protecting passenger safety and jobs. The Corporate Average Fuel Economy (CAFE) provisions in both the House and Senate bills are consistent with the Administration's call to let the National Highway Traffic Safety Administration (NHTSA) set standards that will improve fuel economy while protecting safety and jobs. The Administration emphasizes the importance of allowing NHTSA to develop new CAFE standards in light of the findings and recommendations of the congressionally-mandated National Academy of Sciences (NAS) CAFE report.

The Administration supports the increased use of cleaner burning fuels and vehicles in the Federal Government's automotive fleet. However, we are concerned that provisions in the Senate bill contain timetables and mandates for the penetration of alternative fuel vehicles in the Federal automotive fleet that may be unduly burdensome to administer and expensive to implement.

Renewable Fuels Standard

The Administration supports the renewable fuels standard compromise contained in the Senate bill and urges conferees to adopt it. This provision will increase the use of clean, domestically produced renewable fuels, like ethanol, which will improve the Nation's energy security, farm economy, and environment. The compromise includes a market-based national credit trading mechanism that will increase efficiency and reduce costs. The Administration would oppose changes to the Renewable Fuels Standard provisions that would raise costs and reduce efficiency of the credit-trading program, which is vital to making a renewable energy program for motor fuels economically achievable.

Tax Provisions

The President's energy plan included tax incentives totaling $9.5 billion over 11 years. These were dedicated entirely to alternative and renewable fuels, conservation, energy efficiency and emissions-free energy. The Administration is concerned the House and Senate bills contain tax provisions whose total revenue loss significantly exceeds the Administration's. The House tax provisions total $36.5 billion and the Senate tax provisions total $20.6 billion over 10 years, according to estimates from the Joint Committee on Taxation. Maintaining fiscal discipline, while always important, has taken on increased importance since September 11 as we focus on enhancing national, homeland, and economic security, while returning the budget to surplus. The tax provisions in the final bill should reflect the President's priorities of environmental protection and energy conservation and maintain needed fiscal discipline by not significantly exceeding the President's $9.5 billion total revenue loss.

Alaska Natural Gas Pipeline Subsidy

The Administration supports the construction of a commercially viable Alaska natural gas pipeline and believes market forces should select the route of the pipeline. The natural gas located in Alaska will provide environmentally friendly energy to America for years to come. The Administration recognizes the importance of Alaska natural gas to long-term energy security. However, the Administration strongly opposes the price-floor tax subsidy provision in the Senate bill and any similar provision because it would distort markets, could cost well over $1 billion in annual lost revenue, and would likely undermine Canada's

support for construction of the pipeline and thus set back broader bilateral energy integration.

The Administration urges conferees to develop alternative provisions to bring the gas to market without resorting to similar provisions that would distort markets, could undermine fiscal responsibility, and might jeopardize the expeditious construction of a natural gas pipeline.

Arctic National Wildlife Refuge

A national energy policy cannot rely solely on conservation. A balanced, comprehensive energy plan has to recognize that in order to reduce our rising dependence on imported oil and gas, we must also increase domestic production. The primary provision in the conference that would increase production is the President's proposal to open a small portion of the Arctic National Wildlife Refuge (ANWR) to environmentally responsible oil and gas exploration and development. ANWR is also the primary provision in the conference that would create tens of thousands of new, well-paying jobs for American workers. We applaud the House for providing for the exploration and development of 2,000 acres in a landmass the size of South Carolina using newly available, environmentally friendly technology. ANWR is by far the largest untapped source of domestic petroleum and would equal nearly 40 years of imports from Iraq. The Administration strongly urges the conferees to include the House ANWR provision in the final bill.

Support for ANWR can increase our energy independence. The Administration strongly opposes a unilateral ban on U.S. purchases of Iraqi oil under the United Nations (UN) Oil-for-Food program, as this would only undermine our own interests. Were the United States to cease participation in this humanitarian program, it would work against our efforts to bolster Security Council consensus on Iraq. Such a ban would likely afford Iraq the opportunity to seek more illicit oil sales and revenues outside of UN control. Moreover, a shift of UN Oil-for-Food volumes away from U.S. purchasers would increase, not lessen, the opportunity for Iraq to seek kickbacks outside of the program, which U.S. purchasers are not allowed to pay. The effective way to reduce our energy dependence is to enact the House ANWR provision.

Native American Energy Development

The Administration is interested in working with the conferees on provisions that facilitate Tribal energy development of their renewable and non-renewable natural resources, while enhancing and protecting the environment.

Pipeline Safety

The Administration strongly supports comprehensive pipeline safety legislation and believes it is an important component of our Nation's energy policy. We look forward to working with the House and Senate conferees to resolve outstanding issues related to this legislation so that it may be included in the final conference agreement.

Price-Anderson

The Administration strongly believes that comprehensive energy legislation should include reauthorization of the Price-Anderson Act nuclear liability insurance. The Administration supports language in the Senate bill that reauthorizes Price-Anderson.

Climate

Concerning global climate initiatives, the President recently announced an aggressive plan to reduce the projected growth in U.S. greenhouse gas emissions in the next decade, along with a comprehensive set of domestic and international policy initiatives. He set an aggressive U.S. goal for reducing emissions per unit of GDP by 18 percent by 2012. The President's strategy also includes a United States Climate Change Research Initiative (CCRI), the results of which will help guide and pace future implementing actions, and a National Climate Change Technology Initiative (NCCTI), the R&D elements of which will provide for the foundation, development, and application of future advanced energy and sequestration technology alternatives. The President's plan includes improving the existing Department of Energy registry for reporting and crediting voluntary emissions reductions. Finally, the Administration has a framework for broad collaboration and cooperation, particularly in the areas of climate science research and new technology development, that can be expanded to invite and enable others to join with the U.S. in developing further its strategy relating to policy, voluntary reporting, incentives, science, and technology.

The Administration would support legislation that is consistent with this plan. The climate change titles of the Senate bill are not consistent with the President's climate plan.

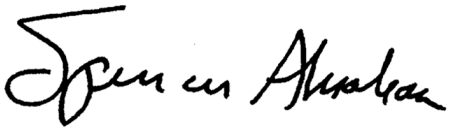
Excessive and New Authorizations for Appropriations

The current bills contain authorizations for appropriations that annually total billions of dollars above the President's request, creating unrealistic expectations, particularly in the current fiscal climate. In addition, both bills include numerous unnecessary, duplicative, and costly new program authorizations. The Administration urges the conferees to limit authorizations for appropriations to levels contained in the President's Budget.

Conclusion

The Administration applauds the House and the Senate for their work on comprehensive energy legislation to date. It urges conferees to give due attention to the Administration's concerns and looks forward to working with them on comprehensive legislation that meets the President's objectives as set forth in the National Energy Policy.

Sincerely,



Spencer Abraham

Secretary FIORI. The Army concurs with the views expressed by Mr. DuBois. The Army is committed to reducing its energy consumption since lower energy costs free up resources for more critical items, it reduces our reliance on foreign energy sources, and it benefits the environment.

While the Army supports comprehensive energy legislation, we believe that there are provisions in the proposed legislation that will adversely affect national security, and our ability to meet energy reduction goals.

The proposed legislation changes the performance standards for energy reduction goals and the baseline from 1985 to 2000. This creates different baseline performance standards than those used in Executive Order 13123 and Fiscal Year 2002 National Defense Authorization Act, doubling the Army's tracking and reporting requirements. The new performance goals also penalize the Army for pursuing energy conservation aggressively since 1985. The Army has achieved a 27.1 percent reduction since 1985, and is on track to meet the current fiscal year 2010 goal.

The proposed legislation requires that all Federal buildings be metered or sub-metered by October 2002. All Army installations are metered, but few buildings are separately metered. Initial cost to meter every building is estimated at $500 million, with continuing costs to read and maintain. Metering buildings will divert resources from readiness, quality of life, and facilities sustainment, and weaken efforts to make the most effective use of our energy conservation dollars. Metering can be useful in energy conservation, but does not save energy by itself.

The Army is also interested in protecting its ability to develop geothermal energy resources on Army land. The pending amendment to the Senate bill threatens the Army's ability to manage and control geothermal energy production on its lands. Such provisions will also restrict the Army's ability to ensure continuous and effective use of its lands for their primary functions: testing of weapons systems and mission essential training of soldiers.

Secretary JOHNSON. While the Department of the Navy supports comprehensive energy legislation, there are several provisions that we believe will affect national security adversely, while other provisions could be modified to better support our energy efforts. This bill would require the Department to expend fiscal resources needed for more critical programs. Some examples of specific issues are:

The House version of the energy bill, and a pending amendment to the Senate bill, threaten the Department's ability to manage and control geothermal energy production on its lands. Such provisions will also restrict the Department's ability to ensure continuous and effective use of its lands for their primary functions: testing of weapons systems and mission essential training of pilots. Also, the revenues from the geothermal energy programs are used by the military departments to offset the costs of managing the programs and are re-invested in various renewable energy programs (e.g., solar and wind energy). Provisions impacting the Department of Defense's geothermal program will adversely impact the development of additional geothermal energy at Naval installations.

Both bills propose that all Federal buildings be metered or sub-metered. Metering for the Department is done at the installations level. However, only some of the Department's individual buildings are metered. The cost to meter all buildings is esti-

mated at $500 million and is cost prohibitive. Metering buildings would divert resources from readiness, quality of life, and facilities sustainment, while undermining efforts to ensure the most effective use of our energy conservation dollars. Metering can play a useful role in energy conservation, but is not a universal solution. Recommend continuing metering decisions based on life cycle cost.

Proposed legislation would change the performance standards for energy reduction goals and the baseline from 1985 to 2000. This creates a different baseline and performance standards than used in Executive Order 13123 and fiscal year 2002 Defense Authorization Act (PL 107–107), effectively doubling the Department of Defense's tracking and reporting requirements. The new performance goals are a 20 percent reduction by 2011 from a 2000 baseline, as compared to the existing 30 percent reduction by 2005 and 35 percent reduction by 2010 from a 1985 baseline. The section also penalizes the Department for pursuing energy conservation aggressively since 1985. Agencies with less aggressive programs, which consumed more energy in 2000, will find it easier to meet the new standards. Recommend retention of current Executive Order 13123 and fiscal year 2002 Defense Authorization Act (Public Law 107–107) goals and retention of fiscal year 1985 baseline.

The proposed legislation will require the Federal government to purchase at least 3 percent of its electricity from renewable sources by fiscal year 2003, 5 percent by fiscal year 2005, and 7.5 percent by fiscal year 2010. The Department of Defense currently purchases less than 1 percent of its electricity from renewable sources, primarily because purchasing renewable energy usually requires a premium over standard rates. Increasing demand ahead of the available supply will only exacerbate this problem and force the Department to divert resources from readiness, facilities sustainment, and quality of life to meet this requirement. Essentially, the Department of Defense will be indirectly subsidizing the renewable electrical energy industry.

Secretary GIBBS. The Air Force has prepared position papers addressing key provisions of concern. All the services coordinated on the papers, which were also provided to OSD. The Navy and Air Force Secretariats will be communicating the concerns via respective legislative liaison functions.

Coordination Table

Action Officer Information					
Action Officer's Name and Phone					**Office Symbol**
Col Hester/604-4177					**ILEPP**
Coordination					
Office Symbol	**Action**	**Name**	**Phone**	**Date**	**Comments**
ILEXO	Coord	Gueta Mezzetti	604-4306	26 Apr 02	
ILEX	Coord	Col Hester	604-4177	26 Apr 02	Concur
ILEP	Coord	Lt Col Greenough	604-3623	25 Apr 02	
ILE-2	Approve	Ms Ferguson	695-1281	26 Apr 02	
IL	Approve	Lt Gen Zettler	695-5590	3 May 02	
IEI	Coord	Mr Kuhn	695-3592	7 May, 2002	
IE	Approve	Mr Gibbs	697-4936	8 May 02	

BASE REALIGNMENTS AND CLOSURES

74. Senator INHOFE. Mr. DuBois, Secretary Fiori, Secretary Johnson, and Secretary Gibbs, the National Defense Authorization Act for Fiscal Year 2002 authorized an additional round of base realignments and closures (BRAC). Previous congressional opposition to BRAC was influenced by many factors, including the De-

partment of Defense's inability to accurately quantify cost savings, the lack of accountability for unexpended cleanup funds, inadequate funding for environmental cleanup, criticism regarding delayed property transfers, concerns regarding political intervention in the 1995 BRAC round, and, more recently, questions related to the infrastructure necessary to support the war on terrorism. How are the services addressing these concerns, particularly as an additional round of BRAC is considered within the Department of Defense?

Mr. DUBOIS. The Department estimates that, through 2001, the four BRAC rounds have generated almost $17 billion in net savings, with over $6 billion in annual recurring savings thereafter. The General Accounting Office has consistently stated that BRAC generates significant savings. Their latest report validates these costs and savings estimates. The Department recognizes, as has the GAO, that these savings, while significant, are difficult to track with precision. To improve the process for estimating savings for a BRAC round in 2005, the Department will develop a Defense-wide systematic approach for the periodic updating of initial base closure savings estimates.

Regarding the management of unexpended cleanup funds, the Department is taking steps to ensure all BRAC funds are both obligated and expended in a timely manner. The military services are recovering prior year funds that are no longer required and are applying these funds to current requirements. Over 90 percent of the Department's fiscal year 2001 appropriation was obligated during the first year. Through February 2002, the military services have expended or liquidated 99 percent of all obligations of fiscal year 1996 and prior year BRAC appropriations, as reported by the Defense Finance and Accounting Service. The Department will be closely monitoring these resource management issues in the future and applying lessons learned to the management of BRAC 2005 resources.

Regarding the perception of inadequate funds for environmental cleanup of BRAC properties, the fiscal year 2003 BRAC environmental President's budget request is $29 million higher than the fiscal year 2002 request. The funding request is based on current requirements and capacity to execute and ensures funding to meet legal obligations.

To improve performance in transferring these properties, I have directed the military services to identify impediments to transfer, and to propose solutions for all BRAC sites at which property awaits transfer. I will routinely review the progress we are making in the transfer of these properties with the military services and seek solutions to impediments as they are encountered. This review will include the development of an updated transfer schedule for each installation and validation of budgets to ensure adequate resources are dedicated to these efforts. Each military service is responsible for the disposition of this property and it is within each service that the preponderance of resources is being expended to facilitate the remaining transfers.

The BRAC process has proven to be a fair and open process. Specifically, the selection criteria will be open to public comment; an independent commission will review the Secretary's recommendations, conduct their own analyses and hold public hearings to maintain fairness throughout the process; finally, Congress will have the opportunity to act on the President's recommendations for base realignments and closure. In response to BRAC 1995 implementation concerns regarding privatization, Public Law 107–107 specifies conditions under which privatization-in-place may be used.

A future BRAC round will enable the Department to eliminate excess base infrastructure, currently estimated at 23 percent, and to rationalize base structure to better support the force structure. The BRAC statute requires the Department to develop a Force Structure Plan based on probable threats to national security over the next 20 years, which includes the threats posed by terrorism. Based on that Force Structure Plan and other statutory requirements, the Department develops selection criteria with military value as the primary consideration. In this way the needs of the Department to support the war on terrorism (and to address other probable threats to national security) are considered in the BRAC analysis.

Secretary FIORI. The Army's inability to accurately quantify savings: The savings achieved through BRAC are significant and have been verified by the Congressional Budget Office, the General Accounting Office, and the Army Audit Agency. The Army has closed 112 installations and realigned an additional 26, which has generated annual savings of $945 million for other Army priorities such as readiness and transformation.

The Army's lack of accountability for unexpended cleanup funds: Regarding the management of unexpended cleanup funds, the Army is taking steps to ensure all BRAC funds are both obligated and disbursed in a timely manner. The Army is recovering prior year funds that are no longer required and applying these funds to

current requirements. Over 94 percent of the Army's appropriation was obligated during the first year. Through March 2002, the Army disbursed 99 percent of all obligations of fiscal year 1996 and prior year BRAC appropriations, as reported by Defense Finance and Accounting Service. The Army will be closely monitoring these resource management issues in the future and apply lessons learned to the management of BRAC 2005 resources.

The Army's inadequate funding for environmental cleanup: In the first four rounds, the Army has spent more than 40 percent of all BRAC funds on environmental cleanup. This significant commitment of funds represents total spending of $2.3 billion for environmental restoration through fiscal year 2003. These funds have allowed the Army to complete environmental restoration efforts at 90 of the 116 installations in the BRAC program through fiscal year 2001. The Army is also programming funds to support the remaining (cost to complete) environmental requirements, which are now estimated at $889 million. These funds will support cleanup efforts at the remaining 26 installations and the continued environmental monitoring and operation of engineered remedial systems. This aspect of the program presents the most challenges and has delayed reuse of some BRAC properties. Recent successes are steering efforts towards privatized cleanup efforts, use of environmental insurance, and forming cooperative agreements with the local communities to complete environmental cleanup. We remain adaptable to innovative methods of cleanup and redevelopment.

The criticism regarding delayed Army property transfers: BRAC property transfers have been delayed for many reasons, and each property has a unique story. The Army has successfully transferred more than 117,000 acres, which is about 47 percent of the total acres made excess through the BRAC program. The Army is currently working with several local communities to move additional property into local reuse. The Army expects to transfer an additional 18,000 acres during fiscal year 2002, which includes the transfer of Oakland Army Base in California, Bayonne Military Ocean Terminal in New Jersey, and Fitzsimons Army Medical Center in Colorado. The Army will continue to support all authorized options for transferring property as early as possible to the affected local communities.

The concerns regarding political intervention in the 1995 BRAC round: The Department of Defense has not yet established the criteria for selecting additional BRAC installations in the round authorized to begin in fiscal year 2005. According to the National Defense Authorization Act for Fiscal Year 2002, Congress has required the Secretary of Defense to publish the proposed criteria in the *Federal Register* by December 31, 2003. The selection criteria ensures that military value is the primary consideration in making recommendations for the closure or realignment of military installations.

The concerns related to the infrastructure necessary to support the war on terrorism: The Army continues to reassess our CONUS based infrastructure requirements in terms of present and future threats and mission requirements. We will need to update the 20–25 percent excess capacity that was published in the 1998 report to Congress and take into consideration: ongoing stationing decisions, which include unit transformations; surge requirements and threat scenarios; and forces returning from overseas. BRAC 2005 is a new opportunity; it provides us the opportunity to analyze future Army stationing requirements and determine excess capacity.

Secretary JOHNSON. Studies by the General Accounting Office and other federal agencies have consistently confirmed that BRAC savings are real and substantial. The most recent GAO report of April 5, 2002 validates this conclusion. The Department of the Navy estimates that savings began to exceed costs to close and realign in 2001, and will result in approximately $2.5 billion in annual recurring savings. The Department of the Navy will be working with the Department of Defense to more precisely track and update base closure saving estimates, with a view toward more accurately projecting costs and savings in the BRAC round in 2005.

Regarding the management of unexpended cleanup funds, the Naval Audit Service recently completed an audit of prior year BRAC unobligatated and unexpended funds. The Department of the Navy is recovering prior year funds that are no longer required and have applied the funding to fiscal year 2001 and fiscal year 2002 environmental cleanup needs. These prior year funds, along with additional BRAC cleanup funds provided in the fiscal year 2002 Military Construction Appropriations Act, have resolved the fiscal year 2002 BRAC cleanup funding shortfall. The fiscal year 2003 BRAC request meets all current regulator and community expectations for cleanup.

The Department of the Navy has completely transferred 60 of the 90 bases that were closed and were to be transferred to new owners from the first rounds of BRAC. Almost 50 percent of the parcels on the remaining 30 bases have been transferred, and as noted above, we have increased BRAC environmental funding to ac-

celerate cleanup of the remaining parcels. We plan to reach a point where a cleanup remedy is in place and operating properly at seven additional bases in fiscal year 2002 and five in fiscal year 2003, which will allow transfer of those properties. We also have successfully used the early transfer authority to convey property at Mare Island, CA and Oakland, CA, and are actively seeking to move as much property as possible off the federal rolls and quickly as possible.

The Department of the Navy expects that base infrastructure that may be necessary to support the war on terrorism will be fully considered as part of BRAC 2005. The fiscal year 2002 Authorization Act amendment to the 1990 Base Closure and Realignment Act contains a number of provisions to ensure that all bases are considered fairly and equally, with military value as the primary consideration in making closure or realignment recommendations, and with independent checks and balances in place throughout the process. Congress specifically provided minimum criteria that DOD must consider. Those minimum criteria include preservation of military installations in the United States as staging areas for homeland defense missions. The Department of the Navy is working with the Department of Defense and the other Military Departments on specific guidance for conducting BRAC 2005.

Secretary GIBBS. The Air Force will conduct an analysis in accordance with the provisions of the Base Closure and Realignment law, selection criteria that Department of Defense is mandated by the law to promulgate, and the Secretary of Defense's policies and procedures. The Air Force will initiate its analysis when directed to do so by the Secretary of Defense.

UNIFORM NATIONAL DISCHARGE STANDARDS PROGRAM

75. Senator INHOFE. Secretary Johnson, the Uniform National Discharge Standards (UNDS) Program is an effort to provide a comprehensive set of standards for controlling the incidental discharge from Navy vessels. Phase I of this program identified 25 discharges that will require control based upon the potential for adverse environmental impacts. There are indications, however, that only a few of these 25 discharges have been, or are programmed to be, explored in the Navy's research and development program, which should determine the most operationally effective and cost effective solutions. What is the present schedule for completion of Phases II and III of the UNDS Program?

Secretary. JOHNSON. Phase I of the program was completed in June 1999. This phase took longer than expected because about 7,000 Armed Forces vessels had to be divided into vessel classes and then the discharges characterized. The characterization included determining flow rates, constituents, concentrations, and some sampling. Thirty-nine discharged were characterized and it was determined that 25 discharges were of sufficient environmental consequence that control may be warranted. Phase II has proven to be even more complex. Each potential pollution control device passing an initial screening must undergo detailed feasibility and environmental effects analyses. The term feasibility analysis is in itself complex, requiring combined analyses of operational impact, practicability, and cost. Finally, all information from these analyses is summarized in a discharge assessment report that leads to the development of recommended pollution control devices. We came to the conclusion that conducting these analyses for all 25 discharges at once is not possible with available resources and staffing. Navy and EPA are discussing a "batch" rulemaking whereby the top four or five priority discharges would be handled first. Our current estimate is September 2005 to complete the Phase II rule for these discharges. We are working with EPA to expedite the rule development process. However, the process could take longer depending on the resolution of issues such as cumulative impact analysis, endangered species consultation, and peer review. If phased and developed in batches of about 4–5, Phase II would be completed for all discharges in February 2011. Phase III could be completed approximately 1 year after each "batch" of discharges completes Phase II.

76. Senator INHOFE. Secretary Johnson, is there a detailed Phase II Program Objective and Milestone (POAM) for each of the discharges requiring control?

Secretary JOHNSON. Not Yet. We have a preliminary schedule showing September 2005 for the first four discharges. A detailed POAM will be developed pending resolution of a number of rulemaking issues.

77. Senator INHOFE. Secretary Johnson, what is the Navy's preferred pollution control device for each of the 25 discharges?

Secretary JOHNSON. The Navy and EPA have identified numerous potential marine pollution control devices (MPCDs). The "preferred" MPCD for each discharge will not be known until the environmental and feasibility analyses are completed.

78. Senator INHOFE. Secretary Johnson, what are the adverse consequences of potential Phase II candidate pollution control devices with respect to ship impact, shipboard operations, procurement and installation costs, and other compliance costs?

Secretary JOHNSON. The Navy and EPA have identified numerous potential MPCDs for evaluation in Phase II. Any adverse consequences of employing particular MPCDs will be determined as part of the feasibility analysis associated with each discharge. However, some devices with obvious adverse consequences (e.g., too large for a war ship) are screened out initially. Only devices passing the initial screening are fully analyzed.

79. Senator INHOFE. Secretary Johnson, what tests or demonstrations have been performed by the Navy to ensure that proposed pollution control devices are effective, do not unduly hamper the mission, and are affordable from an acquisition, installation, life-cycle cost, and manning perspective?

Secretary JOHNSON. The UNDS legislation mandates consideration of operational impact, feasibility, and cost in identifying potential MPCDs. While tests and demonstrations of all potential MPCDs are not required by the UNDS legislation, or currently planned, the Navy and EPA consider all available performance data from commercial and government sources during their analyses and deliberations.

80. Senator INHOFE. Secretary Johnson, what data has been gathered or presented to the Environmental Protection Agency to justify the Navy's current status regarding UNDS?

Secretary JOHNSON. The Navy and EPA are working jointly on UNDS. Substantial detailed data on the nature of discharges was reviewed in Phase I. In Phase II, the Navy and EPA have completed some technical and feasibility analyses for priority discharges and have developed a draft performance standard for one discharge. In addition, data on numerous MPCDs has been reviewed.

81. Senator INHOFE. Secretary Johnson, is there a POAM for Phase III of the rulemaking?

Secretary JOHNSON. Not at present. A POAM will be developed to support Phase III once the Navy and EPA promulgate performance standards for the Phase II discharges.

82. Senator INHOFE. Secretary Johnson, what transitions have been planned for systems that have been developed for the treatment of gray water discharges?

Secretary JOHNSON. The Navy constantly keeps abreast of existing and developing technologies in the area of gray water treatment. The selection of a treatment technology and the transition of related systems to the fleet will be contingent on the completion of UNDS rulemaking for gray water.

SHIPBOARD WASTE MANAGEMENT

83. Senator INHOFE. Secretary Johnson, the Navy research and development (R&D) program has identified a membrane filtration polishing technology that can be added to meet oil discharge requirements. However, it is only being implemented on new construction. While the cost of this particular technology may be prohibitively expensive to back-fit into the entire fleet, there is still a need to upgrade the existing systems so that they meet the present discharge requirements. Is the Navy's R&D program developing alternative, cost-effective "add-on" polishing technologies that can meet performance standards? If not, why?

Secretary JOHNSON. The Navy is not currently developing alternative polishing technologies. Additional expenditures of RDT&E program funds to develop and test more polishing technologies are not required for the following reasons: (1) Navy vessels are currently in compliance with domestic discharge regulations for bilge water; (2) Navy has already identified the best polishing technology that meets the Navy's requirements for new construction ships; and (3) a joint EPA-Navy rulemaking process, called Uniform National Discharge Standards (UNDS), is currently evaluating all bilge water treatment technologies.

84. Senator INHOFE. Secretary Johnson, the Compensated Fuel Ballast program is being terminated without developing the necessary design guidance that would eliminate oil discharges when refueling. Why has the program been terminated? How will the need for design guidance be addressed?

Secretary JOHNSON. The Navy has completed RDT&E for implementing Compensated Fuel Ballast System improvements. Modeling tools and basic design guidance for compensated fuel ballast systems to reduce inadvertent fuel discharges and reduce water intrusion have been transitioned to new ship construction programs from the Shipboard Environmental Protection Program. Additionally, the fleet has implemented stringent fuel transfer requirements on existing ships with compensated fuel ballast systems to minimize the risk of oil discharges during refueling operations. Finally, the UNDS rule-making process will determine future standards of performance for military compensated fuel ballast system discharges.

85. Senator INHOFE. Secretary Johnson, the Plasma Arc Waste Destruction program is not being transitioned to the Advanced Development Program in spite of the potential interest of future aircraft carrier programs. Why is the Plasma Arc Waste Destruction program not being transitioned?

Secretary JOHNSON. There is no legal or regulatory requirement for development, test, and installation of a Plasma Arc Waste Destruction System (PAWDS) on a Navy vessel. The present fleet is in compliance with applicable solid and plastic waste discharge regulations. New construction ships will also be in compliance. Although the Shipboard Environmental Protection Program is not funding development of plasma arc systems for ships, the future aircraft carrier program office is supporting development of PAWDS for the CVN(X).

86. Senator INHOFE. Secretary Johnson, the Navy has existing shipboard waste management systems and equipment used for addressing solid waste, sewage, gray water, and bilge water. What is the condition of the Navy's shipboard waste management systems and equipment with respect to compliance, functionality, maintainability, supportability, and affordability?

Secretary JOHNSON. The present fleet is in compliance with existing domestic discharge regulations on solid waste, sewage, gray water, and bilge water utilizing installed equipment that is fully functional maintainable and supportable. Affordability issues are fully reviewed during the developmental stage of all shipboard waste management equipment to ensure procurement of the most cost effective equipment, having the least operational impact, and requiring minimal staffing.

87. Senator INHOFE. Secretary Johnson, have the total actual ownership costs of existing shipboard waste management systems and equipment been tracked to determine the cost and affordability of future solutions? If not, why?

Secretary JOHNSON. Total actual ownership cost studies for individual shipboard waste management systems and equipment have not been done nor are they required. However, procurement, installation, and developmental costs are tracked. Affordability issues are always considered early in the acquisition process, along with operational impacts. The goal is to select equipment with the optimal combination of factors such as acquisition costs, maintenance costs, environmental impact, staffing requirements, and operational impact.

QUESTIONS SUBMITTED BY SENATOR WAYNE ALLARD

FORMERLY USED DEFENSE SITES BUDGET

88. Senator ALLARD. Mr. DuBois and Secretary Fiori, there are at least 60 formerly used defense sites in Colorado with environmental contamination that have been identified by the Corps of Engineers for restoration under the Formerly Used Defense Site (FUDS) program. The Corps has been working on FUDS for almost 20 years, yet has failed to clean up any of the high priority sites in Colorado—sites with uncontrolled environmental toxins threatening drinking water sources and hazardous unexploded ordnance contamination. Over the last few years, the FUDS cleanup budget has been under funded in Colorado and nationally to complete even high risk and high priority sites. What are your plans and schedule for funding FUDS cleanup in Colorado and nationally?

Mr. DUBOIS. There are approximately 60 properties on the Corps of Engineers' FUDS Inventory List for the State of Colorado. The Corps estimates that fewer than half of those sites are contaminated or potentially contaminated, and necessitate cleanup under the FUDS program. The Corps has completed the following FUDS

projects in the State of Colorado: AF Finance and Accounting Center; Denver Ordnance Plant; F.E. Warren AFB Sites 9 through 12; Fort Logan; Granada Relocation Center; La Junta Army Airfield; Lowry S–1 Complexes 1A and 1B; and Pueblo Army Air Field. The Corps of Engineers is currently working with the State of Colorado to develop a schedule for cleanup, or statewide management action plan (MAP), for FUDS in Colorado. The MAP will identify cleanup, projected schedules, and overall project funding requirements for each FUDS within the State.

Secretary FIORI. There are approximately 60 properties on the Corps of Engineers' FUDS Inventory List for the State of Colorado. The Corps estimates that less than half of those sites are contaminated or potentially contaminated and eligible for cleanup under the FUDS program. The Corps has completed the following FUDS projects in the State of Colorado: AF Finance and Accounting Center; Camp Hale; Denver Ordnance Plant; F.E. Warren AFB Sites 9 through 12; Fort Logan; Granada Relocation Center; La Junta Army Airfield; Lowry S-1 Complexes 1A and 1B; and Pueblo Army Air Field. The Corps of Engineers is currently working with the State of Colorado to develop a schedule for cleanup, or a statewide management action plan (MAP), for FUDS in Colorado. The MAP will identify cleanup, projected schedules, and overall project funding requirements for each FUDS site within the State. Nationally, the President's Budget request provides funding for all legal requirements and includes an increase over last year's budget request specifically targeted to address unexploded ordnance requirements.

89. Senator ALLARD. Mr. DuBois and Secretary Fiori, how much funding would you expect to need annually to be able to complete the FUDS cleanup in the next 20 years?

Mr. DUBOIS. The cost to complete estimate for the FUDS program has increased dramatically in the last 3 years. The increase is largely attributable to conservative assumptions concerning possible future actions that may be required to address potential UXO-related problems, and is generally based on preliminary information. We currently do not know the extent of the requirement, but are in the process of developing estimates and potential remedies. The President's budget request provides funding to meet all currently established cleanup schedules and includes an increase over last year's budget request specifically targeted to address known UXO requirements.

Secretary FIORI. FUDS program requirements have increased dramatically in the last 3 years primarily as the result of the addition of new FUDS sites and munitions response requirements. Long-term cost estimates for FUDS cleanup are generally based on preliminary information and largely attributable to conservative assumptions about possible future actions that may be required to address potential UXO-related problems. Thus, the UXO-related cost estimates, in particular, are not robust enough to be reflective of funding requirements. Additionally, regardless of the cost, the Department does not believe it is technically feasible to complete required munitions responses in 20 years. The Department is working diligently to determine the full extent of munitions response requirements, assess the technology for such, and then to move forward as expeditiously as possible to complete required munitions responses. In recognition of this, the President's fiscal year 2003 budget request provides funding to meet current schedules. It also includes an increase of $22 million, over last year's budget request, that is specifically targeted for munitions responses.

90. Senator ALLARD. Mr. DuBois and Secretary Fiori, how do you propose to maintain stable and consistent funding for the life of these projects without delaying costs into the out years?

Mr. DUBOIS. We believe strongly in the concept of stable funding for the environmental restoration program. By stable funding, we mean manageable increases or decreases consistent with project requirements. Execution capabilities dependent upon staffing, contracting, and other resource considerations can be severely affected, both by wide fluctuations in funding and by the inability to predict future funding levels. DOD continues to seek stable funding and will work within the bounds of such funding from year-to-year. The President's budget request is in line with the concept of stable funding.

Secretary FIORI. We believe strongly in the concept of stable funding for the environmental restoration prograrn. By stable funding, we mean manageable increases or decreases consistent with project requirements. Execution capabilities depend on staffing, contracting, and other resource considerations and are severely and adversely affected, both by wide fluctuations in funding and by the inability to forecast and rely on future funding levels. DOD continues to seek stable funding and will

work within the bounds of such funding from year to year. The President's budget request is in line with the concept of stable funding.

FORMER LOWRY BOMBING AND GUNNERY RANGE

91. Senator ALLARD. Mr. DuBois and Secretary Fiori, the Department of Defense has been working on the cleanup of unexploded ordnance at the Former Lowry Bombing and Gunnery Range (FLBGR) for several years. The cleanup is way behind, the budget has been cut in half, and the cleanup schedule extended almost 30 years. Under the settlement agreement reached with Colorado in 1998, cleanup of the site was expected to be complete in about 5 years. Several new subdivisions, 6,000 new homes, and a high school are being built adjacent to a site on the range where simulant filled and inert chemical warfare munitions have been recovered. Budget cuts and cleanup schedule delays have already delayed construction at several new subdivisions. The high school is scheduled to open in August 2003. How much is in your budget this year to address cleanup at FLBGR?

Mr. DUBOIS. The Corps of Engineers initially discussed a fiscal year 2002 budget of $4 million with the State of Colorado. A fiscal year 2002 plus-up allowed the Army to increase the FUDS budget for Colorado to $6 million. The Corps will add an additional $2 million in fiscal year 2002. Extending the cleanup schedule to almost 30 years would be necessary if the project were funded at only $4 million per year. At $8 million annually, cleanup can be completed in approximately 10 years.

Secretary FIORI. The Corps of Engineers initially discussed a fiscal year 2002 budget of $4 million with the State of Colorado. A fiscal year 2002 plus-up allowed the Army to increase the FUDS budget for Colorado to $6 million. The Army will add an additional $2 million in fiscal year 2002, restoring the original budget of $8 million. Extending the cleanup schedule to almost 30 years would be necessary if the project is funded at only $4 million per year. At $8 million annually, cleanup can be completed in approximately 10 years.

92. Senator ALLARD. Mr. DuBois and Secretary Fiori, can you assure us that cleanup will be completed in time for the new high school opening?

Mr. DUBOIS. No, the cleanup of the Jeep and Demolition Range site is not expected to be completed by August 2003 due to the recent discovery of potential munitions at the site, and the possibility that the area may be designated as a chemical warfare material site. In 2001, the Corps of Engineers discussed ordnance hazards with the local school and the Colorado Department of Public Health and the Environment. The Corps notified the school that in the event of an incident the evacuation distance could extend to the entrance of school. The co-chair of the Corps-sponsored citizen Restoration Advisory Board recommended that the school consider delaying construction. Notwithstanding this information, the school board announced its plan to continue with construction and to open the school on schedule, noting bond issues and current overcrowding of existing facilities.

Secretary FIORI. No, the cleanup of the Jeep and Demolition Range site is not expected to be completed by August 2003 due to the recent discovery of potential munitions at the site and the possibility that the area may be designated as a chemical warfare materiel site. In 2001, the Army discussed ordnance hazards with the school and the Colorado Department of Public Health and the Environment. The Army notified the school that in the event of an incident the evacuation distance could extend to the entrance of the school. Notwithstanding this information, the school board announced its plan to continue with construction and to open the school on schedule, noting bond issues and current overcrowding of existing facilities.

93. Senator ALLARD. Mr. DuBois and Secretary Fiori, what are your plans and schedule for funding completion of the FLBGR cleanup?

Mr. DUBOIS. Details of the schedule for completion of the cleanup are provided in the Management Plan, dated March 2001. At a funding level of $8–$10 million per year, we expect to complete the conventional ordnance clearance activities by 2010. Chemical warfare material issues, however, may increase both the cost and time required to complete the cleanup.

Secretary FIORI. Details of the schedule for completion of the cleanup are provided in the Management Plan, dated March 2001. At a funding level of $8–$10 million per year, we expect to complete the munitions response activities for sites containing conventional munitions by 2010. However, chemical warfare materiel issues may increase the cost-to-complete the cleanup.

CAMP HALE

94. Senator ALLARD. Mr. DuBois and Secretary Fiori, a news article from last week's *Denver Post* quotes state officials as saying it will take the Corps of Engineers 10 years or longer to clean up Camp Hale, Colorado. Hikers, hunters, and recreational forest users are finding dangerous live unexploded ordnance in the National Forest at Camp Hale. The Camp Hale area is one of the must heavily used national forest areas in the country. The Forest Service had to close 1,400 acres of the forest 2 years ago, including a popular group campground and a segment of the Continental Divide National Scenic Trail because of unexploded ordnance contamination. The State was informed that there is not enough funding in the FUDS budget to address the site. How long do you expect the investigation and cleanup of Camp Hale to take? Specifically, what are your plans and schedule funding for the investigation and cleanup?

Mr. DUBOIS. The Corps is currently budgeting approximately $1 million per year for Camp Hale cleanup. At this time, there is not enough information available about the nature and extent of the hazards at the site to accurately estimate the cost to complete the cleanup. The Corps is currently working in partnership with the Colorado Department of Public Health and Environment (CDPHE) and the USDA Forest Service (USFS) to characterize the site. Once the Corps completes the characterization, it will undertake the appropriate response action at the site.

Camp Hale is a very large site (up to 247,000 acres), with varying terrain (mountainous, forest, etc.) and multiple uses. The Corps plans to focus characterization efforts in areas known to have hosted ordnance related activities, which will help reduce the time required to complete cleanup. The Corps anticipates that characterization will be completed by fiscal year 2004.

Secretary FIORI. The Corps is currently budgeting approximately $1 million per year for the Camp Hale cleanup. At this time, there is not enough information available about the nature and extent of the hazards at the site to accurately estimate the cost-to-complete the cleanup. The Army is currently working in partnership with the Colorado Department of Public Health and Environment and the Forest Service to characterize the site. Once the Army completes the characterization, they will undertake the appropriate response action at the site. Camp Hale is a very large site (up to 247,000 acres) with varying terrain (mountainous, forest, etc) and multiple uses. The Army plans to focus characterization efforts in areas known to have hosted munitions related activities, which will help reduce the time required to complete response activities. The Army anticipates that characterization will be completed by fiscal year 2004.

[Whereupon, at 4:35 p.m., the subcommittee adjourned.]

DEPARTMENT OF DEFENSE AUTHORIZATION FOR APPROPRIATIONS FOR FISCAL YEAR 2003

THURSDAY, MARCH 21, 2002

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

READINESS OF U.S. ARMED FORCES FOR ALL ASSIGNED MISSIONS

The subcommittee met, pursuant to notice, at 10:07 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, and Inhofe.

Majority staff members present: Richard D. DeBobes, counsel; Maren Leed, professional staff member; and Michael J. McCord, professional staff member.

Minority staff members present: William C. Greenwalt, professional staff member; Ambrose R. Hock, professional staff member; George W. Lauffer, professional staff member; Thomas L. MacKenzie, professional staff member; Ann M. Mittermeyer, minority counsel; and Joseph T. Sixeas, professional staff member.

Staff assistants present: Leah C. Brewer and Daniel K. Goldsmith.

Committee members' assistants present: Erik Raven, assistant to Senator Byrd; Davelyn Noelani Kalipi, assistant to Senator Akaka; Richard Kessler, assistant to Senator Akaka; Eric Pierce, assistant to Senator Ben Nelson; John A. Bonsell, assistant to Senator Inhofe; and Michele Traficante, assistant to Senator Hutchinson.

OPENING STATEMENT OF SENATOR JAMES M. INHOFE

Senator INHOFE. Our hearing will come to order. Our chairman, Senator Akaka, is going to be a little bit late, so we thought we would go ahead and start our first panel. First of all, I have been honored to visit with each one of you in my office, except for my good friend General Wald because I was unable to be there. I still cannot believe that it was 5 years ago that we were together in Aviano, Italy.

I would like to go ahead and try to abbreviate the witness statements and move into a closed session, so we will try to expedite this.

We appreciate everybody being here. I have to say that when the control of the Senate went from the Republicans to Democrats it really did not change much of what we are doing. It happens that Danny Akaka and I are very close friends. We were in the same Bible study for 15 years. We have a spirit of cooperation that I think exceeds that in any other committee.

Let me begin by expressing my sympathies and condolences to the families, units, and friends of our service men and women who were killed or injured yesterday morning during military training at Fort Drum, New York. This accident is a vivid reminder of the dangers involved in military training. I understand that representatives of the Army's Safety Center have begun an investigation into the cause of this tragedy. I will ask the Army to update the subcommittee during the course of the investigation and immediately forward the results to this subcommittee when it is completed.

The Subcommittee on Readiness and Management Support meets this morning to discuss the readiness of our Armed Services. It is our goal to specifically examine the impact of Operations Enduring Freedom and Noble Eagle on the readiness of the total force and their ability to conduct their missions. The subcommittee will also review the Department's risk assessments associated with the revised defense strategy, the status of Department's efforts to improve readiness measurements and reporting, and the adequacy of the Department's budget request for fiscal year 2003 to support both the immediate and the long-term readiness goals.

Along those lines, I would ask, as I did of all of you in my office, to be very straightforward. My personal feeling is that the budget is inadequate. I think it is probably the best that we could get through at this time, but I would like to have you talk about those areas that you feel are inadequate or not funded properly.

Let me welcome our witnesses and thank them for participating in this hearing this morning. Dr. Paul Mayberry has had a distinguished and diverse career in the Defense Department and is well prepared for his current responsibilities.

Also, each of the flag officers testifying this morning brings a wealth of personal and professional experience with them. Collectively, they represent our ability to defend our interests in the air and on the land and sea. They have also participated in important aspects of military training, an integral component of readiness, and I hope they will be able to share their perspectives on that as well.

Like few other times in recent history, our Nation is united with the President in our resolve in the war on terrorists. In only 6 months, we have destroyed and disrupted terrorist networks and liberated a nation held hostage by a fanatical regime of terrorists. None of this would have been possible without the professionalism and the skill of our soldiers, sailors, airmen, and marines.

I am concerned, however, that the level of readiness and the capabilities that have led to the successes in Operation Enduring Freedom and Operation Noble Eagle may not be sustainable. In fact, the capabilities that the services are using today may only

represent a limited surge capacity of the forces and not the readiness required to sustain a long-term war on terrorism and prepare for other challenges to our vital national interests.

We need to do both. Inaction against terrorists is no longer an option. We must address the readiness deficiencies that we created during the last decade. Our goal was clear before September 11: to restore the readiness and vitality of the military services to defend all vital U.S. security interests. The Clinton administration significantly stressed the readiness of the services for nearly a decade. They cut the funding while at the same time increasing the deployments of our troops and sailors. They virtually stopped funding modernization, and this is something that we are going to have to overcome.

Then, of course, along came the war. As the war on terrorism continues, restoring readiness and sustaining the war is becoming more and more difficult. According to the Commander of the National Training Center at Fort Irwin, Air Force strategic transport has been unavailable for rotational unit support due to war deployments. Two training rotations have not deployed their AH–64 attack helicopter units due to the nonavailability of the C–17 and C–5 airlift.

We are really wearing out our airlift capacity, and this is something that we hear in every hearing that we have. It is going to have to affect where we go from here. I am strongly supporting increasing our C–17 fleet. The C–17 was criticized during its development, but it has now proved its worth as an effective lift vehicle.

The administration has requested approximately $98 billion in funding for fiscal year 2003 for operations and maintenance of the services. This averages an approximate increase of over 9 percent over the amount appropriated in fiscal year 2002. With the multitude of tasks the American people are requiring of our military, we have to ask ourselves, is this truly enough? Can we do more to support the men and women in uniform?

Lastly, President Bush is right on the mark when he encourages Congress, as he did last week, to make funding for the military services our highest priority. I agree. I will work with Senator Akaka to forward the recommendations of this subcommittee with all due haste and diligence. The degree to which we can expedite this funding is just one more way we can demonstrate our strong support for the men and women in uniform.

This morning the witnesses will testify in two panels: Dr. Paul Mayberry, the Deputy Under Secretary of Defense (Readiness), and Lt. Gen. Gregory Newbold, the Director of Operations (J–3) Joint Staff, will comprise the first panel. The second panel will be comprised of the directors of Operations for each of the services. Due to the substance of the testimony and the subsequent questions, it may be necessary for a portion of this hearing to be held in closed session. We will have to make that determination after the chairman gets here.

It is important for us to understand that there was a wakeup call to the American people. I felt very good about the changes in attitude after that horrible tragedy of September 11 took place. I think there exists the recognition, as tragic as it was in New York City and at the Pentagon, that if the terrorists had had their weapon

of choice, a nuclear warhead on a missile, the TV screen that showed the tragedy of the two towers would show nothing but a piece of charcoal.

While this is something that we have faced since the early 1990s, it is something that the American people did not really appreciate. I know because I went out and tried to explain this problem. General Wald, you can remember because we talked about this in Aviano. I now think that we are in a position to do a better job for the American people, but we must do so with all haste.

Dr. Mayberry, we will start with your statement. As is always the case, your entire statements will be made a part of the record. Dr. Mayberry.

STATEMENT OF DR. PAUL W. MAYBERRY, Ph.D., DEPUTY UNDER SECRETARY OF DEFENSE (READINESS)

Dr. MAYBERRY. Good morning. Thank you very much, Senator. I am privileged to be here before you today to address the issues of military readiness and the Department of Defense.

Let me start by saying that our Armed Forces are ready to meet the challenges facing our Nation. Our forces, as you said, are agile, capable, and well led. From prosecuting the global war on terrorism to protecting our Nation's airways, the uniformed men and women of our Nation, reinforced by the Department's civilians, stand ready to execute the missions assigned to them by our Commander in Chief. This readiness is not possible without your continued support for our critical defense needs.

You asked us to discuss several issues, and I would respectfully request that we do defer some specific discussions in terms of the impact of current operations on our readiness to conduct other missions to a closed session.

Senator INHOFE. Let me just interrupt at that point. I think it is important on that subject to do as much as you can in open session. America needs to know our deficiencies, where we are, where we are going to be, and where we have to concentrate our efforts and our scarce dollars. So while I know there are some sensitive topics, I would hope that as much as possible could be handled in open session.

Dr. MAYBERRY. I understand and we will do that.

You also asked that we take a look at the way that we are going about revising our readiness reporting system, as well as both the Department's budget request for immediate- and long-term readiness issues. Let me begin by highlighting some of our ongoing efforts in the readiness assessment and reporting process.

One of the most essential elements of our reporting system in the Department has been the active involvement of our senior DOD leadership in resolving these types of readiness issues. The Department's Senior Readiness Oversight Council (SROC), which is chaired by the Deputy Secretary of Defense, meets routinely to review and discuss the most pressing readiness needs. Recently, this council met to focus on actions to address the growing threats of encroachment on our air, land, and sea training ranges.

A second issue that the SROC addressed has been the modernization and transformation of our major combat training centers. Finally, it recently met to evaluate the stresses on our forces

resulting from the global war on terrorism and the unique training, personnel, and equipment demands that that campaign imposes on our forces.

With respect to the improvements that we seek to address in the current readiness reporting process, the Secretary has asked me to specifically focus upon the ability of our Armed Forces to execute fully the missions that they have been assigned. We are working closely with the Services, Joint Staff, and with the combatant commands to identify these needed improvements.

Our study has basically been completed and concludes that the Department should implement a new capabilities-based readiness system that would provide timely and accurate information on the readiness of our forces, as well as their supporting infrastructure. This information would be readily available in the deliberate planning process, in responding to emerging crises, and also in aiding decisionmaking even during hostilities.

A broad spectrum of real-time information provided by a variety of sources, including the combatant commanders, the Services, and the defense agencies—will be available to aid both defense planners and decisionmakers. The system would be a source of valuable information on the readiness of our forces to execute their joint mission essential tasks, as well as to address the issue of sustainability of our forces over time. That is something that we do not do completely well now.

We believe that this improved readiness system can be achieved using existing personnel, training, and logistics databases, and that it would reduce or even eliminate some of the workload and errors associated with the manual input systems that we have today. The system would also provide information that reveals broad readiness trend information in the resource areas of personnel, unit training, equipment, supply, and ordnance. It will capture the military judgments of unit leaders as well, which is a critical piece of readiness reporting as well.

Senator INHOFE. Our chairman is here now, and we agree that you should go ahead and finish before his opening statement so we will not lose your train of thought. Not that you will, but we might.

Dr. MAYBERRY. Thank you.

Our plans are to publish guidance from the Secretary in the next couple of months, field the initial readiness system for operational use in the 2004 time period, and have a full operational capability achieved in 2007.

Maintaining the readiness of our Armed Forces and ensuring the well-being of our men and women in uniform are the top priorities of the leadership in the Department. These priorities are reflected in our fiscal year 2003 budget request. Our Armed Forces are the best trained, best equipped, and most effective military force in the world and we intend to keep them that way.

The President has emphasized the importance of reversing past declining trends in readiness and the 2003 budget is a beginning step in that direction. This budget improves military readiness by increasing the top line by some $48 billion over fiscal year 2002 levels, accelerates critical transformation programs, funds the war on terror, and also provides for critical programs related to the war.

But perhaps most importantly, it invests in the Department's greatest assets: our people. We are seeking across-the-board pay raises and 4.1 percent targeted pay raises in the range of $300 million for mid-grade officers and noncommissioned officers. It improves military housing and puts the Department on track to eliminate substandard housing by the 2007 timeframe.

The request also puts us on track to eliminate average out-of-pocket expenses for individuals living off base by 2005. The budget also requests nearly $23 billion, an astounding amount, to cover realistic military health care costs. These investments are critical to ensuring the quality of our forces and their families as well as the environments in which they live and work.

The budget also provides for the training of our forces. We included $140 billion for the operation and maintenance accounts (O&M). This includes substantial funding for our unit training, as well as operational readiness accounts to cover tank miles, steaming days, and flying hours for the services. We have increased funding for critical Army training enablers, providing resources to ensure the operations of training ranges and simulation centers are covered in the management of ground maneuver and live-fire training ranges.

In the Air Force, we are seeing some positive readiness trends that indicate that we may have turned the corner on chronic problems associated with parts shortages.

The budget also improves maintenance and sustainment of equipment and facilities and increases the availability of spare parts. In conclusion, I want to emphasize that our total forces, Active, Reserve, and civilians, are ready to meet the challenges facing this Nation. We robustly fund the readiness of our forces, as well as transforming to meet future challenges. We are improving the ways that we measure our readiness and transforming our training to meet new strategy.

We appreciate the continued support of this subcommittee for our Armed Forces that ensures that they remain the best manned, equipped, and trained military in the world.

Thank you very much for the opportunity to appear before you today and I look forward to addressing your questions.

[The prepared statement of Dr. Mayberry follows:]

PREPARED STATEMENT BY DR. PAUL W. MAYBERRY, PH.D.

Good morning, Chairman Akaka, Senator Inhofe, and distinguished members of this subcommittee. On behalf of the Under Secretary of Defense for Personnel and Readiness, Dr. David S.C. Chu, I am privileged to speak before this subcommittee on the state of military readiness in the Department of Defense. With me today is the Director of Operations for the Joint Staff, Lt. Gen. Gregory Newbold of the United States Marine Corps.

Let me start by saying that your Armed Forces are ready to meet the challenges facing this Nation. Our forces are agile, capable, and well led. From prosecuting a Global War on Terror to protecting our Nation's airways, the uniformed men and women of this Nation, reinforced by the Department's civilian staff, stand ready to execute the missions assigned to them by our Commander in Chief. This readiness would not be possible without the continued support of this subcommittee for our critical Defense needs.

For this testimony, you asked that I discuss the risk assessed against our new defense strategy and the impact of current operations on our readiness to conduct other missions. Today's strategic setting presents a number of new challenges that we must be ready to address. The 2001 Quadrennial Defense Review provided a new risk framework for the Department to assess these challenges in four dimensions—

operational, force management, institutional, and future or transformational challenges. I respectfully request we move our discussion of these points to a closed session.

You also asked that I discuss our progress in revising the Department's readiness reporting system and the adequacy of the Department's fiscal year 2003 budget request in supporting immediate and long-term readiness needs. I will focus on these two issues—readiness reporting and the fiscal year 2003 budget request—in open session.

READINESS REPORTING

I would like to begin by highlighting the status of our ongoing efforts to enhance the Department's readiness assessment and reporting system.

One of the most essential elements of our readiness reporting system is the active involvement of the senior DOD leaders in resolving readiness issues. The Department's Senior Readiness Oversight Council, which is chaired by the Deputy Secretary of Defense, meets routinely to review and discuss the most pressing readiness issues. Recently, the council met to focus on actions to address growing threats of encroachment on our air, land, and sea training centers and ranges. I believe the Service operations deputies panel will echo the importance of this issue later today.

I am convinced that our success in future military operations will depend on having a modernized joint training infrastructure that supports realistic, combined arms, force-on-force training for our military. Unlike Operation Desert Storm, where we had many months to prepare, deploy, and stage forces for an overwhelming attack against Iraqi forces in Kuwait—tomorrow's conflicts are likely to be short-notice, "come-as-you-are" events. A lesson clearly emerging from Operation Enduring Freedom is that we must fight joint. This is the current reality and the future of warfare—we must train that way. To this end, we have recently completed a strategic plan for transforming our training that will serve to guide the Department in ensuring our forces remain the best trained and most capable in the world.

The Senior Readiness Oversight Council has also evaluated the stresses on our forces resulting from the global war on terrorism. This campaign imposes some unique training, personnel, and equipment demands upon our forces—particularly so as we continue to provide for homeland defense and work to preserve our readiness for other missions. For example, to date, we have mobilized over 93,000 Reserve and National Guard members. These soldiers, sailors, airmen, and marines are integrated into nearly every aspect of Operation Noble Eagle and Operation Enduring Freedom.

In terms of the system we use to report unit readiness, we undertook a project last year, at the direction of the Secretary, to improve the way we both assess and report unit readiness. The Secretary asked us to specifically focus upon the readiness of our Armed Forces to execute fully their assigned missions. Over the last few months, we have been working closely with the services and the combatant commands to identify possible improvements to the current system. We expect our study will be completed in the next several weeks, and anticipate publishing implementing instructions for a revised system soon after.

Our study results suggest that the Department should implement a new "capabilities-based" readiness system to provide timely and accurate information on the readiness of our forces and supporting infrastructure. This information would be readily available for our use in deliberate planning, responding to emerging crises, and to aid decision-making during hostilities.

In our charter for the study, we envisioned a system capable of providing real-time readiness information on the Department's ability to execute strategic missions and respond to crises. A broad spectrum of relevant information—provided by the combatant commands, Services, and defense agencies—will be available to aid both defense planners and decision-makers. The system will include valuable information on the readiness of forces to execute assigned joint mission essential tasks as well as the sustainability of the force over time.

Given the uncertainties in the strategic environment, we are planning for a flexible and adaptive readiness reporting system that will reduce the likelihood of the Department being surprised by unforeseen readiness challenges in the early stages of crisis planning.

The system will support assessments of force management and operational risk as outlined in the Quadrennial Defense Review. We believe that this improved reporting and assessment can be achieved by using existing personnel, training, and logistics databases. By incorporating information from existing transactional databases, we can reduce or eliminate workload and errors associated with manual

input of data. This will further aid our goals of reducing the reporting burden and responding more quickly to requests for readiness information.

The system will also provide information that reveals broad readiness trend information in the resource areas of personnel, unit training, equipment, supply, and ordnance, and will capture the military judgement of the unit commander in his assessment of his unit's readiness.

Our plan is to field the initial readiness system for operational use in fiscal year 2004, with full operational capability achieved by fiscal year 2007.

RESOURCES

I will now turn to the fiscal year 2003 budget. Maintaining the readiness of our Armed Forces to defend the nation's interests, and ensuring the well-being of our men and women in uniform, are the highest priorities of the leadership in the Department of Defense. America's Armed Forces are the best-trained, best-equipped, and most effective military force in the world, and we intend to keep them that way.

The President emphasized the importance of reversing our Armed Forces' decline in readiness. The fiscal year 2003 budget helps to improve our military readiness by increasing the defense topline by $48 billion over fiscal year 2002 levels. It accelerates critical transformational programs, funds the war on terror, and provides for critical programs related to the war. Perhaps most importantly, it invests in the Department's greatest asset: its men and women in uniform.

The President's fiscal year 2003 budget requests over $94 billion for military pay and allowances, including an across-the-board 4.1 percent pay raise, and $300 million for the option of targeted pay raises for mid-grade officers and non-commissioned officers. It improves military housing and puts the Department on track to eliminate most substandard housing by 2007—years sooner than previously planned. The request also lowers average out-of-pocket housing costs for those living off-base from over 11 percent to 7.5 percent in 2003—putting us on track to eliminate all out-of-pocket housing costs for the average person in uniform by 2005. The budget also includes $10 billion for education, training, and recruiting, and nearly $23 billion to cover the most realistic cost estimates of military healthcare. These investments are critical to ensuring that the smart weapons we develop are placed in the hands of smart, well-trained soldiers, sailors, airmen, and marines.

We must maintain the training readiness of our forces to fight the wars of today and tomorrow. The fiscal year 2003 budget also provides for the training of our forces, and of the equipment with which they will train and fight. We requested $140 billion for operation and maintenance accounts in fiscal year 2003. This includes substantial funding for our unit training and operations readiness accounts.

This budget funds the services' training and operations accounts—tank miles, steaming days, and flying hours for the services. It preserves crucial training and operating activities essential to the safety and well being of our troops, and their ability to successfully accomplish their missions. As outlined by the Secretary of Defense in his recent budget hearings, the Department increased the funding for these readiness accounts, to include:

- Aircraft operations/flying hours: $11.8 billion, up from $11.3 billion in fiscal year 2002;
- Army OPTEMPO: $3.7 billion, up from $3.3 in fiscal year 2002;
- Ship operations: $2.4 billion, up from $2.3 in fiscal year 2002;
- Depot maintenance: $4.8, up from $4.5 billion in fiscal year 2002; and
- Training: $10.0 billion, up from $9.4 billion in fiscal year 2002.

We have increased funding for critical Army "training enablers"—providing resources to sustain the operation of training ranges, simulation centers, and the management of ground maneuver and live-fire ranges. Adequately funding these enablers reduces unit-training funds to pay these infrastructure bills. In the Air Force, we are seeing some positive readiness trends that indicate that we may have turned the corner on chronic parts problems and shortages.

In conjunction with the DOD Comptroller, we have also initiated an effort to improve our ability to resource and manage unit training and readiness. The Operations Readiness working group, co-chaired by my office and the comptroller, with representatives from each Service, the Joint Staff, and defense agencies, is a new forum to address unit training needs. This initiative was chartered to develop a more comprehensive approach to ensuring our budgets and programs adequately address unit-training requirements. The group has just finished its first quarterly review of flying hours, steaming days, and tank mileage including dollar execution, and promises to tighten the linkage between funding and unit readiness goals.

The Department has also added resources in fiscal year 2003 budget to address other pressing readiness issues, such as those in support of homeland defense and

the Global War on Terror. This budget enhances our abilities to protect our forces against biological and missile attack. The budget also improves maintenance and sustainment of equipment and facilities. It increases the availability of spare parts and engines—keeping ahead of the increasing costs due to equipment age and heavy use in current operations.

In conclusion, I want to emphasize that our forces—our total forces—are ready to meet the challenges facing this nation. We are robustly funding the readiness of forces and transforming to meet future challenges. We are improving the ways we measure our readiness and transforming our training to meet the new strategy. We appreciate this subcommittee's continued support of our Armed Forces, and of the programs that ensure they remain the best manned, equipped and trained forces in the world. This concludes my statement. I look forward to discussion and any questions you may have.

STATEMENT OF SENATOR DANIEL K. AKAKA

Senator AKAKA [presiding]. I want to thank my friend and colleague, Senator Inhofe, for beginning this hearing. I want to welcome the witnesses this morning, and offer my condolences to the families at Fort Drum.

Senator Nelson, do you have a statement to make?

Senator BEN NELSON. Mr. Chairman, I would be happy to make comments in the process of asking questions rather than start with an opening statement. Thank you.

Senator AKAKA. I also want to state that I will place my full statement in the record in the interest of time.

[The prepared statement of Senator Akaka follows:]

PREPARED STATEMENT BY SENATOR DANIEL K. AKAKA

The Readiness and Management Support Subcommittee meets this morning to hold a hearing on the readiness of United States forces to meet all of their current missions. Of course, the topic in the news and on everyone's mind is our current war on terrorism, and especially our operations in Afghanistan. Forces from all four of our military services have performed magnificently in these operations, and have clearly demonstrated at least two important facts.

First, our Armed Forces are capable and powerful, but even more so when they act in concert with each other and complement each other's strengths. Their collaboration and creativity has been astounding, and has inspired awe not only here at home, but in the capitals of our allies, and perhaps even more importantly, those of our potential enemies.

Second, the collaboration that exists between the services has been paralleled by cooperative relationships with other countries that are pushing new bounds. Seven months ago, it would have been hard to imagine that our government would be working, on many levels, with some of the countries who have joined us in our fight against a common enemy, terrorism. It is my sincere hope that we can continue to build upon these relationships in the future.

Our military members and those of our allies are fighting valiantly on our behalf against the scourge of terrorism, and we are grateful. But while our attention is focused on those efforts, it is sometimes easy to forget that many other military members are conducting other important national missions, and there are still others who support the forces we have deployed or are preparing to relieve them.

These men and women are the topic of today's hearing. We have asked our witnesses here today to review our other ongoing military commitments, and to make us aware of some of the strains that our current war is placing on all of our forces' ability to train for and carry out the full range of their assigned missions. Further, we ask our witnesses to help us take a longer perspective and alert us to future readiness challenges, so that we can better prepare for them. Our military is proving how years of the best training and leadership have made them ready to take on our enemies of today, but we must sustain these capabilities to help protect us against our enemies of tomorrow. Finally, we look forward to testimony on how DOD is improving our ability to measure readiness and identify future challenges.

I believe this is the first time that any of our six witnesses are testifying before our subcommittee, and I want to extend a warm welcome to all of you. We greatly

appreciate your insights and expertise, which add so much to our efforts here in Congress.

Senator AKAKA. General Newbold, we look forward to your statement. I had hoped to see a more substantive written statement from you, given the importance of the issues we are addressing in today's hearing, and would appreciate your other witnesses providing additional detail in answers to questions this morning.

I will also be submitting questions for the record for you to address and look forward to your prompt response to them. General, will you please proceed with your statement.

STATEMENT OF LT. GEN. GREGORY S. NEWBOLD, USMC, DIRECTOR FOR OPERATIONS (J–3), THE JOINT STAFF

General NEWBOLD. Mr. Chairman, I would like to also thank the subcommittee for having a hearing on a critical topic. I would like to submit my written statement for the record. In deference to the important subject, what I would like to do is preserve the time for questions and answers and go into depth on them. Thank you, sir.

[The prepared statement of General Newbold follows:]

PREPARED STATEMENT BY LT. GEN. GREGORY S. NEWBOLD, USMC

Members of the subcommittee, I am pleased to provide this written statement with my views on the readiness of America's Armed Forces and their ability to execute our national military strategy. I look forward to the opportunity to appear before you.

I must first acknowledge and thank Congress for its sustained and significant support to the men and women of our Armed Forces. We have made considerable progress these past several years in several key readiness areas: increasing pay and allowances for the force; efforts to reform TRICARE; providing adequate military housing; and, most importantly, arresting and turning around the decline in near-term readiness. I would like to commend this subcommittee, in particular, as your support for our soldiers, sailors, airmen, and marines has been instrumental in our forces' impressive performance over the past few months.

On September 10, tens of thousands of U.S. forces were deployed around the world engaged in operations such as Northern Watch, Southern Watch, and the Balkans. As had been the case for years, they provided a deterrent effect against crisis in virtually every corner of the globe. The nondeployed forces were focused on being prepared to respond to any other emerging threats to our national interest. Then, on September 11, our Nation was subjected to a terrorist attack that changed our notion of security. Your Armed Forces reacted and refocused remarkably well. Within minutes we had aircraft in the air to protect our nation's skies. Thousands of Active and Reserve Forces deployed throughout the country to provide protection to air travel and critical infrastructure. In the days following September 11, our adaptability and flexibility effort was evident, and a testimony to the training, readiness, and quality of our force.

Today, we are engaged in wide-spread operations against terrorists and tyrants as well as defending the homeland. These operations have validated our previous readiness assessments provided to this subcommittee through the Quarterly Readiness Reports to Congress. Our "first-to-fight" forces are ready and clearly executing well. Moreover, our forces have shown they are not only ready for major combat operations, but also demonstrated flexibility to meet emerging and unusual mission requirements. In truth, though, if confronted with another simultaneous major crisis, we will face challenges in several areas, including both traditional readiness issues voiced by the services, and joint readiness issues reported by the combatant commanders. Furthermore, we have concerns with the potential readiness impacts of sustaining, for extended periods, our current pace of operations. Aging equipment, spare parts, disrupted maintenance cycles, shortages of analysts and linguists, increased demand for radio-frequency bandwidth and spectrum, and the stress on our individual soldiers are but a few of the areas we are monitoring closely. Lastly, as the Department's Homeland Defense roles and responsibilities are fully defined, the readiness implications of this growing mission must be better assessed.

While these concerns are focused largely on near-term readiness and near-term solutions, we are also pursuing long-term remedies. The Department is working the details of a new National Military Strategy to implement the vision of the Quadrennial Defense Review, which will help better articulate the capabilities the Department must have and missions we need to be ready to undertake. At the same time, modernization and transformation efforts are expected to achieve increased military effects without necessarily increasing the size of the force. New concepts, new ideas, and new equipment may mitigate many of our readiness concerns over the longer term.

The period since September 11 has re-validated the requirement that our forces will be regularly called upon to operate across a wide spectrum of operations—from peace enforcement and homeland security to major, intense combat operations. You, the President, the Secretary of Defense, and the Chairman of the Joint Chiefs of Staff must know how ready are we to undertake different tasks; therefore, we are examining better ways to assess the department's readiness. In turn, an improved readiness reporting and assessment tool will help us determine where we can best utilize the resources provided by Congress, and better articulate the risks we are assuming in executing our national military strategy. Our goal is to provide commanders an effective means to report their readiness and allow rapid, accurate assessments that support both operational and resourcing decisions. While there is confidence that we can derive accurate assessments from our current readiness reporting, improvements are necessary in order to add to the system's efficiency and effectiveness.

Finally, experience has proved that readiness can be a fragile commodity. If not maintained it can quickly erode. Congress' support over the past years has made dramatic, positive impact on the readiness of the force, and our ability to effectively "meet the call." Key to maintaining readiness is this continued commitment and the timely reimbursement for contingency operations. I look forward to your questions.

Senator AKAKA. Thank you very much.

Dr. Mayberry, on page 5 of your statement you recommend a capabilities-based readiness reporting system. How will this differ from the current system? For example, would units report their capabilities to perform both their most stressful wartime missions for major theater wars as well as their ability to do peacekeeping and other missions? How would that differ from the current readiness reporting system where the training element is measured against specific wartime tasks?

Dr. MAYBERRY. Our military strategy is now transitioning from a threat-based approach to being more capabilities-based. This offers unique challenges, as you have highlighted here, to overall readiness assessment. Our forces must be able to respond in this new strategic environment of uncertainty and surprise, and this means that we must be trained and ready with our forces to be able to respond with specific competencies and capabilities that are not tied to specific exact geographical locations or against an explicit enemy.

As the global war on terrorism clearly illustrates, we do not necessarily know who our next enemy will be or where we will engage them. The basis for this capabilities-based assessment will be on the ability of our units to conduct their assigned mission-essential tasks. This contrasts to our current readiness approach that is focused more on inputs of people, equipment, and training, but does not necessarily focus on the outputs or the quality of those measures.

The focus will be on assessing the ability of the unit to conduct its assigned mission-essential tasks related to, for example, intelligence, surveillance, and reconnaissance (ISR). We have a way to go as we transition to this new military strategy, and we have al-

ready begun thinking through and working through what the implications will be for our readiness assessment as well.

Senator AKAKA. An additional question on that: why will it take until 2007 before this new readiness reporting system will become operational?

Dr. MAYBERRY. What we are doing now is going through and determining the characteristics that we and the Secretary will put forward, working with the Joint Staff and the services as well as the combatant commands, to put this type of structure in place. Within the next several months, we will publish guidance from the Secretary that will then allow the services to work through their particular plans.

Our office will be developing operational prototypes that get at more of the real-time nature of working with the transactions databases that currently exist, to bring these all together as a proof of principle even within this year. What we see is that by 2004 we will be again carrying this process along to be able to make incremental improvements, because a lot of what we do today is building upon and not starting anew.

It is going to take a while as we bring a more comprehensive readiness assessment process together.

Senator AKAKA. Thank you very much, Dr. Mayberry.

General Newbold, when you and your staff were coordinating forces to supply to General Franks, what role did Status of Resources and Training System (SORTS) reports or other readiness reporting data play in your decisions? If you did not rely primarily on these reports for indications of unit preparedness, what does this imply about their utility?

General NEWBOLD. Sir, the SORTS and other readiness reporting systems apply differently at a variety of different levels of command. At the lowest unit level, they have an immediate assessment value and importance.

In the case of sourcing units for General Franks, the Joint Forces Command receives the requests for forces from us and distributes them based on information that would come out of SORTS. They would derive which units are the most ready and which units need more time to get ready, so readiness reporting systems like SORTS would be of value to them.

On the Joint Staff, we use the same reporting systems in a supplemental way to that. We use it, for example, to make decisions on future procurement and the development of budgets. We also use it to identify specific weaknesses and stress against war plans and use that information to in make adjustments. In sourcing specific units, though, we rely on Joint Forces Command and the services to make sure that the units they send out are the most ready to fight.

Senator AKAKA. Thank you.

Dr. Mayberry, your testimony notes the creation of a new working group to help clarify the relationship between funding and unit readiness, which just finished its first quarterly review of OPTEMPO funding. What were the results of that review and what milestones have been set for future actions by the working group?

Dr. MAYBERRY. The Operations Readiness Working Group, or OPTEMPO working group, is something that we are working on in

conjunction with the DOD Comptroller. We have initiated this effort to really improve our ability to resource as well as manage unit training and readiness.

Each of the services have representatives on this group, as well as the Joint Staff and the defense agencies, as we all play a role in addressing training needs. The initiative has been chartered to develop a comprehensive approach to ensuring that our budgets and our programs adequately address the unit training requirements. We have just finished, as you said, our first quarterly review of the flying hours, steaming days, and tank mileage, including the dollars and execution. This promises to tighten the linkage between readiness and funding.

That truly is an ongoing effort to make sure that we monitor the execution of dollars that we invest in unit training, as well as making sure that those result in the types of readinesses that we funded within those existing programs. So this is an ongoing and continuing effort, but we also will be addressing the metrics of OPTEMPO, seeking to make improvements by the end of this fiscal year as well.

Senator AKAKA. Thank you very much, Dr. Mayberry.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman.

One year ago, nobody believed anything like this could be happening today. We are in a different kind of war than we ever anticipated. It is very difficult to anticipate what is going to happen a year from now, 2 years from now, or 3 years from now.

I would like to have you discuss the lessons you have learned, now that we are into something that nobody ever dreamed we would be in a year ago. I would also like you to address the capabilities needed to meet the challenges that come with this new war, specifically in terms of equipment, modernization, and endstrength.

Dr. Mayberry.

Dr. MAYBERRY. This is truly the first war of the 21st century, and I believe that this validates the past investments that this country has made in high-quality people and equipment. It also demonstrates our ability to adapt, create on the fly, and to operate in a strategic environment of uncertainty and surprise in Afghanistan.

In my opinion, I think one of the primary lessons learned is that combat effectiveness is truly a result of our jointness. It brings capabilities and uniquenesses of each of the services together, and allows us to be greater than our individual parts.

To be able to achieve the degree of jointness we have now in wartime requires that we build upon it in peacetime. We need to train the way we will fight.

Afghanistan also represented, I think, a very expanded definition of jointness, not just the traditional notion of services working among themselves. It also reflects that this is a multinational coalitional type of fight. This will again be the wave of the future, the inter-agency piece, and the dynamic with other government organizations, as well as the interoperability continuing piece that we need to focus on within our military services. We saw soldiers on horseback calling in precision munitions. We have seen maritime forces operating hundreds of miles inland. We have seen old bomb-

ers delivering new weapons. We have seen unmanned vehicles not only delivering and gathering intelligence, but delivering a punch as well.

All of those are the types of new concepts I think we are going to have to train to in the future. I think that we are going to have to build upon these concepts of jointness to be a critical part of individuals' careers throughout their service experiences as well as their joint assignments.

Senator INHOFE. General Newbold, any comments on lessons learned from your perspective?

General NEWBOLD. Yes, Senator. Some of the lessons were relearned and some of them were predictable. The quantity of forces we had to fly to the Afghan theater required the same stresses and strains we would have used in another theater, and they came up with some of the same issues you have articulated: the strain on airlift; strain on ISR platforms; and the strain on some of the assets we knew that were in short supply, like intelligence analysts.

These were predictable beforehand, and certainly were validated by what we have done over there. There were some surprises in my view, because the mission is truly global, and because of the requirements for the use of our military here in the United States. Our fundamental responsibility is protecting the United States and the Combat Air Patrols we have flown over the United States were essential, but were not as predictable in scope or scale as we are having right now.

The assignment of National Guard and Reserve Forces has been critical, but not always as predictable. So there have been missions that were required which caused us to think in new ways. The use of unmanned aerial reconnaissance vehicles has played a critical role in what we have achieved.

Dr. Mayberry has talked about individuals as well, like Special Forces, that have had a wonderful part to play, and did not achieve the same visibility as others, but have been critical to the success in Afghanistan. Frankly, the agility of the individual soldier, sailor, airman, and marine has been something we expected and has proven to be the decisive factor.

Senator INHOFE. Secretary Rumsfeld said our priorities were wrong and we did not buy enough of what we needed. I think there is no way to predict in the future what our needs are going to be. When you talk about platforms, the V–22 technology comes to mind. I have worked on the V–22 issue since 1987, and I think of the tragedy that took place in a tough battle at high altitudes with the CH–47 helicopter and the loss of eight people.

Would that have been a good place for that technology? If we had had that available, would that have been used in that environment?

General NEWBOLD. Sir, the V–22 fully developed and fielded would have been a wonderful platform because of what it brings. That is my view. We do not currently have the capabilities to operate at certain distances, and this would have benefited not only the marines, obviously, but also the United States Special Operations Command.

Sir, a lot of the equipment of all the services has aged, and having a newly fielded system would have provided some sustainment that would have been good.

Senator INHOFE. I think that is right. We could be talking about other platforms, too, and of course, the other services. We go through such a difficult time when we are trying to build new platforms. There is always criticism out there. We all lived through the C–17 and B–2 development criticisms, and both of them have performed well.

Dr. Mayberry, my concern is about your statement that we are the best trained and equipped. I question if we are really the best equipped, because there are some things that we have that are not the best. For example, there are five countries that make a better artillery piece than our Paladin in terms of range and rapid fire.

What I am hoping is that you and the service people on the next panel take those lessons learned and do as much as possible to make sure that 5–10 years from now, as well as today, service members going out to do the job have the very best. This goes for strike vehicles in the air, as well as artillery and such things as the V–22.

Thank you very much.

Senator AKAKA. Thank you very much, Senator Inhofe.

Senator Nelson.

Senator BEN NELSON. Thank you very much, Mr. Chairman.

I would like to thank both of the panels of witnesses for being here today. I appreciate your preparation to visit with us on the readiness of our Armed Forces. I appreciate very much, General Newbold, your comment about lessons learned and relearned, because that is clearly the important point that needs to be made. For us to be ready, we certainly have to have learned lessons from the past to project for the future.

I think it is also important for us to recognize that for our services to be ready, they obviously need to have the resources necessary to meet the standards in personnel and equipment that are required. In order to continue to fight battles that we are faced with today, battles that 6 or 7 months ago we could not have predicted exactly how they would play out, we have to be prepared.

Based on the testimony that I heard yesterday, we have flown over 19,000 domestic sorties since September 11 and over 20,000 sorties in Afghanistan. I think these are astounding statistics, given the fact that the airframes being flown are 19 years old. Many are way beyond their retirement years, but they certainly stood up. I would also like to commend the quality of the soldiers, sailors, airmen, and marines who were engaged in these activities. I certainly want to stress that it appears from all indications we were ready.

In February, I had the privilege of visiting our troops in Afghanistan, Uzbekistan, and Pakistan. Clearly, our troops have done a significant amount of work in a short period of time. I am pleased to point out that from my experience troop morale was high. They believe that what they are engaged in is the right action and that they are very strongly supportive and appreciate the American people's support and the friends that we have developed worldwide in this process.

Given the significant effort of troop deployment in such a short period of time, it seems that we should say we were ready. There is no hook in this worm. I am not building up to let you down.

There was a concern raised regarding rotation, certainly among those who are there on a temporary basis coming from Reserve or from Guard units. While I understand that the Central Command has a 179-day rotation period for nearly all the troops in the region, the question is, has that policy been adequately communicated to our troops there? There seemed to be some question as to whether or not there was a policy and while they had heard about a policy, it had not been communicated directly to them.

The only question about readiness I think is about the ability to rotate troops in order to continue to have the freshest troops available for the battles that are ongoing and that may be in the future. We recognize that the war is not over in Afghanistan, it is certainly not over against al Qaeda, and it is not over against terrorism at large.

Can we do a better job of communicating with our troops about readiness and are we able to redeploy fresh troops? Are we going to have to rely on troops that are there 12 hours on, 12 hours off, 7 days a week?

General NEWBOLD. Yes, sir. It is a good question. The soldiers, sailors, airmen, and marines can sustain almost anything as long as they know what the policy is and that there is predictability. It really is an excellent point. Central Command does not have a formal rotation policy that they impose on their components. Three of the components have a 179-day policy, one of them has a 90-day policy. Some of the forces are rotating out—I could get into specifics if you like, sir—because they are pushed very hard.

It applies in Afghanistan. It applies elsewhere in the Central Command area of operation. It applies to the Military Police guarding places around Washington, DC, who work long shifts. All of them deserve to know how long they will be doing it so they can adjust mentally to a predictable life pattern. That has been communicated, sir, and it will be done. They all need to know that and they will, sir.

Senator BEN NELSON. I think you also made the point that if we know something we can almost always adjust to it. If there is certainty in their minds, that is better than the uncertainty of something that just seems to be the indefinite game, sort of like the movie "Groundhog Day." There was no low morale related to it, but there was a question, and questions unanswered can ultimately affect morale. So that was why I was concerned.

I appreciate very much your attention. I have raised it on previous occasions, but I think it is important to be able to stress to the troops there is a plan and we are going to try to meet it.

Thank you.

Thank you, Mr. Chairman.

Senator AKAKA. I want to thank Dr. Mayberry and General Newbold for your statements. We will talk to you later in a closed session today.

Let us move to our second panel.

Dr. MAYBERRY. Thank you very much, Mr. Chairman.

Senator AKAKA. This panel includes operations deputies from each of the four services: Lieutenant General McKiernan, the Deputy Chief of Staff, G–3/5, for the Army; Lieutenant General Emil Bedard, the Deputy Commandant of the Marine Corps for Plans, Policies, and Operations; Lieutenant General Wald, the Deputy Chief of Staff of the Air Force for Air and Space Operations; and Rear Admiral Krol, Assistant Deputy Chief of Naval Operations for Plans, Policies, and Operations. I would like to welcome them, as well as students from Oklahoma and from the island of Molokai, Hawaii, who are in our audience today.

Thank you all for being here today. As the senior representatives from each of your services who are tasked with delivering trained and ready forces to our regional commanders, you all are uniquely suited to give us some insight into current and future readiness challenges. We look forward to your testimony.

Let me say that we will include all of your statements in the record, but because we are pressed for time please be as brief as you can to summarize your remarks.

General McKiernan.

STATEMENT OF LT. GEN. DAVID D. MCKIERNAN, USA, DEPUTY CHIEF OF STAFF, G–3/5 (OPERATIONS AND PLANS)

General MCKIERNAN. Thank you, sir. Mr. Chairman and Senator Inhofe, I am honored to be here today and be able to report to you that our Army is trained and ready.

Let me first thank you for your sentiments on the tragic artillery incident yesterday at Fort Drum, New York, where several soldiers were injured and two have deceased at this point. I would tell you that our Army Safety Center is on the ground up there conducting a thorough investigation into the cause of that incident, and we will report back to you once we find out that information.

On behalf of our soldiers and civilians, I would also like to express our deep appreciation for everything that you have done this past year. You have improved pay and benefits, enhanced quality of life, and provided the resources to ensure a trained and ready force that is second to none.

As our fighting men and women continue to make incredible sacrifices, they look to us to demonstrate the Nation's appreciation and commitment to them and their families. It is a commitment that you have honored well, and they are grateful.

There is no doubt that we are an Army at war. As we sit here today, over 200,000 soldiers are forward stationed or deployed around the world on contingency operations defending freedom and American ideals. Even before September 11, the Army was very much engaged in doing the Nation's business on a full spectrum of missions around the globe. Sometimes it is easy to forget that our soldiers have been on the ground keeping the peace in the Balkans for 6 years, in Saudi Arabia and Kuwait for 11 years, and in the Sinai for 19 years. Our soldiers have been in Europe and Korea for over 50 years, ensuring peace and stability, while at the same time providing the Nation with a rapid deployment capability to potential trouble spots near those theaters of operation.

Since the attacks, the Army's mission profile has expanded even further. Over 27,000 Guard and Reserve soldiers have been mobi-

lized for Federal service. At home, the Army has continued its long tradition of support to homeland security. Almost 11,000 soldiers are on duty, patrolling our borders, securing our critical infrastructure sites, and serving at Ground Zero in New York City alongside U.S. Army Corps of Engineers.

We have now certified 27 weapons of mass destruction civil support teams, which have trained over 28,000 civilian first responders in 105 cities. Throughout the anthrax crisis, the Army has provided critical expertise and deployed chemical and biological defense elements to protect key assets. Additionally, the Army has responded to dozens of requests for support from civilian authorities with unique capabilities and thousands of soldiers.

Abroad, our Army has been at the forefront of the global war on terrorism. Today, there are over 17,000 soldiers in the U.S. Central Command area of operations. In Afghanistan, Army special operators teamed with anti-Taliban conventional forces to compel the enemy to mass so that the significant capabilities of our air-delivered munitions could be brought to bear.

More recently, in the harsh Shahikot region Operation Anaconda has demonstrated the enduring value of land power in a tough, close-in fight. These victories were not accidental, nor were they easily won. They represent a commitment to high standards, hard work, and superior training, honed by real-world experience in places like Bosnia, Kosovo, Kuwait, our combat training centers, and many other mission sets.

Mr. Chairman, we are winning a conflict that few foresaw or predicted a year ago. But it should be recognized that this places a certain degree of stress on the force. Our new century is marked by uncertainty and it is difficult to predict where and when we will be needed next. All we know is that it will happen, and our Army will need to maintain full spectrum capabilities.

In the past decade, the number of Army deployments has increased by 500 percent. Our soldiers, civilians, and families willingly accept this challenge. That is why we are here, to do America's heavy lifting so that we as a Nation can continue to enjoy the freedoms we all hold so dear.

Because the Army operates in the domain of human conflict, it is no surprise that people are our centerpiece in our formations. Every day they represent America to people around the world. Whether deployed or training, supporting or shooting, Active component or Reserve, they demonstrate the best that America has to offer on a daily basis.

They take on our risks and go into harm's way. Some shed their blood, and some that we have recently buried at Arlington Cemetery have made the ultimate sacrifice. Through all this, their determination and resolve is not only unbowed, but strengthened. Allow me to quote Sergeant Michael Ericson of the 101st Air Assault Division, whose message to the enemy was clear and succinct, and I think probably echoes our feelings here today: "Don't sneak into my back yard and bomb me and then expect me not to come after you, because we're coming. We're coming."

I am here today to answer your questions concerning the Army's readiness. The fiscal year 2003 budget you are considering supports the Army's critical needs in the near-term. Our priorities remain

unchanged. First, we are dedicated to winning the current fight; in this we shall not fail. Second, we must continue to prepare for the next fight, whenever and wherever that occurs. This means maintaining the momentum of transformation and making the tough choices between current and future readiness. Third, we are committed to being effective stewards of the resources provided by you that are required to accomplish the first two priorities.

Thank you very much for having me here today and I look forward to your questions.

[The prepared statement of General McKiernan follows:]

PREPARED STATEMENT BY LT. GEN. DAVID D. MCKIERNAN, USA

Mr. Chairman and distinguished members of the subcommittee, thank you for this opportunity to report to you on the United States Army's readiness to provide for our Nation's security today and in the future. Our Nation and the Army have a great and common heritage. Throughout our Nation's history, the Army has continually demonstrated that it is America's decisive ground combat force able to perform full spectrum operations anytime, anywhere, under any condition, and as we have recently shown in Afghanistan, against any enemy.

We are a Nation at war. Nowhere has the Army's ability to conduct full spectrum operations been more evident than in Operations Enduring Freedom and Noble Eagle. Today, as I appear before you to discuss Army operations and readiness, soldiers—Active and Reserve component—are forward stationed and deployed around the globe, performing magnificently as they fight the war on terrorism and defend our homeland. In the months since the attacks of September 11, Army Special Forces working in conjunction with other special operations forces, our joint partners, and forces of the Northern Alliance, ran Taliban and al Qaeda forces from power in Afghanistan. Most recently, during Operation Anaconda, soldiers from the 101st Air Assault Division and the 10th Mountain Division, along with Afghan forces and air support from our sister services, closed with and destroyed Taliban and al Qaeda forces in close combat.

At home, our support for Operation Noble Eagle has enhanced the safety and security of millions of Americans. From chemical and biological detection teams working in Washington, DC, to the Corps of Engineer's tremendous efforts at Ground Zero in New York, to the thousands of soldiers protecting critical infrastructure and providing peace-of-mind to passengers at America's airports, the Army—Active, National Guard, Reserve, and civilians—has been, and will continue to be, present for duty.

Although filled with pride at our ability to serve the Nation, the Army harbors no illusion about the challenges it faces. To help win the global war on terrorism and prepare for future wars and conflicts, the Army must effectively use the resources you provide us to transform. With the continued support of Congress and the Administration, our soldiers will continue to do their part to help America win the current war, protect the homeland, support our friends and allies, rapidly transform the Army to fight and win future conflicts, and maintain our readiness for the unexpected and unpredictable challenges that lie ahead.

The attacks of September 11 demonstrate that the world remains a very dangerous and unpredictable place. One thing, however, is clear: America and her interests are now and will continue to be under attack from a myriad of threats for the foreseeable future. Moreover, our soldiers will continue to be involved in smaller-scale contingencies around the globe, but will never be far removed from the potential for large-scale conventional combat operations.

Recent operations at home and abroad reaffirm with absolute clarity and certainty the enduring value of ground forces. Specifically, the value of soldiers, operating in a joint and usually combined environment, capable of creating an imposing physical and materiel presence, ready to search a cave or destroy an armor column, willing to guard an outpost or provide humanitarian assistance, has never been more apparent than it is today. To ensure decisive victory across the spectrum of conflict, our soldiers must be capable of prompt and sustained land operations against any and all enemies in any and all environments. We are fighting today, and through the transformation of our force we will be prepared to fight on different battlefields against new and different enemies in the future.

A NEW ENVIRONMENT

The 2001 Quadrennial Defense Review (QDR) established a new strategic framework for the defense of the Nation that struck a balance between near-term readiness and the Army's ability to transform to meet the requirements of current and future conflicts. The report delineated a balanced assessment of our near-term warfighting needs. It moved away from the need to fight and win in two major theaters of war nearly simultaneously and articulated a new operational concept that gives continued priority to homeland defense, promotes deterrence through forward presence, and asks that we maintain the ability to conduct both smaller-scale contingencies and large scale high-intensity combat operations simultaneously. As the Army works with the Department of Defense and the other services to further define the emerging requirements outlined in the 2001 QDR, we anticipate that some elements of current operations will become part of our new posture and emerge as additional force structure requirements for which we may need more resources. We expect that other elements, such as airport security and support to the Border Patrol, Immigration and Naturalization Service, and Customs Agency will eventually conclude.

As we have demonstrated previously in Panama, the Gulf, Haiti, Bosnia, Kosovo, and more recently in Afghanistan, soldiers can defeat enemy armies, seize and control terrain, and control populations and resources with minimal collateral casualties and damage. They can operate across the spectrum of military operations, from full-scale conventional conflicts to asymmetric conditions, from fighting terrorists to setting the conditions for humanitarian assistance. In an era of precision weapons, nothing is more precise and discriminating than the U.S. Army soldier.

It is important to note that wherever the Army goes, it usually stays. Theater support to regional Commanders in Chief, major combat operations, smaller-scale contingencies, and post-hostilities activities all take their toll. The U.S. Army has been in Europe for almost 58 years, in Korea for 52 years, in the Sinai for 19 years, in the Persian Gulf for 12 years, in Bosnia for 6 years, and in Kosovo for nearly 3 years. Despite 10 years of downsizing, that saw a 33 percent reduction in military personnel including the loss of 37 percent of the Active-Duty Force and a 44 percent decrease in civilian personnel, the Army has accomplished all missions to the highest standards. Even before September 11, 2001, we were doing more with less, and the strain on the force was real. Since then, our mission profile has grown. Thankfully, our soldiers, imbued with an ethos of service to the Nation, continue to give us more in operational readiness than we have resourced.

The Army has plans to alleviate some of this strain as we continue to prosecute the war on terrorism at home and abroad. To address the disparity between our mission profile and our resources, we will grow our endstrength by no more than a modest 1 to 2 percent this year. This number, something approaching 4,000 to 5,000, is well within congressional authorizations. Moreover, given our strong performance in recruiting the last 2 years, it represents an achievable objective to relieve some of the strain on our force.

SOLDIERS—ON POINT FOR THE NATION

Around the world, Army soldiers reassure our allies, build trust and confidence, restore and promote regional stability, encourage democratic reforms, and deter conflict. Operating as part of a joint military team, the Army provides our leaders and commanders with a wide range of capabilities. Our core competency of deliberate and crisis action planning, that begins with the five paragraph field order we teach to junior officers and non-commissioned officers and culminates with the theater campaign planning process we teach our senior leaders, provides the Army, various CINCs, and the Joint Staff with a nearly unique ability to match warfighting resources to objectives. Our unparalleled theater-opening capability sets the conditions for the rest of the joint force to follow and provides theater-level support to the commander. In the conflict in Afghanistan, Army expertise in long-range communications and theater logistics, as well as force protection for airfields and other assets, established the proper foundation upon which to build our joint forces. Ultimately, the Army, with both conventional and unconventional capabilities, closed with and destroyed a very determined enemy. It is important to remember that neither weather, altitude, nor terrain dissuades those capabilities that the Army brings to the fight. As we have seen in today's conflict, we cannot win without the human dimension on the battlefield. Be it gathering intelligence, challenging an adversary's ability to hide, protecting innocent civilians, searching a cave, or battling the enemy, it is the inherent flexibility of the soldier on the ground that provides commanders the ability to decisively defeat our foes. During combat operations, the American soldier remains the ultimate arbiter of victory.

ON DUTY AROUND THE GLOBE

Today, the Army—active, ARNG, and USAR—has over 124,000 soldiers and 38,000 civilians forward stationed in 110 countries around the world. On any given day last year, over 27,500 soldiers were deployed to 60 countries for operations and training missions. Currently, as the war on terrorism expands, there are more than 58,000 soldiers deployed around the globe serving America's interests.

OPERATION ENDURING FREEDOM

The Army fully embraces its role in the global war on terrorism. As part of Operation Enduring Freedom, there are over 16,000 soldiers deployed to the CENTCOM AOR from Egypt to Pakistan, Kenya to Kazakhstan, including nearly 5,000 in Afghanistan. These conventional and special operations soldiers from all three components—Active, Army National Guard, and the Army Reserve—are conducting a myriad of critical tasks. From advising local tribal leaders to designating targets, from securing airfields to providing logistics, from calling in fire to flying transport helicopters at night under adverse conditions to climbing mountains to attack enemy positions and providing close air support with Apache helicopters time and time again while under heavy fire, our soldiers, fighting alongside members of the other services and our allies, have seized the initiative, met every challenge head on, and vanquished every foe.

Similarly, in the Philippines, Army forces have joined with other joint forces in advising the Armed Forces of the Philippines (AFP) on their efforts to root-out terrorism in their country. In addition to logistical support elements, Army Special Operations Forces are working alongside special operators from other services in their work with the AFP. Due to our unique training program that aligns regional expertise with training and warfighting skills, our Special Forces are particularly well positioned to support JTF–510 and, in fact, make up over a third of that joint force.

OPERATION NOBLE EAGLE

At home, in addition to the nearly 12,000 Reserve component personnel that are supporting Operation Enduring Freedom, the Army is providing 25,000 soldiers to support Operation Noble Eagle, the war on terrorism in the United States. The vast majority of those soldiers are also from the Reserve component. A great many of those soldiers are guarding critical elements of our Nation's infrastructure—power plants, dams, tunnels, bridges, water sources, command and control facilities, and even the Capitol building. Perhaps most noticeable and familiar are the 6,500 soldiers providing security and assisting local officials at 441 airports across the country.

Not counted in that number are the 4,000 soldiers that provided force protection, explosive ordnance expertise, personnel and equipment screening, and helicopter support to the Winter Olympics. Soldiers are still in Utah providing similar support to the Paraolympic Games. Soldiers ensured that this National Security Special Event (NSSE)—like the Super Bowl and many others before it—occurred without incident.

Most recently, the Army has provided over 1,500 soldiers to the Border Patrol, Immigration and Naturalization Service, and Customs Service to assist them in their duties in 13 border states. Less noticeable, but no less important, are the other smaller groups of soldiers and civilians, many with specialized expertise, that provided linguistics support, chemical and biological forensics analysis, HAZMAT training and assistance, biological detection capability, weapons of mass destruction civil support team training for 26 teams in 25 States, and technical escort services to several key facilities including the Capitol complex.

ARMY READINESS

The Army has demonstrated its high state of readiness. This is largely due to the sustained support from the Nation, Congress, and the administration. We have a non-negotiable contract with you and the American people to fight and win our Nation's wars—decisively. As our mission profile expands, we will require your strong support to ensure our continued readiness and ability to meet the terms of that contract. The fiscal year 2003 budget request supports our readiness and provides funding to maintain our current facilities at an acceptable level. Fiscal year 2003 funding improves on fiscal year 2002 levels in terms of maintaining a stable training base to develop quality leaders and soldiers. The Army has funded its top priorities. Resources have been aligned to ensure our forces are trained, equipped, and ready to fight. In addition, funding is provided to enhance unit training and deployability, another positive element of overall readiness. Finally, while this budget advances

the Army's campaign plan to transform the force for the future, concerns remain in some areas, including recapitalization, depot level maintenance, munitions, Active and Reserve component manning, acceleration of transformation, and destruction of our chemical stockpiles.

IMPACT OF CURRENT OPERATIONS

Our current operations in Afghanistan and elsewhere have provided the Army with several lessons. The first lesson is that our training program works and we must continue to fund training and training resources, to include the expansion of our range capacity. The Army OPTEMPO budget is a top priority. Although currently funded at approximately 97 percent, the Army plans to execute a full ground OPTEMPO program of 800 M1 Abrams Tank miles at home station and a complete Flying Hour Program of an average of 14.5 live flying hours per aircrew per month for the Active component, and nine live aircrew hours for Reserve components. As the skill of our Apache pilots in battle in Afghanistan attests, the quality of our pilot training program, not to mention the quality of our airframes, is one of the jewels in our crown. We must ensure we continue to train to standard.

We have scheduled 10 brigade rotations (9 Active component and 1 Army National Guard) through the National Training Center at Fort Irwin, California, and 10 brigade rotations (9 Active component and 1 Army National Guard) through the Joint Readiness Training Center at Fort Polk, Louisiana. The Battle Command Training Program headquartered at Fort Leavenworth, Kansas, will conduct two corps warfighter exercises and train six division command and staff groups, an increase of one divisional staff training exercise in fiscal year 2003. Additionally, funding for training enabler support has been increased 20 percent from fiscal year 2002 levels.

Tough, demanding training supported by an infrastructure that allows us to train, sustain, and deploy is essential to readiness. History has shown that the higher the quality of training, the better the leaders and warfighters we produce. We must fully modernize training ranges, combat training centers, and training aids, devices, simulators, and simulations to provide adequate and challenging training. In addition to live field training, the Army has funded the integration of virtual and constructive training capabilities. Yet, despite all the advantages of virtual and constructive training we expect to gain, there is no substitute for training in the field. As the quality of our forces, our equipment, and our network-centric command and control operations continue to advance our forces will operate with ever-greater dispersion. Maintaining sufficient maneuver areas for training these extended formations will become even more critical. Those areas are increasingly being encroached upon, intensifying environmental constraints and operational limitations that place unnecessary limits on testing and training facilities. The Army is one of the best stewards of the environment. To improve on our stewardship, we are implementing a sustainable program that integrates operational needs, land management, explosives safety, and environmental concerns into the lifecycle management of our ranges.

The second lesson from Operations Enduring Freedom and Noble Eagle is that we have outstanding Reserve component forces, but our mobilization of those forces is still cumbersome and takes too long despite advances since Operation Desert Storm. Our goal is to rapidly transition soldiers to Active Duty while ensuring that they have sufficient time to prepare at home station for extended absences. Adequate Full-Time Manning and Military Occupational Skill (MOS)-qualified Reserve component soldiers are key to setting the right pre-mobilization conditions.

The third lesson, and one we have learned before, is that our forces are ready to fight when they arrive, but we must continue to work with the Air Force and Navy as well as the Joint Staff and TRANSCOM to ensure that they arrive in theater faster. The Army fully supports continued purchase of C–17 aircraft and fast sealift to ensure the joint force can get us to where the Nation needs us, when it needs us.

The fourth lesson is that the war in Afghanistan reinforces the Army's transformation efforts and demonstrates a clear need to accelerate both the fielding of the Interim Brigade Combat Teams (IBCTs) and the Objective Force. These capabilities are needed on today's battlefield and would have had a significant impact on the conduct of the battles fought to date. Fielding the lighter and more lethal IBCT and Objective Force also reduces the requirement for lift.

The extent, duration, and variety of current and potential future operations, however, have presented us with some challenges. As necessary and beneficial as it is to have soldiers on the ground creating a presence and furthering the Nation's interests in a variety of combat and non-combat operations, there comes a point where the force is stretched beyond what seems prudent. The Secretary of Defense is ex-

amining the Nation's role on the multinational observer force in the Sinai. We support his efforts, but will stand our post until properly relieved.

Others have questioned why American ground forces remain in the Balkans. Perhaps at some point, it will be prudent to turn that mission over completely to our European friends and allies. However, today and for the foreseeable future, it is the American flag and the presence of American soldiers that in large measure brings stability to the region. Moreover, those same forces are performing several critical tasks in support of our global war on terrorism. Specifically, they are conducting surveillance and collecting intelligence on suspected terrorists who are known to be active in the area and when directed are supporting the interdiction and arrest of these individuals. To withdraw completely and immediately would not only risk a return to instability, but also significantly reduce our counter-terrorism efforts.

Finally, the Army does not think short-term. As this century has shown, the Army not only wins wars, but it also bears the preponderance of the responsibility for post-hostility operations. We fully anticipate that beyond the destruction or surrender of our enemies, the Army will be present to conduct a series of post-hostilities and non-combat operations that solidify the hard-fought gains of battle.

Another area in which the extent, duration, and variety of operations may pose a challenge is the service and support of our combat forces. The likelihood for multiple, non-linear, distributed, and possibly overlapping operations around the globe has the potential to further exacerbate existing shortfalls in our combat service support forces. With 70 percent of our combat service support coming from a Reserve component that is already beginning to feel the strain of supporting the war on terrorism, it may be necessary to develop a way to bridge the gap. Additional support for Full Time Manning, enhanced recruiting and retention, and purchase of necessary equipment and repair parts would help to improve readiness in those units.

The Army is ready, and one element of readiness we have been working hard to improve is our reporting system. Our current system is based on lagging indicators, and while satisfactory, it does not provide senior leaders with the ability to influence readiness in a proactive manner. Our new Strategic Readiness System (SRS) will leverage information available through existing reporting systems while providing a more objective, scalable, and timely measure of the Army across all its domains (operating force, institutional force, and infrastructure). Initial prototyping was completed last year, and we are currently finalizing our measures of merit with field testing and initial integration at selected installations scheduled for this year.

TRANSFORMATION

Transformation is about changing the way the Army thinks, trains, and fights in order to win the Nation's wars in a dominating and decisive manner. It is inextricably linked to the readiness of our forces. The emerging character of 21st century warfare clearly highlights the need for Army transformation; the strategic environment demands that we accelerate it. The goal of transformation is to see first, understand first, act first, and finish decisively by leveraging technology to gain greater situational awareness of the battlefield than our opponents. With superior awareness, soldiers and leaders can understand first and devise appropriate strategies for dealing with the enemy. Through the advent of information dominance and network-centric operations, the Army will act first to seize and retain the initiative, attacking the enemy where he is weak while protecting our vulnerabilities, and using rapid maneuver and precision fires to defeat our adversaries decisively.

Military institutions are often criticized for looking backward and preparing for the last war instead of looking forward and preparing for new and emerging dangers. With the Army's transformation, nothing could be further from the truth. Our transformation is based on a decade's worth of self-study and examination that began in the early 1990s with simulation studies at our battle labs that were field-tested in Advanced Warfighting Experiments at Fort Hood, Texas, as well as at the National Training and the Joint Readiness Training Centers.

To understand Transformation is to understand that the Army is undertaking a holistic and monumental change while simultaneously never wavering from its mission to be ready to fight and win the Nation's wars. We are changing our doctrine, training, leader development, organization, materiel, and soldier systems across the Active component, the Army National Guard, and the Army Reserve. Transformation will result in a different Army, not just a modernized version of the Army that won the last war. Combining the best characteristics of each element in our current force, the transformed Army will possess the rapid deployment mentality and toughness of our light forces, the lethality and speed of our heavy forces, and the unmatched precision and combat capabilities of our special operations forces.

Transformation will field the best, most combat effective, most lethal soldier and organization in the world.

The Army, like all of our joint partners and the Department of Defense, is a large enterprise. Change on the magnitude envisioned with Army transformation does not happen quickly, nor is it safe to change everything at once. This is particularly so when the Army and the Nation are fully engaged protecting citizens at home and fighting terrorism on multiple fronts abroad. In order to facilitate change, while simultaneously remaining ready to defend America's interests, the Army designed its transformation plan with three interrelated elements—the Objective Force, our main effort this decade; the Interim Force, our near-term operational bridge between our existing heavy and light forces; and the Legacy Force, our immediate warfighting capability to ensure the continued safety of the American people and the continued security of American interests.

THE OBJECTIVE FORCE

The Objective Force breaks the mold. Instead of the linear, sequential operations of the past designed to overpower an enemy with sheer weight and volume, the Objective Force will fight in a distributed, non-contiguous, and network-centric manner oriented on physically and psychologically disorienting, disarming, and decisively defeating any foe in any environment. The speed, stealth, and advanced sensor-to-shooter technology planned for the Comanche helicopter characterize the capabilities necessary for this new form of combat. Reduced platform weight and a smaller logistical footprint will permit Objective Force units to deploy more rapidly than today's Legacy Force. Able to conduct vertical maneuver and execute anti-access operations, these forces will descend upon multiple enemy points of vulnerability and through superior situational awareness, identify and attack critical enemy capabilities throughout the depth of the battlefield. To ensure we have maximized our opportunity for success in fielding the Objective Force as quickly as possible, the Army invested 97 percent of our fiscal year 2003 science and technology budget toward the design and development of the Objective Force and enabling technologies. We have recently selected our Future Combat System Lead Systems Integrator and with your continued support will begin fielding the Objective Force before the end of the decade.

INTERIM FORCE

The Interim Force is the Army's transition force designed to bridge the near-term gap between the capabilities of our heavy and light forces. It blends the best characteristics of our heavy, light, and special operations forces into a medium weight, full spectrum force with increased operational and tactical flexibility. Organized into Interim Brigade Combat Teams (IBCTs), it leverages today's technology with selected Legacy Force capabilities to serve as a link to the Objective Force. A combat ready force, the Interim Force will allow exploration of new concepts relevant to the Objective Force. The Army currently plans to field six of these new, more agile and responsive combat teams. The first two IBCTs are organized at Fort Lewis, Washington and are undergoing extensive training in all environments, including urban and restrictive terrain. The first of these brigades will attain its first incremental warfighting capability—an infantry company—in August 2002 with its full initial operational capability shortly thereafter in May 2003. Follow-on fieldings are planned for Alaska, Louisiana, Hawaii, and Pennsylvania. Moreover, the Department of Defense has asked us to examine stationing an IBCT in Europe. Very soon, the IBCT will be an immensely responsive, highly deployable, and increasingly lethal operational reality ready for combat operations in support of our joint commanders worldwide.

LEGACY FORCE

The Legacy Force is the guarantor of the Army's immediate warfighting readiness. Through selective recapitalization and modernization, the Legacy Force enables the Army to meet today's challenges, while providing the time and flexibility to complete our Transformation—effectively managing risk without sacrificing readiness. Through our Prioritized Recapitalization Program, the Army has identified and fully funded the refurbishment of 17 systems in selected units. These systems include the AH–64 Apache, UH–60 Black Hawk, and CH–47 Chinook helicopters that were so important during Operation Anaconda; the M1 Abrams tank and M2 Bradley fighting vehicle that dominated the deserts of Iraq a decade ago and that combine the best of shock and firepower today; and the Patriot Advanced Capability–3 missile defense system, a significant upgrade from the system that saved

many a soldier in Operation Desert Storm and that is guarding the frontiers of freedom in Korea and Kuwait today.

Modernization of this force links it to the Interim and Objective Forces. The Crusader self-propelled howitzer will solve a current shortfall in fire support and provide our soldiers the ability to call for the best fire support available anywhere. Additionally, Crusader robotics and other advanced technologies will inform the continued development of the Objective Force. Although after fiscal year 2003 the Army will not buy another heavy tank, the modernization of our M1/A2 SEP tanks and M2/A3 Bradley fighting vehicles retains our present ability to defeat any adversary while training soldiers on the same network-centric situational awareness skills necessary in the Interim Force. Army Aviation modernization will further enhance our current readiness by reducing our helicopter inventory by 25 percent while returning savings in training and logistics that will be used to recapitalize the remainder of the fleet. To support these and other priorities, the Army terminated 18 systems and restructured another 12 in this budget cycle.

THE ARMY—PERSUASIVE IN PEACE, INVINCIBLE IN WAR

The Army is trained and ready and wholly dedicated to preserving freedom and defending American interests at home and abroad. As we have done many times over the last two centuries, and are doing today in Afghanistan, the Philippines, the Balkans, the Middle East, and countless other places around the globe, the Army will continue to win the Nation's wars and serve its interests. The United States Army—Active, Army National Guard, and Reserve—is the most respected ground combat force in the world. Our current training and readiness programs along with the Army's transformation will ensure we remain the world's most respected force now and in the future. Today's emerging security requirements, particularly since the attacks of September 11 have intensified the demands we place on the backs of our young men and women. Defending freedom abroad and securing the homeland, while preparing for potential near-term contingencies has increased the competition for scarce resources and reduced our ability to invest in people, systems, platforms, and research and development. Unless redressed, risks incurred from this resource shortfall could undermine the Army's ability to adequately satisfy evolving national security requirements. These same requirements call evermore loudly and urgently for an acceleration of the Army's transformation. No one can predict what the future holds, but what is certain is that our Nation must have the best trained, best led, and best equipped soldiers on the ground, capable of deploying rapidly at precisely the right time to the right place and with the right support structure to influence conditions and achieve victory as part of the joint military team.

Mr. Chairman and distinguished members of the subcommittee, thank you for your continued support of the Army, transformation, and most importantly, our soldiers. Over 2 years ago, we joined together and began this effort committed to ensuring that the Army remains dominant today and prepares for combat in the future. The magnitude of what we have accomplished together is staggering. Our actions in Afghanistan and elsewhere have demonstrated with absolute clarity the enduring value of Army ground forces. Your continued support will ensure those forces remain the most valued and most respected in the world. Thank you again for this opportunity to report to you on the readiness of your Army. I look forward to discussing these issues with you.

Senator AKAKA. Thank you very much for being brief. I just want to remind you again that your full statements will be placed in the record, and ask you to continue to summarize your statements.

Admiral Krol.

STATEMENT OF REAR ADM. JOSEPH J. KROL, JR., USN, ASSISTANT DEPUTY CHIEF OF NAVAL OPERATIONS FOR PLANS, POLICY, AND OPERATIONS, CHIEF OF NAVAL OPERATIONS

Admiral KROL. Mr. Chairman, Senator Inhofe, and Senator Nelson, I want to thank you for the opportunity to be with you today. It is certainly a privilege to report on the status of our great Navy. I thank you for your continuing support of our fleet and sailors.

Because readiness is at the top of our agenda, September 11 found the Navy well-equipped, superbly trained, and forward deployed to conduct prompt and sustained combat operations. The

day after the attacks on our Nation, 2 carrier battle groups, 25 ships, 177 aircraft, and 18,000 members of the Navy-Marine Corps team were on station in the northern Arabian Sea.

The Navy's contributions to the global war on terrorism have highlighted the value of projecting force deep inland from the sovereign and secure operational base provided by naval combatants. The Navy's response at home to the attacks on New York City and the Pentagon were uniquely indicative of our culture of readiness.

The tempo of deployed surface ships has increased 50 percent during Operation Enduring Freedom, and flying hours have been up over 100 percent at their peak. However, thanks to strong Navy leadership and the support of this subcommittee, the high operational pace has not significantly degraded readiness. Key metrics such as aircraft cannibalization rates, material casualty reports, and personnel readiness are stable, and number of deployed units reporting the highest rating for overall readiness has actually increased slightly.

However, we have significantly depleted our inventories of precision guided munitions and aircraft engines. This subcommittee's support will be vital as we address these readiness shortfalls.

Finally, the wear and tear associated with more frequent operations may not be fully apparent until deployed units are available for thorough inspection after deployments. The Navy is assessing its ability to sustain various levels of war effort and developing innovative options to provide combat power more effectively, efficiently, and responsibly to the regional combatant commanders. This includes alternative manning and task force organizations as well as initiatives to compress the inter-deployment training cycle.

The Navy is ready to sustain the recent operational tempo, which is similar to a routine peacetime force posture, as the global war on terrorism continues. Maintaining this pace will, however, imply greater costs for operating and maintaining our ships and aircraft, require us to carefully manage our deployments, and could place our future readiness programs, including modernization and transformation, at greater risk.

Should the operational tempo increase above recent levels, we might eventually need to purchase more aircraft, modify the way we crew our ships, and expand our military, industrial, and maintenance infrastructures. The Navy remains capable of surging several carrier battle groups, as it did during the first months of Operation Enduring Freedom. However, a level of effort significantly above our current commitment cannot be sustained and would require a period of reconstitution after the surge operations were completed.

The Navy's response to September 11 is a testament to the agility, lethality, and reach of maritime forces, and to the dedication and professionalism of our sailors. The Navy can sustain the recent pace of operations for several years and is developing and implementing ways to cope with higher operational tempos should they be required as the war continues. The Navy will, with the continued support of this subcommittee, meet whatever challenges lie ahead in the defense of America.

On behalf of our sailors and their families who proudly serve our Nation, thank you very much for your support.

[The prepared statement of Admiral Krol follows:]

PREPARED STATEMENT BY REAR ADM. JOSEPH J. KROL, USN

INTRODUCTION

Chairman Akaka, Senator Inhofe, and other distinguished members of this subcommittee, thank you for the opportunity to be with you today. It is a privilege to report to you on the status of our great Navy. I thank you for your continuing support of our fleet and sailors. Operation Enduring Freedom has demonstrated that America has the most responsive and combat capable Navy in the world. Because we place readiness at the top of our agenda, September 11 found the Navy well equipped, superbly trained, forward deployed, and ready to conduct prompt and sustained combat operations in defense of America. The day after the attacks on New York City and the Pentagon, two carrier battle groups (CVBGs), 25 ships, 177 aircraft, and 18,000 members of the Navy-Marine Corps team were on station. The Navy's contributions to the global war on terrorism (GWOT) have highlighted the value of projecting force deep inland from the sovereign and secure operational base provided by aircraft carriers and other naval combatants. This autonomous capability is increasingly important in an era of precarious access to terrestrial military bases.

The Navy has been at the forefront in taking the fight to America's adversaries. On day one of Operation Enduring Freedom, submarines and surface ships crippled enemy air defenses with Tomahawk cruise missiles, while carrier strike forces launched long-range attacks against al Qaeda terrorists and the Taliban regime. Flying 80 strike sorties a day at the peak of Operation Enduring Freedom, carrier-based F–14 and F/A–18 aircraft accounted for more than 70 percent of all U.S. strike missions. We were able to disrupt terrorist organizations, destroy critical enemy infrastructure, and prevent further attacks on America and her allies. Operation Enduring Freedom has illustrated that we have clearly moved into a new era of effects-based warfare, in which military success is best measured by the timeliness and value of targets destroyed and not by the mass of ordnance expended.

While naval strike forces were projecting U.S. power hundreds of miles into Afghanistan, other combatants were controlling the seas and performing vital operations around the globe. An unprecedented number of interceptions and inspections were conducted to interdict the maritime avenue of flight for terrorist leaders and restrict the flow of terrorist materials. Naval aircraft have conducted the vast majority of manned airborne reconnaissance flights in the Afghan theater and Navy SEALS have provided approximately half of our SOF capabilities on the ground. All of these operations are being well supported by our hard-working replenishment ships.

The Navy's response at home to the attacks on New York City and the Pentagon was equally indicative of our culture of readiness. Off America's coasts, aircraft carriers, cruisers, and destroyers rapidly took station to protect the maritime and air approaches to the United States in the wake of September 11, 2001. Within view of "ground zero" in New York, the hospital ship USNS *Comfort* and the auxiliary USNS *Denebola* provided food, berthing, and medical care for the heroic first responders ashore.

While protecting America's interests overseas and providing additional security at home, the Navy has also implemented more stringent Anti-Terrorism/Force Protection measures to safeguard our people and infrastructure. More than 5,000 reservists are reinforcing the security of our ships, naval bases, and other military installations. The Navy's response to the events of September 11 is testimony to the dedicated service of our sailors and to the agility, lethality, and reach of our naval forces.

Thanks to our Navy's civilian and military leadership and the strong support of the American people and Congress, we have made solid progress over the last few years in addressing long-standing readiness issues. As a result of our priorities and this subcommittee's support, fiscal year 2002 was the best readiness budget in a decade. The fiscal year 2003 budget will likewise flow more resources where they are most needed: to warfighters in the fleet. However, the ongoing global war on terrorism has the potential to stress our fleet considerably and there is little elasticity in our force structure to permit growth in the naval missions required to take the fight to the enemy while protecting the maritime approaches to the United States.

In my testimony, I intend to describe the impact of recent and on-going operations on Navy readiness, provide a qualitative assessment of the Navy's ability to continue the conflict, and discuss how the Navy is planning to manage its resources

and risks to maintain a high state of readiness as the global war on terrorism continues.

IMPACT OF THE GWOT ON NAVY READINESS

The Navy routinely maintains a forward-deployed expeditionary posture. This posture, combined with the fact that we have added nearly $5 billion to our key readiness accounts over the past 2 years, has minimized the impact of the war on current readiness. Since September 11, approximately one-third of the fleet has been deployed on any given day. This percentage of deployed units is similar to our historic peacetime profile, with 40–50 percent of our fleet underway, and approximately 30 percent of our forces forward deployed to support the requirements of regional combatant commanders in areas such as the Persian Gulf, Europe, and the Pacific Rim. In order to meet these commitments, we have a rotational force in which ships, air wings, and personnel are either on deployment or in the process of preparing themselves for the next deployment.

Although the number of ships underway and deployed has not dramatically increased during Operations Enduring Freedom and Noble Eagle, the OPTEMPO of deployed front-line units has. For example, U.S.S. *Theodore Roosevelt* recently completed a record-setting 159 consecutive days at sea and U.S. surface combatants, in general, are steaming 50 percent more days per quarter than they would during a normal deployment. The increased amount of time at sea translates into fewer port calls and maintenance availability periods. The greater operational demands have been felt even more acutely by carrier air wings that were flying 250 hours per day at the peak of operations, and are still flying approximately 190 hours per day compared to an average of about 115 hours during a typical peacetime deployment.

Despite this high operational tempo, we have not yet observed a significant degradation in readiness. Since September 11, we have actually witnessed a slight increase in the percentage of units reporting the highest level (C1) for overall readiness. Most key metrics of current readiness have remained stable since the GWOT began. The Mission Capable rates of naval strike aircraft remain comparable to historic averages, at around 70 percent. The cannibalization rate of naval aircraft in fiscal year 2001 was the lowest in 5 years; this trend does not appear to be reversed. The rates that our deployed units are reporting mission-critical material failures (CASREPs) have also not increased appreciably. However, the pools of spare aircraft engines and our inventories of precision-guided munitions have been depleted significantly. We are taking steps to address these negative readiness trends.

It is too soon, however, to have a complete grasp of the total impact that higher OPTEMPO will have on readiness. More frequent operation of ships and aircraft entails additional wear and tear. For example, the F/A–18 has been flown well in excess of planned rates, and more than 300 of these aircraft will require service life extensions earlier than planned. The consequences of greater usage may not be fully apparent until these units are available for more thorough material inspections and assessment. In summary, there is no overwhelming evidence that the higher OPTEMPO required by the GWOT has significantly degraded material readiness, but we must closely monitor our key readiness metrics as the war continues.

Personnel readiness has improved significantly over the last few years and this trend has not been reversed by the war. These gains are largely attributable to recent increases in base pay, housing allowances, and career sea pay. Last year's retention of first-term sailors was the best in more than 30 years and the first months of fiscal year 2002 were on a similar pace. Although we have not observed an increase in recruiting success since September 11, neither have we seen a downturn. However, sailors are spending a greater percentage of their time at sea, especially on deployment and this could eventually have a negative impact on manpower. We continue to manage personnel tempo carefully while meeting war exigencies.

SUSTAINING THE GLOBAL WAR ON TERRORISM

It is quite probable that the global war on terrorism will continue for several years at a pace similar to, and perhaps periodically greater than, that required to date for Operation Enduring Freedom. Based on this probability, we are in the process of assessing our ability to continue the war at various levels of effort, as well as studying what change would be required to sustain those levels. The Navy would be able to sustain the recent pace of operations for the next few years with greater funding for operation and maintenance (O&M) and a few adjustments to how we normally maintain, train, and operate the fleet. O&M requirements will grow commensurately with increased steaming days, flying hours, and a higher demand for parts and depot maintenance. Mission Capable/Full Mission Capable Rates for aircraft will probably decline slightly and fewer aircraft will be available for the train-

ing of non-deployed carrier wings during the Inter-Deployment Training Cycle (IDTC). From a geo-political standpoint, focusing available carrier battle groups and amphibious ready groups (ARGs) on one or two regions will often mean that other key areas, not directly implicated in the GWOT, will have fewer forces available for presence and engagement missions.

Operating slightly above our current level of effort is sustainable, even with periodic surge requirements. Sustaining this OPTEMPO would require additional increases in O&M funding for labor and for higher costs required to reduce the wait time for parts. Deployments would likely be extended, in some instances, beyond the Navy peacetime goal of 6 months, and turn-around times shortened between the deployments of certain combat units. Although additional surface combatants would not necessarily be required to sustain this operational pace, we might have to increase the inventory of aircraft to concurrently meet the demands of forward-deployed units and those of air wings in the IDTC. Finally, it is likely that the increased OPTEMPO of our ships and aircraft would result in less frequent non-operational periods, which would increase the already large and growing amount of deferred maintenance and retard key modernization plans to equip our ships and aircraft with improved sensors, avionics, information systems, and weaponry.

Operating the Navy at a pace slightly above that required so far in the GWOT may also have personnel implications. Special care and management will likely be necessary to ensure that civilian workers with special skills, a group already in short supply, are recruited, trained, and retained in our shipyards and intermediate maintenance activities. We are currently analyzing our civilian and military manpower needs for the war.

Expanding the commitment of naval forces significantly beyond our current level is possible for short periods of time, but not sustainable without changes to our force structure, manpower, and infrastructure. As we demonstrated during the first months of Operation Enduring Freedom, the Navy can surge its forces to place four aircraft carrier battle groups on station. While this peak level of effort would again be achievable in the future, it requires a significant period of reconstitution and cannot be sustained on a routine basis with our current fleet. Sustaining this high OPTEMPO would require more resources and, more importantly, might require an expansion of our industrial infrastructure.

MANAGING RESOURCES AND RISK IN A WAR TIME NAVY

The events of September 11 have proven that we live in a new security environment that demands a reassessment of how the United States trains, equips, organizes, and operates its military. The Navy is conducting that review, and exploring the best methods to manage resources to sustain the global war on terrorism while minimizing risks.

Manpower

Manpower remains the Chief of Naval Operation's top priority. Although gains have been made in improving recruiting, retention, and attrition, these advances are perishable and we must continue to provide the best possible quality of service to our sailors and civilian workforce. Since the attacks on the Pentagon and New York City, we have mobilized more than 10,000 Reservists to ease the burden on our active duty personnel. About half of these sailors are helping implement more stringent Anti-Terrorism/Force Protection measures. The other half brings key expertise to the fleet and major staffs in the areas of intelligence, logistics, construction, meteorology, and base support. However, paying Reservists to remain on active duty is costly and may require additional funding as the war continues. In order to minimize this impact, we are currently validating the jobs being filled by Reservists with an eye toward demobilizing those who are not essential.

We are also studying several options to provide alternative manning to the fleet. These possibilities include rotational crewing that would allow ships to spend more of their time in forward areas without reducing the quality of service of our sailors. The Navy has a successful history of providing rotational crewing to ballistic missile submarines. These models should help us develop the right plans to provide more ships-days to our regional CINCs.

Compressing the Inter-Deployment Training Cycle (IDTC)

Meeting a higher demand for deployed naval assets may require a compression of the Inter-Deployment Training Cycle. The typical 24-month deployment cycle consists of the following:

- 6 month deployment overseas;
- 1 month post-deployment leave and upkeep period;
- 6 month intensive maintenance period;

- 10 month training period; and
- 1 month of leave, upkeep, and stores load-outs prior to deployment.

The nominal cycle provides 18 months between 6-month deployments for a turn-around ratio of 3. Although that number can be reduced, the CNO has established a minimum turn-around ratio of 2.0. Two major activities comprise the period between deployments: training and maintenance.

Our Navy is the best largely because of our most important asymmetric advantage: highly trained sailors. Developing the range of skills required to operate safely at sea and conduct combat operations entails training at sea and in port. In order to improve quality of life, the at-sea training required during the IDTC has already been reduced by about one-fourth over the last 5 years. Simulators and other applications of information technologies are being speeded to the fleet, but can only replicate and replace a portion of the real-world drills and exercises that give us an edge in combat. Our recently established Fleet Forces Command, located in Norfolk, is working with our operational forces to develop ways to decrease the training periods required in IDTC as well as to tailor them more closely for missions demanded by the GWOT. However, we do not expect to achieve a significant compression of the training requirements. We must also remember that reductions in the training of our air and ship crews may imply a risk to safety and combat effectiveness, especially in scenarios more challenging than the GWOT.

As we consider compressing training between deployments, the need to "train as we fight" will increase. However, some environmental laws and urbanization increasingly impact this warfighting imperative. When urban encroachment and environmental concerns restrict our use of training ranges, our sailors miss out on valuable training opportunities that can improve combat effectiveness and reduce risks on the battlefield. In order to guarantee that in the future we'll be ready for the first day of combat, we must all recognize the value of our training ranges and provide for their continued use, including the use of live-fire training. We are analyzing the feasibility of relying more upon simulators that should reduce costs and training time, as well as decrease wear and tear on ships and aircraft. Although simulators and non-live-fire exercises are an important part of military training, there simply is no adequate substitute for live-fire training.

Maintenance is the second component of the IDTC. There are two major options for reducing the time required to perform maintenance between deployments. The first involves deferring maintenance that is not absolutely essential to ship operations and combat effectiveness. However, we already have deferred maintenance amounts whose growth we have recently slowed, but not stopped, with increased funding. Although we are developing options to increase the capability to conduct forward-deployed repairs, all maintenance availabilities, whether conducted stateside or overseas, reduce the number of days that our combat platforms can operate and fight at sea.

Another option is to speed up the pace of maintenance performed between deployments. It is, however, an expensive proposition to provide the around-the-clock shifts necessary to shorten maintenance periods. Additionally, the pool of qualified laborers, especially regarding the skills required to maintain nuclear propulsion plants, has little over-capacity and is fairly inelastic. The acceleration of maintenance is also often constrained by the limited availability of suitable shipyards, drydocks, and other key components of our maintenance infrastructure. Finally, our sailors accomplish much of our ship and aircraft maintenance and retesting themselves, and increasing the pace of repairs could degrade their quality of service and training opportunities during the IDTC.

Much of our ship maintenance revolves around our propulsion plants. Reducing or accelerating the maintenance on propulsion systems is often simply not prudent due to stringent, time-tested procedures and retesting requirements. In all cases, the deferment of maintenance or the taking of shortcuts can put readiness at risk at critical moments during combat operations.

Changing the Way We Organize and Deploy Our Forces

We are also studying alternatives on how we provide combat-ready ships and naval aircraft to the regional CINCs. Although the carrier battle group will remain the preeminent naval task force, we are looking at options to provide responsive, sustainable, and long-range strike forces composed of fewer and different units than those in our CVBGs. One construct is to complement ARGs with cruise missile capable surface combatants and submarines, producing "Expeditionary Strike Forces" tailored and equipped to destroy terrorist elements. These forces would provide distributed firepower when and where they are required by the regional CINCs.

Replenishing Inventories of Precision-Guided Munitions

Precision-guided munitions represented a fairly small fraction of the air-dropped weapons employed during the Persian Gulf War. Over the last decade, they have developed into the weapon of choice. The high demand for these weapons during Operation Enduring Freedom has depleted our inventories. To address this issue, we have added $973 million to procure more PGMs. However, our ability to replenish our inventories will depend primarily upon the ability of industry to meet the growing demand as well as upon usage rates in the future. Increasing the production rate will take time and there is no quick fix to this challenge. The Navy is committed to working through these challenges and obtaining the full wartime requirement for precision-guided munitions.

Managing Long-Term Risks

As this committee well understands, there always exists a tension between funding current readiness today and investing in future readiness for tomorrow. This tension is likely to increase as the GWOT continues. In fiscal year 2003, the Navy plans to purchase 83 new aircraft, build 5 new ships, and reconfigure 2 ballistic submarines as SOF-capable SSGNs. This procurement pace is well below what would be required later in the FYDP in order to maintain the fleet's present strength above, on, and beneath the world's oceans. We will need to be careful, and maintain the appropriate balance between the funding of current readiness and investing in tomorrow's fleet.

The modernization of our ships and aircraft is vital to maintaining our edge in combat since about 60 percent of the ships steaming today will still be in the fleet in 2020. The Navy's modernization plan could be placed at risk by two factors as we continue to protect America and its allies from terrorism. Similar to recapitalization, we must guard against under-funding modernization in preference to funding the GWOT. Additionally, and perhaps more importantly, the higher expected OPTEMPO of our combat platforms means that there will be fewer opportunities to upgrade them with advanced sensors, avionics, offensive and defensive weapons systems, and information technology.

Meeting the imperatives associated with our near-term security needs could put the Navy's transformation plans at greater risk. The events of September 11 and the lessons learned during Operations Enduring Freedom and Noble Eagle demonstrate that we clearly are faced with a new security environment that demands fundamental changes in our military cultures, doctrine and tactics, and combat systems. As with the other key components of future readiness, we must make every effort to ensure that we can operate in defense of America's freedoms today while concurrently preparing the Navy for an uncertain and extremely challenging future.

Finally, we must ensure that funds remain available for the recapitalization of the Navy's infrastructure. Quality infrastructure is a vital part of ensuring both current and future readiness. Unfortunately, the Navy's shore infrastructure condition is less than satisfactory. While the fiscal year 2003 budget makes modest increases in sustainment, restoration, and modernization and military construction accounts, there remains much to be done. We are studying this problem and working on a plan to provide out-year funding to help mitigate these significant challenges. While funding the war, we must not forget about the infrastructure that sustains our sailors and ships.

CONCLUSION

The global war on terrorism has clearly demonstrated that the U.S. Navy is the world's best, and that our focus must remain on current readiness. The Navy's response since September 11 is a testament to the agility, lethality, and reach of maritime forces and to the dedication and sacrifice of our sailors. Because the Navy operates as a rotational expeditionary force, makes current readiness a top priority, and has had the strong support of this subcommittee, we can sustain the current pace of operations for the foreseeable future. The Navy can also surge forces quickly and maintain that level of effort for a few months. However, should the pace of the GWOT accelerate, we would be required to modify our deployment cycles and reexamine many of our plans and programs in light of the changing security environment. If we increase the war effort at sea, we would need to make some hard choices that might put the fleet's recapitalization, modernization, and transformation programs at greater risk. While not ignoring the future, a Navy at war must focus on maintaining current readiness. The Navy will, with the continued support of this committee, meet whatever challenges lie ahead in defense of America. On behalf of our sailors and their families who proudly serve our Nation, thank you for your support.

Senator AKAKA. Thank you very much, Admiral.

Lieutenant General Bedard.

STATEMENT OF LT. GEN. EMIL R. BEDARD, USMC, DEPUTY COMMANDANT FOR PLANS, POLICIES, AND OPERATIONS, HEADQUARTERS, UNITED STATES MARINE CORPS

General BEDARD. Mr. Chairman, Senator Inhofe, and Senator Nelson, it is my privilege today to report on the state of readiness of America's Marine Corps. The theme that runs through all of our core competencies is readiness. If I may recall some language from the 82nd Congress, "Your Marine Corps is designated and designed to be the most ready when the Nation is least ready."

With the continuing help of Congress and certainly this subcommittee, the United States Marine Corps and our Navy partners have always been ready to do just that. We were ready on September 10th; we were ready in November when we secured Rhino in southern Afghanistan; we were ready when we moved in to secure Kandahar in a long-range air and ground maneuver; and we were ready to move elements of the Fourth MEB Anti-Terrorism Brigade into Kabul, as well as into our Nation's capital. We are ready today and we will remain ready tomorrow.

Readiness is comprised of training, equipment, and people. Training must produce combat-ready organizations. Our unique Marine air-ground task forces that are prepared to deploy quickly into austere environments, sustain themselves effectively over time, and as the culmination of this process, fight and win.

Our service in Afghanistan attests to the capabilities of our forces better than any words could ever attempt to do. When the President called, our Marines provided themselves well, showed they were trained, adequately equipped, and up to any challenge. Our equipment, though aging, was superbly maintained and accomplished the mission. Our doctrine of maneuvering from the sea base to objectives well inland has been evolving for a decade and showed itself to be extraordinarily effective over the depth of the battlefield.

The last and most important element of readiness in both peace and war is our people: marines, sailors, civilians, and their families. We must ensure they are properly equipped in accordance with our focus of expeditionary maneuver warfare, and ensure they will be treated fairly and compassionately by this country that they so eloquently serve.

On behalf of the Commandant, I express my appreciation to this committee for your consistent support to the Corps. I also express our appreciation through you to the American people for their unflagging support. The small business people and corporations that have provided an opportunity for our Reservists to serve in this time of national crisis provide a valuable example that we all serve, both in uniform and out.

I will close by observing that in combat sustaining is critical to winning. The same is true for the continued financial and readiness well-being of the Marine Corps. We depend on that sustainment provided by this subcommittee and Congress as a whole. This is a good time to be a United States Marine. My written statement addresses the issues of the Corps where your contin-

ued support is required to maintain our readiness and effectiveness.

I welcome the opportunity of your questions and I appreciate being here today.

[The prepared statement of General Bedard follows:]

PREPARED STATEMENT BY LT. GEN. EMIL R. BEDARD, USMC

INTRODUCTION

Chairman Akaka, Senator Inhofe, and distinguished members of the subcommittee, it is my privilege to report on the state of readiness of America's Marine Corps.

September 11 was a tragedy unlike any this Nation has faced. Never before have our citizens been so maliciously targeted, and with such catastrophic effects. We've been attacked before, but never have we faced an enemy who operates without a homeland. We've been attacked by pirates and terrorists before, but never by ones who intentionally target civilians with weapons of mass effects.

The world is, now more than ever, uncertain and dangerous. Now, more than ever, the Marine Corps seeks to be a certain force in an uncertain world. For generations, the Marine Corps has trained and prepared to be ready to defeat America's enemies on short notice. When the trumpet sounded on September 11, the Nation's force in readiness answered the call.

There are times when our devotion to readiness puts the U.S. Marine Corps at a disadvantage in the continuing transformation and modernization dialogue inside the Beltway. Being ready at a moment's notice requires focus, dedication, and flexibility. Being ready across the full range of conflict requires organizational scalability. Our enemies, as we have seen, are unpredictable and deadly. Providing a full range of options to the combatant commander has tremendous utility in today's environment. What we are, and will always be with your help, is "ready." Prior to September 11, it may have been difficult for America to understand the value of forward deployed ready forces. I know that the distinguished members of this subcommittee understand the value of ready forces today, and have always understood; we've seen that through the strong support you've always provided. I believe that everyone outside this committee, and outside this city now understands.

READINESS—WHY THE MARINE CORPS EXISTS

Let me describe for you the state of Marine Corps readiness as I see it from my position.

Our first priority is, and will continue to be, readiness. Our sequence of priorities is "mission first, marines always." Our service in Afghanistan attests to the state of that readiness better than my words could ever attempt to do. When the President called, our marines proved themselves to be well-trained, adequately equipped, and up to any challenge. Our equipment, though aging, was superbly maintained and accomplished the job. Our doctrine of maneuvering from a seabase to objectives well inland has been evolving for a decade, and has shown itself to be extraordinarily effective on the modern battlefield.

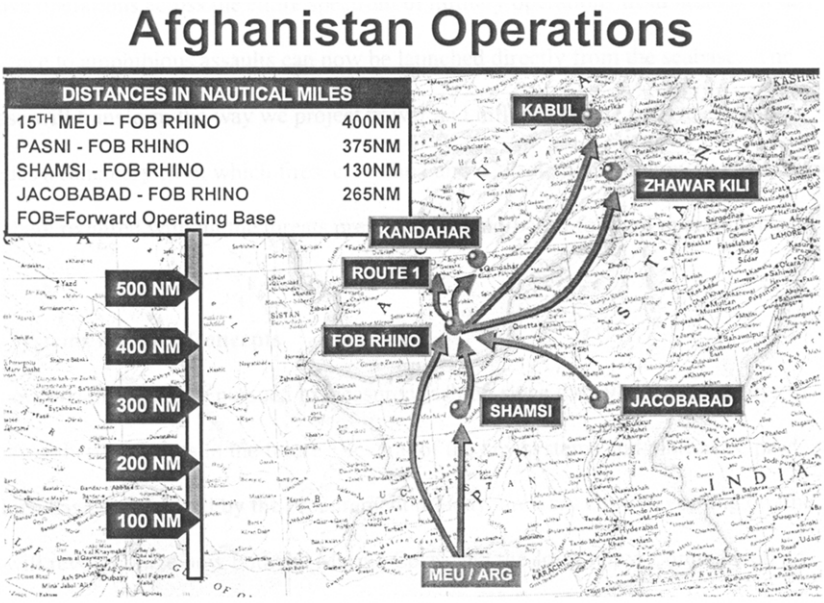
VALUE OF FORWARD DEPLOYED FORCES

We have once again shown the value of forward deployed forces. In this era of renewed focus on defense of the American homeland, it is perhaps important to reemphasize that defense of that homeland begins not on our shores, but on the far shore. Our forward deployed role is comparable to a fire warden in a national forest. It is far easier to have a fire warden already on scene, see the lightning-caused brush fire, and put it out while still small and manageable than it is to mobilize national assets once the initial flames become an inferno.

At times, we will be forced to act in ways that don't impact the sovereignty of those in the vicinity of our intended action. Forward deploying those ready forces at sea frees us from dependence on access to bases in theater or on the permission of a host government. The flexibility of a true seabase (as contrasted to units simply embarked on shipping) offers immense advantages. A U.S. Navy warship in international waters is sovereign U.S. territory. We need ask no one's permission or acquiescence in the use of facilities to position and employ U.S. forces. When combined with the force protection advantages inherent in being underway at sea, forward deployed forces operating from a seabase in international waters provides an invaluable option for the Joint Force Commander.

OPERATIONS IN AFGHANISTAN—EMPLOYING OPERATIONAL MANEUVER FROM THE SEA

In operations in Afghanistan, the Navy-Marine Corps team, and as full members of the joint force, conducted the longest amphibious assault in the history of warfare. This proved our concepts of operational maneuver from the sea and ship-to-objective maneuver and was quite unlike the historic amphibious assaults at Tarawa or Inchon. We operated from a seabase, reducing our footprint ashore and thereby minimizing our force protection requirements and allowing us to operate with minimal basing in theater. We supported Special Operations Forces, we established bases, we seized and secured facilities. When called upon, we did our part to engage and defeat America's enemies.



The Marine Corps, like everyone else, was surprised by the September 11 attacks, but we were not surprised by the nature of the threat. Over the past decade we have defined a world more chaotic and a future strategic environment of increasing uncertainty. We saw the premium that would be placed on speed, precision, and lethality; speed not only in movement, but also in the ability to respond—to be truly expeditionary. We published a new operational concept in January 1996, *Operational Maneuver from the Sea,* and the tactical implementation of that concept, *Ship to Objective Maneuver* later in the same year. In November 2001, we published *Expeditionary Maneuver Warfare,* a capstone concept that melded our expeditionary culture, warfighting ethos, and organizational concepts within the context of seabasing and our support to the Joint Warfighter. Instead of the traditional amphibious assault which essentially required seizing a forward operating base on the beach and then building up supplies and reorganizing from landing teams to combat formations, decisive operations across the entire spectrum of military operations from humanitarian assistance to amphibious assaults can now be launched directly from the seabase. The seabase will transform the way we project power and influence. The integrated seabase provides a sanctuary from which fires, command and control, and sustainment can flow when and where required without the threats presented by land-based forward operating bases.

NEW SYSTEMS FOR NEW CONCEPTS

The new systems we have pursued in measured fashion since the 1980s are the keys to executing these concepts in the future. Several of the key systems and platforms, production of which has been delayed by the procurement holiday, are very

close to coming on line and they will revolutionize how both the Marine Corps and the Joint Force Commander do business.

In Afghanistan, using our new operational concepts executed with aging equipment, marines conducted an operational maneuver from the seabase, at distances previously thought to be unattainable. We were able to sustain the force primarily from the seabase, freeing us from the requirements of force protection in a large rear area. With your help, as new systems come on line, we will be free of the need for intermediate staging bases that are now required because of the short legs of our aging helicopter fleet. In effect, we will have created the "maritime" staging base. With the V–22 Osprey, the Short Takeoff and Vertical Landing variant Joint Strike Fighter (STOVL JSF), Advanced Amphibious Assault Vehicle (AAAV), and the Expeditionary Fire Support System (EFSS), we would have been able to move directly from the seabase to Khandahar airport and have a full range of expeditionary fires to organically conduct the full range of military operations. This will be a revolutionary leap in capability for the Joint Force Commander, combining the freedom and sustainment of coming from the sea with the long ranges of tilt-rotor and STOVL aviation. Combine our traditionally flexible organization, the Marine Air Ground Task Force (MAGTF), with these new systems and platforms and you will see a fully transformed Marine Corps. This transformation didn't start as a result of the QDR, but rather two decades ago, and these systems and platforms will soon be ready for fielding through transformational business practices in support of our changing concepts, organizations, and doctrine.

SUSTAINING THE CURRENT OPERATIONAL TEMPO

Because we consistently deploy forces forward to various theaters, the Marine Corps has not had to radically change how we operate in order to support the global war on terrorism. The cost of employing these ready forces that you fund is minimal when compared to other options for achieving like capability. We have slightly adjusted deployment departure and return dates in order to maintain the current Marine Expeditionary Unit (Special Operations Capable) [MEU (SOC)] presence in the Afghanistan area of operations, but we have not had to deploy units out of their normal sequence or without critical training time. There have not been significant PERSTEMPO increases for our marines. Of the almost 5,600 marines participating in Operation Enduring Freedom, fully 90 percent were already forward deployed or scheduled to deploy.

The Marine Corps can sustain this level of operations indefinitely. The real issue for us, as I will address shortly, is the amount of wear and tear we are putting on our aging equipment, and ultimately, the potential for reduced time between deployments that could impact training.

Our operational commanders are working on contingency plans to increase, if necessary, the number of forward deployed units, and to support larger contingencies. When needed, our Reserve establishment can, as we have already done, assist the Active Marine Corps component in supporting ongoing operations. We have seamlessly integrated both Marine Expeditionary Force Augmentation Command Elements, two infantry battalions, two heavy helicopter squadrons, two aerial refueler detachments, and critical skill individuals.

HOW YOU CAN HELP

Having said how well prepared we are, your natural question is where, if anywhere, do we need your help? In a phrase, "modernization and transformation," and in terms of platforms, amphibious shipping and aircraft.

The Marine Expeditionary Brigade (MEB) is the Nation's premier, medium weight, combat credible, sustainable, forcible entry capability. Today's amphibious MEB possesses capabilities that no other combat force in the world (either on-call today or envisioned for the future) has. The ability to prevail in an anti-access environment with a forcible entry, then conduct high tempo, full spectrum operations in support of U.S. national policy is unique to the MEB.

AMPHIBIOUS SHIPPING

Our amphibious lift requirement has been consistently validated at 3.0 MEB assault echelons that, in terms of today's ships, equates to approximately 45 amphibious ships. We understand the fiscal realities we operate within, and have thus adapted to a fiscally constrained amphibious lift capability of 2.5 MEB assault echelon equivalents. While we cannot achieve 2.5 MEB AE equivalents with current Active Duty shipping, use of reserve shipping in the Amphibious Lift Enhancement Plan (ALEP) gives the 2.5 MEB AE within 180 days of ALEP activation. Unfortu-

nately, as the events of September 11 have shown, we don't anticipate the luxury of having a 180-day response time.

Expeditionary Lift (MEB Assault Echelons)

- **Five lift fingerprints based on the 1991DoN Lift II Study**
- **Assumes the 12th LPD 17 class ship delivers in FY15**
- ***LST 1184 & LSD 39 will decommission in FY02/03***
- ***LHA Tarawa Class first decommission in FY11***
- ***Current ships have serious problems***

FY	2002	2003	2004	2005	2006	2007	2015
Troops	2.73	2.68	2.68	2.71	2.67	2.66	2.63
Vehicle SqFt	2.10	*2.01*	2.01	2.08	2.14	2.17	2.48
Cargo CuFt	3.71	3.70	3.70	3.76	3.75	3.78	3.75
VTOL	3.25	3.25	3.25	3.3	3.32	3.35	3.43
LCAC	3.50	3.42	3.42	3.46	3.42	3.54	3.83

Expeditionary Lift Requirement: 3.0 MEB AE

We will be able to achieve our 2.5 MEB lift requirement with an all-active force upon delivery of the 12th LPD–17 amphibious ship. Ultimately, we see the amphibious fleet consisting of 12 LHDs/LHAs or their replacements, 12 LSDs, and 12 LPD–17s in the 2015 time frame. While currently short of the 3.0 MEB AE goal, this is a force that will provide us, at some risk, the necessary capability to project power in an anti-access environment in the near- and mid-term.

Delivery of the 12 LPD–17 *San Antonio*-class ships is currently scheduled to be completed in 2015. We are concerned about potential further slippage in the LPD–17 program. Such slippage could cause us to fall well below the 2.5 MEB lift level and leave us without the lift required to meet the Nation's needs. We are also concerned with replacing the LHA–1 *Tarawa*-class ships. They will begin to reach the end of their 35-year service life in 2011, and considering the time to design and build a replacement ship, we need to begin the process now. The overall age of the amphibious fleet is also a concern. The average fleet age of an amphibious ship is 25 percent older than the average of all other Navy ships.

AMPHIBIOUS SHIPPING AVERAGE AGE/SERVICE LIFE

Type	Number in class	Service life (Including SLEP)	Oldest/Youngest	Latest scheduled decommissioning
LPD	11	40	37/32.6	2012
LSD 36	3	35	33/29.9	2005
LSD 41/49	12	40	17.1/3.9	2038
LHA	5	35	25.7/21.9	2015
LHD	7	40	12.8/0.6	2041

MARITIME PREPOSITIONING FORCE (MPF)

Another equal but unique partner in seabasing that will help us project power and influence, and counter an adversary's anti-access strategy and the persistent shortage of strategic sea and airlift is the Marine Corps Maritime Prepositioning Force (MPF). Today, this force, loads leased commercial shipping with a MEB's

worth of ground equipment and 30 days of supplies and prepositions the shipping in strategically located ports around the world. The forces flow into theater through a mix of strategic airlift and sealift. The forces "marry up" with the prepositioned equipment and provide the CINC with a sustainable, combat capable force. By minimizing the requirement to use strategic airlift to flow marine units to theater, utilizing MPS saves thousands of sorties of strategic lift. The CINC is thus able to employ those sorties elsewhere to speed the deployment of other vital members of the joint force.

Unfortunately, the leases on our ships expire in fiscal years 2009, 2010, and 2011. We need National Defense Sealift Resources to replace this most flexible and cost effective asset. We have developed the concept of MPF Future and with your help we will replace the existing program. Meeting MPF Future requirements will allow at-sea arrival and assembly of forces, selective offload of equipment and supplies, and relieve us of the need for ports and airfields, revolutionizing joint force deployment and employment. We request your support in continuing the MPF Future program and truly transforming the seabase and the capabilities for joint force power projection.

V–22 OSPREY—OUR TOP AVIATION PRIORITY

The V–22 remains the Marine Corps' number one aviation priority. With it, marine forces operating from the seabase will be able to take the best of long-range maneuver and strategic surprise, and marry it with the best of the sustainable forcible entry capability.

We are certainly aware of the challenges associated with the V–22, but are pleased that the Under Secretary of Defense for Acquisition, Technology, and Logistics has announced that a new comprehensive flight test program for the Osprey will commence this spring. This flight test effort will be "event driven," as opposed to being "time driven." Both the Secretary of the Navy and the Under Secretary of Defense for Acquisition, Technology, and Logistics will periodically review flight test results to assess the progress of this program. Of this we are certain: the V–22 will revolutionize expeditionary aviation and represents a mature technology ready for today's environment.

STOVL JSF—A NEW WAY OF DOING BUSINESS

In late October 2001, the contract was awarded for the Joint Strike Fighter, signaling a new era in fielding naval aviation. The advantages of a stealthy strikefighter capable of taking off from an expeditionary base on land or sea, flying in supersonic cruise, accomplishing its mission with advanced sensors and weapons, and returning to its expeditionary site are truly revolutionary. This aircraft will transform the very foundations of tactical airpower. The Short Takeoff and Vertical Landing Joint Strike Fighter (STOVL) variant provides operational access to over three to five times the number of airfields currently available worldwide capable of supporting our legacy aircraft. The STOVL JSF can operate from both conventional carriers and amphibious assault ship decks. This effectively doubles the number of shipborne platforms available for operations. As these highly capable aircraft shift from seabased platforms to expeditionary airfields, they can effectively decrease response time for missions by 75 percent and increase time on station by 50 percent.

MODERNIZATION AND TRANSFORMATION

The Marine Corps has always prided itself on taking care of the equipment and property with which we are entrusted. We think we've been good stewards of both. We are now at the point with some of our equipment and some of our property where it must be replaced.

Most of the equipment and weapons systems in our command elements, ground combat forces, and combat service support units have reached or exceeded their programmed service lives. The procurement holiday of the past decade was based on the assumption of a strategic pause coincident with the end of the Cold War in which we could skip a generation of procurement and recapitalize with modern, transformational equipment. The global war on terrorism has marked the end of any strategic pause and has caused us to operate our equipment at an even higher rate than anticipated, as the overall tempo of operations increases.

The cost of maintaining old equipment is often much higher than maintaining a similar piece of more modern equipment. Spares are harder to find and manufacturers are less willing to produce components based on old technology. The result is much higher costs both in dollars and man-hours.

The majority of our key aviation equipment is older than the marines who use it. Our KC–130s are 19 years past their scheduled retirement. President Kennedy

was in office when our first KC–130F rolled off of the assembly line. Our CH–46Es and CH–53Ds are over 30 years old.

This is expensive equipment to maintain. For example, on our CH–46 aircraft, replacement airframe parts do not exist. Every airworthy airframe is still in service; there are no retired airframes to use for parts. Airframe parts have to be hand-made by a master artisan. Once crafted, because the Naval Aviation Depot has never previously fabricated the part, it must go through a test procedure. We have the same problem with our UH–1N and AH–1 aircraft. One small panel from the UH–1 tail costs as much as $5,000 to fabricate and stubwings for AH–1s cost $4,700 apiece for temporary repairs.

The man-hour requirements are even more striking. While our maintenance numbers have held fairly constant, it has been on the backs of our young marines. The marines who keep our CH–46s flying have had to spend as many as 37 maintenance man-hours per flight hour to keep them mission ready. Hours spent maintaining aging aircraft are hours that are not spent in training or valuable off-duty time. The quality of life implications are significant.

The fiscal year 2003 budget allows the Marine Corps to begin to make more robust levels of investment in ground and aviation modernization and transformational programs that we have outlined as vital to future readiness. However, until this new equipment is fielded, we will continue to ensure the readiness of our legacy systems. We will continue to take maximum advantage of Service Life Extension Programs (SLEPs) that enable us to improve the reliability and availability of our legacy systems, as we will be forced to continue to invest increasing levels of resources—manpower and dollars—in the maintenance of our aging equipment. We ask for your support of the increases in our fiscal year 2003 budget request for spares, corrosion control and depot maintenance.

FISCAL YEAR 2003 BUDGET

The fiscal year 2003 budget request will, with your help, allow us to increase levels of investment in modernization of command and control, aviation, and ground equipment such as:

COMMAND AND CONTROL

Exploiting the capabilities offered by long-range aircraft, long range fires, operating from a seabase and with full connectivity to our Joint and coalition partners poses enormous command and control challenges.

- The Unit Operations Center (UOC) is comprised of Combat Centers and Combat Operation Centers and will provide a centralized facility to host command and control functionality for the Command Element, the Ground Combat Element, the Air Combat Element, and the Combat Service Support Element. The COC is scalable and supports command echelons for battalion and above.
- The Common Aviation Command and Control System (CAC2S) will provide a capability that allows operators to integrate marine aviation into joint and combined air/ground operations in support of Expeditionary Maneuver Warfare, Ship-to-Objective Maneuver, and other operations. It will specifically provide a common suite of tactical facilities, equipment, and interfaces for a system that will replace the legacy command and control equipment currently associated with the Tactical Air Command Center, the Tactical Air Operations Center, Air Traffic Control, Direct Air Support Center, Direct Air Support Center (Airborne), and the Low Altitude Air Defense Battalion.

INCREASED TACTICAL MOBILITY

- V–22 Program

The MV–22 Osprey tilt-rotor is a revolutionary, advanced technology vertical/short takeoff and landing, multi-purpose tactical aircraft being procured to replace the current fleet of Vietnam era CH–46E and CH–53D aircraft. The MV–22's design incorporates the advanced, but mature, technologies of composite materials, fly-by-wire flight controls, digital cockpits, airfoil design, and manufacturing. The Osprey is capable of carrying 24 combat-equipped marines or a 10,000 pound external load. It has strategic self-deployability with a 2,100 mile range with a single aerial refueling. Procurement of the MV–22 remains the Marine Corps' number one aviation acquisition priority.

- Advanced Amphibious Assault Vehicle (AAAV)

The AAAV remains the Marine Corps' number one ground acquisition priority. The AAAV will allow marines to eliminate the battlefield mobility gap and, for the first time in the history of naval warfare, maneuver ashore in a single, seamless stroke giving both the ships and landing forces sufficient sea space for maneuver, surprise, and protection.

FIRES

With the increased range and speed of the AAAV and the V–22, the breadth and depth of the battlefield are increased immensely. We must have weapons systems with greater range, lethality, and tactical mobility. The LW 155 is one key piece of this new family of fire support systems and in conjunction with increased range of the High Mobility Artillery Rocket System (HIMARS), we will have full spectrum, all weather fires across the depth of the expanding battlefield. HIMARS, a very lightweight and mobile system, has the capability of delivering very high volumes of rocket artillery in support of the ground scheme of maneuver. The family of improved mortars, including a new 120mm mortar for the infantry battalion, greatly extends the reach and punch of the infantry. Naval Surface Fire Support (NSFS) systems such as the Extended Range Guided Munition (ERGM), the 5"/62 gun, the Advanced Gun System, and the Naval Fires Control System will provide essential fire support during the early phases of the expeditionary operation and long-range all-weather fire support during operations ashore. Naval Surface Fire Support can spell the difference between success and failure in the early phases of expeditionary operations. Filling the gap between organic and aviation delivered fires, NSFS is vital to all-weather, day and night, precision application of naval fires. With enhanced Naval Surface Fire Support and with the implementation of the Expeditionary Fire Support System now in initial research and development, we will have a truly expeditionary range of all weather, day, and night fires. The Ground Weapon Locating Radar is necessary to protect our forces from our adversaries' counter-battery fires. Again, using Afghanistan as an illustration, mobile operations in mountainous terrain place a premium on indirect fires. We, more than any of the other services, place great emphasis on the power of close air support. Because of our familiarity with close air support, we also understand what it can't do. Surface based, indirect fires, whether from the land or the sea, are irreplaceable when forces are joined in close combat, particularly in the early phases of a seabased operation. Nothing else is as responsive to the commander's needs, or as reliable. They are not weather or facility dependent. As such, they are a key component in continuing to extend the reach and lethality of our ground forces. These new ground-based systems, and the seabased fires under development by the Navy in combination with STOVL JSF and the upgraded Cobra and Huey helicopter provide the Marine Corps a complete family of integrated sea, air, and land based fires.

• HIMARS

High on our priority list is to marry precision maneuver with precision fires. We require ground-based fire support which is lethal, mobile, and with long range. HIMARS, the High Mobility Artillery Rocket System, fills this need. The HIMARS will provide ground-based, responsive, General Support, and General Support Reinforcing indirect fires that accurately engage targets at long range, with high volumes of lethal fire, under all weather conditions and throughout all phases of combat operations ashore. It will fire both precision and area munitions and has a maximum range of 60 kilometers.

• LW 155

The Lightweight 155mm towed howitzer is needed to replace the M–198 howitzer that is at the end of its service life. It is a joint USMC/U.S. Army system that will meet or exceed all the requirements of the current M–198 system while reducing the weight from 16,000 to 9,000 pounds. The maximum range using unassisted projectiles is 15 miles and 18 miles using assisted projectiles.

• Naval Surface Fire Support

Expeditionary Maneuver Warfare places unprecedented requirements for long-range, accurate, timely fires in support of the maneuver force. Systems such as the Extended Range Guided Munition (ERGM) will ensure the continuous availability of surface based fires firing during an expeditionary operation. ERGM is a guided projectile fired from cruiser and destroyer guns out to a maximum range of 63 miles. Development of land attack missile technologies will provide a supersonic surface-to-surface missile that will have a range far in excess of naval guns. Combined, they will provide a

highly responsive, accurate, all-weather means of attacking critical targets and providing support to deployed marines beyond the range of naval guns.

- Fixed Wing Aircraft

The STOVL JSF will be a single engine, stealthy, supersonic strike-fighter aircraft capable of short takeoffs and vertical landings. It will combine the basing flexibility of the AV–8 with the multi-role capabilities, speed, and maneuverability of the F/A–18 to fulfill both the air-to-ground and air-to-air requirements of the Marine Corps.

KC–130J will bring increased capability and mission flexibility to the planning table with its satellite communications system, survivability enhancements, night systems, enhanced rapid ground refueling, and improved aircraft systems. The KC–130J has 21 percent increased speed and 35 percent increased range over current versions of the KC–130. The KC–130J will replace our aging fleet of KC–130Fs, Rs, and Ts.

EQUIPPING THE INDIVIDUAL MARINE

We believe the deadliest weapon on the battlefield is a well-trained, well-led, and motivated U.S. marine equipped with the finest service rifle available. We are seeking to upgrade our service rifle to better ensure "every marine a rifleman" remains more than an institutional belief. Despite my testimony on expensive programs and futuristic systems, we remain committed to "equipping the marine" not manning the equipment, especially in a weapon system, as fundamental as the service rifle.

TRAINING

We can have the best, most modern equipment in the world, but without highly trained marines to operate and maintain it, we'll have a parking lot full of expensive gear. The key to the Marine Corps' success is no secret; it's our marines. They are fit, smart, well-trained, and motivated. They are devoted to their training, their country, and their Corps. For over 200 years, they have achieved victory over our foes.

Ensuring these marines' skills are honed to a razor's edge is an enduring mission of the Marine Corps. We train hard and efficiently, trying to achieve as much combat training as possible at home station in order to be efficient with our time and money. Time spent in transit to distant training areas is lost training time. A lost training minute is never regained. With our forward deployed posture, there is no time, nor are there training areas, to retrain and refresh marines prior to committing them to either contingency or combat. They leave their home stations ready, and we seek to ensure they maintain that readiness during their forward deployments through an aggressive exercise schedule. These exercises, conducted while forward deployed, hone coalition building skills and enhance interoperability with allies and coalition partners.

TRAINING—ENSURING SUCCESS ON THE BATTLEFIELD

There are few things regarding battle of which I'm certain, but I know that combat is chaotic and confusing. I'm also confident that the weapons systems and equipment you provide are the best and most lethal in the history of warfare. It is essential that we conduct rigorous, realistic training to ensure the safety of our marines and ensure we impose our will on our enemies. This rigorous training demands we place our marines, as closely as possible, under the same stresses, chaos, and confusion we envision they will face in combat.

Rigorous, realistic training can be accomplished in a variety of ways, but the best method we've found simulates the way we fight and combines live-fire and maneuver. We accomplish this most effectively for our service combat training at the MAGTF Training Center at Twentynine Palms, California. We must retain the areas where we train, particularly those where we train in combined arms in conjunction with our Navy teammates. If we can't retain the areas we currently use, we must replace them with like or better facilities.

Realistic, challenging joint exercises are equally important to ensure marine forces are fully capable of integrated joint operations. As a combined arms force of both ground and air forces, and with our close relationship to the U.S. Navy, the Marine Corps fully appreciates the synergy inherent in the joint fight and is an active participant in these challenging exercise programs. Providing well-trained, service unique capabilities is the greatest contribution to joint warfighting capabilities and is our Nation's truly asymmetric advantage.

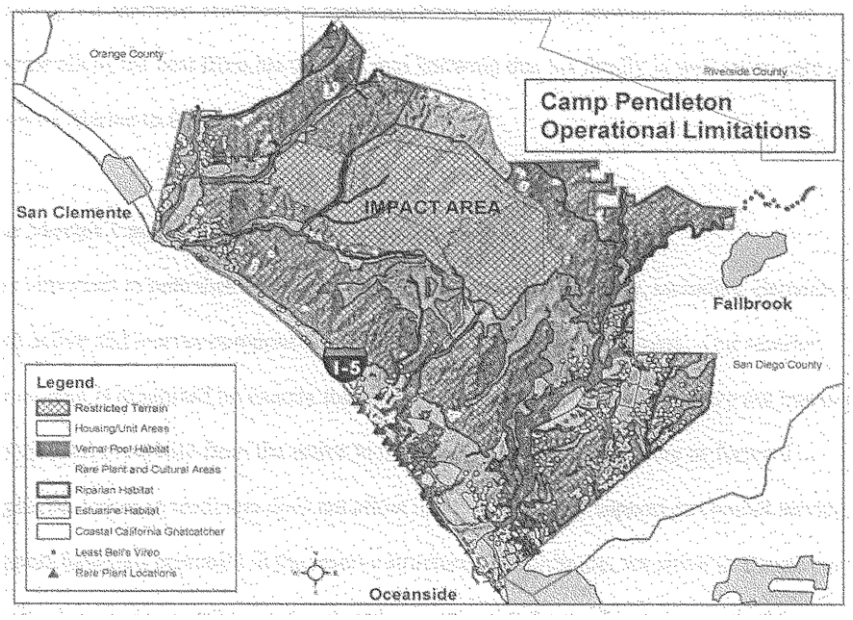
One of the most important things we can provide our forward deployed Navy-Marine Corps teams is confidence in their ability to employ all weapons systems at

their disposal. Confidence that the forward air controller is going to coordinate an effective and safe mission, that the ground forces will suppress enemy air defenses and direct the trajectories of their projectiles in directions which don't hazard the aircraft and that the strike aircraft, will hit the target. We can learn the elements of this training in parts, and in multiple sites, but that works on the skills and techniques in piecemeal fashion, and does not necessarily engender the critical level of integration essential for combat readiness. It is absolutely critical that the Navy and Marine Corps maintain areas where they can combine naval gunfire, artillery, air, and ground maneuver forces simultaneously.

ENCROACHMENT—THE DOMINANT READINESS PROBLEM IN THE 21ST CENTURY

We note with appreciation the subcommittee's interest in the degrading effects of encroachment on combat readiness. Marine Corps Base Camp Pendleton is cataloging the combined effects of multiple and overlapping regulations and restrictions and how they impact our use of our training areas. The United States Marine Corps is proud of our record as good stewards of the environment.

We are prepared to work through the Secretary of the Navy to exploit all available measures to ensure our continued access to our training areas. We do have concern about two areas. The first is the ever-increasing number of regulations based upon the Endangered Species Act, the Safe Drinking Water Act, and the Clean Air Act. Subsequent designation of Marine Corps training areas as "critical habitat" poses a great potential for loss of accessible training areas and could potentially reduce readiness and increase the cost, in lost time and money, for training. The second area of concern is urbanization, further limiting the four dimensions essential for training: ground areas, air and sea space, and access to the electro-magnetic spectrum. Encroachment issues are emerging as one of the dominant readiness problems in the 21st century.



TAKING CARE OF OUR MARINES AND THEIR FAMILIES

The greatest single contributor to Marine Corps readiness is the motivation and desire of our young marines to be the very best in the world. We have 212,000 marines today, 172,600 in the Active Forces and 39,400 in the Reserve. With your help, we have made significant progress in taking care of these young men and women and their families. Increases in military pay and benefits, especially basic allowance for housing increases, improvements in health care, and improvements in on-base

housing are key enhancements you have made reality. While we recruit marines, we retain families. The young men and women we don't retain return to society as solid American citizens. They will uphold their responsibilities, and their families are as much their responsibilities as their military duties. Medical care for sick children, good schools, a chance to save for a child's college education are as vital to ensuring our marines' readiness as ensuring there is adequate ammunition. A focused marine elicits the best from his training, and knowing that his family is well taken care of allows a marine to focus.

THE MARINE CORPS—A TOTAL FORCE

It is important to note that the Marine Corps operates as a total force, including elements of both Active and Reserve components and depends on total force readiness. Our Reserve component is organized on exactly the same lines as our Active Force; we have not transferred a horizontal capability from the Active to the Reserve Forces. Our posture as forward deployed, forces in readiness does not allow us to have combat support or combat service support functions primarily in the Reserve structure. Accordingly, we strive to ensure our Reserve Forces are as well-trained and ready as our Active force. We integrate the Marine Corps Reserve Forces into ongoing exercises and training. Two Combined Arms Exercises per year are conducted entirely by Reserve Forces today. In support of the global war on terrorism, we have activated both Marine Expeditionary Force Augmentation Command Elements, two infantry battalions, two heavy helicopter squadrons, two aerial refueler transport detachments, as well as other staff augmentation individuals and units. I would personally like to express my gratitude and appreciation for the business owners, companies and government offices at all levels who have made it possible for our Reserve marines to train and to mobilize in support of our efforts against terrorism.

SAFETY

I personally believe deeply in the concept of the Marine Corps family. Just as any parent is concerned with his family's safety, our Commandant and every marine leader are focused on safety. As our 13th Commandant General John Lejeune stated, "In the Marine Corps, the role of senior to subordinate is not one of master to servant, but rather one of teacher to student, father to son." I believe that deeply. It therefore pains me every time one of our marines is hurt or killed. It is especially painful when that injury or death was the result of a preventable accident.

One of our greatest challenges in this area of safety is the basic composition of the Marine Corps. Two of three marines are under the age of 25, roughly 6 to 8 years younger than the average age of the members of the other services. We are a young force, and this is part of the culture of the Corps. Our unique force structure has fully 68 percent of our marines on the first enlistment at any one time. While 2001 was a banner year for safety for the Marine Corps, I cannot say we have done as well recently. I am personally focused on this issue, as are all marine leaders. We have not found a common thread or pattern in our ongoing analyses. Please rest assured that the Marine Corps as an institution, and I personally, will not rest until we reduce the level of preventable accidents to zero.

CONCLUSION

Marines were the first conventional ground combat forces in Afghanistan. We accomplished that feat with superbly trained marines and impeccably maintained equipment. While well maintained, that gear is old and aging fast due to the higher usage rates caused by the ongoing war. We were able to defeat our enemies in Afghanistan because we were ready when called. This remains our focus, and our number one mission. We need your help in keeping up our old gear, modernizing where we can, and taking care of our marines and their families.

What you saw in Afghanistan is just the beginning of what America and the world will see from a fully modernized and transformed Marine Corps. Marines moved 600 miles inland with 30-year-old helicopters and 35-year-old cargo aircraft C–130s. Our marines are ready, our doctrine works, and with the new hardware ready to come on line, you're going to get a Marine Corps that's leaner, more lethal, and even more ready, just like you've expected for 226 years. Only then, it will come with a 1,000 mile reach. We know that we're really just beginning the hard work of the global war on terrorism; the tough targets are in our windshield, not our rearview mirror. We need your help to be ready for the tough fights ahead. We think we've proved worthy of your continued support and ask that you continue to support your Marine Corps as you always have. Thank you for giving me the opportunity to address readiness—an issue critical to marines and our Nation.

Senator AKAKA. Thank you very much, General.

General Wald.

STATEMENT OF LT. GEN. CHARLES F. WALD, USAF, DEPUTY CHIEF OF STAFF FOR AIR AND SPACE OPERATIONS, HEADQUARTERS

General WALD. Mr. Chairman, Senator Inhofe, Senator Nelson: Thank you. In the interest of time, I will defer my prepared comments, but I would like to make just a couple personal observations. First of all, I would like to thank you and the members of the subcommittee for the continued support we have in our readiness in the United States Air Force. As the commander in Afghanistan for the air war for the first 2 months, I was a recipient of tremendous readiness of our forces and can tell you that we were ready on September 25 to start the operation in Afghanistan, which I think is probably unprecedented in the history of our military.

I attribute that to the great support you have given us and to the great joint effort that our services have made in both this effort and our training in the past.

I would like to tell you on behalf of the men and women of the United States Air Force that we thank you very much for your continued support and, now that I am a force provider, I look forward to working with the subcommittee in the future to sustain our readiness as it is today.

Thank you.

[The prepared statement of General Wald follows:]

PREPARED STATEMENT BY LT. GEN. CHARLES F. WALD, USAF

Mr. Chairman, members of the subcommittee, thank you for this opportunity to provide you with the status of Air Force readiness. As the Air Force's Deputy Chief of Staff, Air and Space Operations, I want to thank you for your continued focus on the readiness challenges facing the men and women in our great Air Force today. We have the most respected air and space force in the world, and we are transforming our service into the new century while maintaining global readiness and warfighting capabilities to support America's National Security Strategy.

OVERALL

From the Korean Peninsula to Kabul, across every continent and over all bodies of water, Air Force civilian, Active Duty, Guard, and Reserve Forces continue to execute their global missions. We had a busy year. The Air Force flew over 1,000 sorties over the former Yugoslavia, enforcing no-fly zones. In Southwest Asia, a continuous steady-force presence of more than 8,000 airmen supported Operations Northern Watch and Southern Watch, flying 70 percent of all coalition sorties. The Air Force continued support in the ongoing war on drugs over the Caribbean and South America, contributing to the seizure of over 75,000 kilos of narcotics. Natural disasters in India, Central America, South America, and the United States saw Air Force personnel and equipment transporting relief supplies, providing medical support and assisting in engineering projects.

The Total Air Force Team was one of the very first to respond to the attacks of September 11, and that response continues unabated. Both Operations Noble Eagle and Enduring Freedom have seen airmen along with our sister services successfully providing humanitarian, combat, and support operations.

Operational demands on the Air Force before September 11 were significant. Although we reached significant milestones in terms of reducing the effects of high tempo operations, the advent of war impacted many of those gains.

Our situation is more complicated since our aircraft fleet is older and more expensive to maintain. Recapitalization of our airframes and weapons systems is a partial solution. The Air Force is hoping to upgrade our infrastructure and physical plant, which includes sustainment, restoration, modernization, transportation, support equipment, and communications systems. With the help of Congress, we have made

considerable progress in addressing pay, benefits, and quality of life issues—improved investments for our people.

We are hopeful that our readiness rates bottomed out in February 2001 at 65 percent. Fortunately, we've improved to 71 percent this year. While this is a marked increase, there's more to do. Whether it's well-stocked bins, improved depot maintenance, or available state-of-the-art equipment, improvements are needed. The Air Force is pursuing improvements across all core competencies, for our equipment, organizations, and personnel. A readied force is the key to meeting the threats and challenges of the future.

AIR AND SPACE SUPERIORITY

The Air Force is investing in a range of systems encompassed in the entire Find-Fix-Track-Target-Engage-Assess (F2T2EA) kill chain. Our legacy air-to-air platforms continue to be key to this process. We continue to pursue modernization of F–15 and F–16 radars, engines, and enhanced combat capability to ensure near-term fleet maintenance and air superiority in the air-to-air combat environment. We have made advances with the Joint Helmet Mounted Sight and the AIM–9X and AIM–120 next-generation air-to-air missiles. Our greatest advantage with current systems is our robust training and exercise program and access to 41 combat ranges, essential to our airmen for effective training, equipment development, and experience building.

Several electronic warfare programs support self-defense against enemy air defense systems. For example, the Comet Pod infrared (IR) countermeasures system will provide pre-emptive protection for the A–10 against IR surface-to-air missiles (SAMs), enhancing survivability in the A–10's low-altitude close air support role. The Air Force is also addressing multiple Combat Mission Needs Statements and accelerating ramp-up for production of an IR flare, responding to today's air war threat in Afghanistan, and providing protection to special operations aircraft in combat zones. The Air Force is putting much emphasis on countermeasures to protect fighters and bombers from advanced SAM threats while increasing the viability and lethality of current platforms to conduct operations in the modern radio frequency (RF) threat arena. We have numerous, much-needed enhancements on the horizon for the critical Combat Search and Rescue (CSAR) mission.

The Air Force is the designated Executive Agent for Space and has begun integrating systems acquisition with operations. To aid in this, the Air Force realigned the Space and Missile Systems Center from Air Force Materiel Command to Air Force Space Command. The Air Force accomplished the first National Security Space Program Assessment and will use it to draft our first National Security Space Plan later this year.

The Spacelift Range System modernization program is replacing aging and non-supportable equipment, improving reliability and efficiency, and reducing the cost of operations at the eastern and western launch ranges. Coupled with the Evolved Expendable Launch Vehicle (EELV) program, the Air Force will meet the future launch demands of national security, civil, and commercial payloads.

INFORMATION SUPERIORITY

Success in achieving information superiority requires an effects-based approach, superior battlespace awareness, well-integrated planning and execution, and properly trained and equipped information operations (IO) organization. These ensure our information systems are free from attack while retaining the freedom to attack an adversary's systems. In coordination with joint forces, the Air Force engages in the daily conduct of IO functions across the spectrum of military operations, providing security to our Air Force commanders, joint forces CINCs, and multinational forces.

Our operational and tactical command and control (C2) airborne platforms and ground assets are in great demand and are in various upgrade stages. Our Air and space Operations Centers (AOC), with their decentralized component Control Reporting Centers (CRC) and Theater Battle Management Core Systems (TBMCS), create a comprehensive awareness of the battlespace so that the Joint Forces Air and Space Component Commander (JFACC) can task and execute the most complex air and space operations across the entire spectrum of conflict. During Operations Noble Eagle (ONE) and Enduring Freedom (OEF), TBMCS was rapidly deployed to support both CENTCOM and NORAD operations centers. TBMCS will evolve into an open-ended architecture capable of interfacing with a variety of joint and coalition databases, displays, and links.

Throughout 2001, the Air Force aggressively addressed the need to standardize C2 of air and space forces. Our focus is to refine the AOC into a standardized weap-

on system with properly trained operators, improving its ability to meet worldwide requirements. Supporting ONE and OEF validated our strategic vision for C2 systems. We will continue to develop the AOC, keeping it on course to revolutionize the operational level of warfare.

The Airborne Warning and Control System (AWACS) remains our premier air battle management and wide-area surveillance platform. Several upgrade programs are necessary to address aging aircraft issues, obsolete technologies, and the proliferation of advanced adversary systems. This year, one third of the AWACS fleet completed an improved radar system upgrade, which will reach full operational capability in fiscal year 2005. The next upgrade will replace 1970-vintage processors and a satellite communications access program will improve connectivity with regional and national C2 centers.

Our limited numbers of airborne intelligence, surveillance, and reconnaissance (ISR) systems are in high demand. The RC–135 Rivet Joint, U–2, Distributed Common Ground System (DCGS), and Predator and Global Hawk unmanned aerial vehicles (UAVs) have proven indispensable during OEF and the expanding war on terrorism by providing real-time target data, threat warning, and battle damage assessment. The Joint Surveillance Target Attack Radar System (JSTARS) will see significant upgrades to its computer systems by 2005, while recapitalization and modernization efforts promise to keep the RC–135 Rivet Joint and U–2 viable well into the 21st century.

We are committed to the production and fielding of Global Hawk as the next-generation high altitude airborne ISR platform. In the spring of 2001, Global Hawk successfully completed a deployment to Australia, supporting maritime reconnaissance and achieving the first trans-Pacific crossing. Global Hawk was also deployed in support of OEF and with advanced sensor development underway, will be able to better support the time-critical targeting mission. Demands for the older Predator UAV remain high. In fiscal year 2002, the Air Force will double Predator aircraft production, accelerating to two aircraft per month, adding 40 additional aircraft to the current inventory. The Air Force will also stand up a third Predator squadron and begin weaponizing the fleet.

The Multi-Platform Radar Technology Insertion Program (MP–RTIP) will allow larger and enhanced air-to-ground surveillance capabilities on a variety of platforms, to include Global Hawk, and potentially a NATO-manned platform variant.

Achieving information superiority depends considerably on the availability of a robust worldwide communications capability. Tremendous efforts are underway to modernize Military Satellite Communications (MILSATCOM) systems to keep up with demands. The scope and speed of joint operations, including OEF, simply would not be possible without MILSATCOM systems such as the Defense Satellite Communications System (DSCS) and the Military Strategic and Tactical Relay System (MILSTAR). The Air Force awarded a System Development and Demonstration contract in November 2001 to design the Advanced Extremely High Frequency (AEHF) satellite system, an eventual replacement for the MILSTAR constellation beginning in 2006.

The Air Force is combining efforts with the other services to form the joint Global Information Grid (GIG), allowing warfighters, policymakers, and support personnel access to information on demand. During OEF operations, deployable communications packages were successfully connected to the GIG to support combat operations.

GLOBAL ATTACK

The Air Force creates desired effects within hours of tasking, anywhere on the globe, including locations deep within an adversary's territory. Our B–1, B–2, and B–52 bombers provide the global rapid response, precision and standoff strike capability, 24/7 battlespace persistence, and a time-critical targeting capability. These platforms now carry the highly accurate 2000–pound Joint Direct Attack Munition (JDAM) and are being fitted to carry new standoff precision guided weapons. Future integration will see inclusion of smaller precision weapons. Until the F–22, Joint Strike Fighter (JSF), and Unmanned Combat Aerial Vehicle (UCAV) become an operational part of the inventory, the Air Force continues to rely on its legacy fighters (F–15, F–16, F–117, and A–10) to provide the air-to-air and air-to-ground capability.

Consistent with recent DOD Nuclear Posture Review (NPR) direction, the Air Force is providing for long-term sustainment of Intercontinental Ballistic Missile (ICBM) capabilities. Minuteman III (MMIII) ICBMs will be deployed through 2020 and supported by on-going life-extension programs, while Peacekeeper (PK) ICBMs will be retired beginning this year. As the PK system is deactivated, the Air Force

intends to transfer some warheads currently on PK to the MMIII, thereby avoiding a costly life-extension program on certain MMIII warheads.

PRECISION ENGAGEMENT

The Air Force made significant progress in developing and fielding a new generation of weapons that can attack and destroy pinpoint, hardened, and relocatable targets at night and in most weather conditions while greatly reducing the risk to operators. By rapidly adapting new technology employed under actual combat conditions in Operations Allied Force and Enduring Freedom, we now have an array of precision weapons that can be employed from nearly all our combat aircraft. These programs include the Joint Standoff Weapon (JSOW), Joint Direct Attack Munition (JDAM), and Wind Corrected Munitions Dispenser (WCMD).

From the Balkans to Kabul, combatant commanders required precision capability, not large-scale conventional operations. However, this demand reduced our large Cold War reserve munitions stockpiles. OEF requirements have depleted preferred precision munitions stockpiles. The President's budget for fiscal year 2002 together with supplemental requests provided over $1 billion to increase the industrial capacity to produce precision weapons and to procure additional weapons. The fiscal year 2003 program/budget review also added funding to ensure that this increased production would be sustained. It is unlikely that we will be forced to source assets from other theaters, which would increase the risk to potential operations elsewhere. The Air Force is working to increase precision-guided munitions (PGM) capabilities over the next several years.

Precision strike, however, is more than simply very accurate munitions. It is also the ability to generate precise effects other than destruction. The Air Force is investing in various non-lethal weapons, offensive information warfare capabilities, and directed energy weapons to enable our military to affect targets without having to destroy them.

RAPID GLOBAL MOBILITY

Airlift and tanker aircraft give the United States the ability to swiftly reach out and influence events around the world. OEF and ONE have again shown the utility of rapid global mobility. We witnessed the potential need to provide critical tactical lift capability for immediate response at home. Air Mobility Command is undergoing comprehensive review of the air mobility force structure as part of an on-going effort to assess airlift requirements.

The procurement of additional C–17s will ensure the Air Force's ability to support its 54.5 million-ton miles per day airlift requirement. The Air Force needs at least 180 C–17s and will award a follow-on multiyear procurement contract to reach that number. Beddown plans will be conducted by Active, Reserve, and Guard forces.

The average age of our KC–135 tankers is now over 41 years and operations and support costs are escalating due to a variety of factors. Pacer CRAG (compass, radar, and global positioning system) is a major overhaul project underway for all Air Force KC–135s, meeting the congressionally mandated requirement to install GPS in all Defense Department aircraft. The ongoing war on terrorism is further stretching the tanker fleet, motivating consideration of accelerating replacement options. The Air Force is focused on acquiring the world's newest and most capable tanker while increasing availability, fuel load, and reliability all with far lower cost.

Modernization of the C–5 and C–130 fleets is a top priority. Avionics modernization, re-engining programs, and multiyear testing will bring the fleet up to an improved standard while determining the need for additional C–17s or alternatives. New C–130Js will replace EC–130Es, the most worn-out C–130E combat delivery aircraft, Commando Solo platforms, and several WC–130H aircraft throughout the Active Duty, Guard, and Reserve units.

Additional upgrades and improvements to counter-measure defenses, CV–22, and VIP Special Air Mission/Operational Support Airlift are also planned.

AGILE COMBAT SUPPORT

Much of the deployment strain in support of Operation Enduring Freedom has fallen on our expeditionary combat support forces. Some high-demand support areas have exceeded their on-call capabilities in current AEF rotation cycles as a result of our surge mode activities, which are likely to continue for some time. Some Expeditionary Combat Support career fields, particularly Security Forces, Combat Communications, and Fire Fighters, are highly stressed. Consequently, we are continuing to make gains in right-sizing deployment teams so that they are postured efficiently and effectively for expeditionary needs.

The fielding of the Integrated Deployment System at all wings has improved the readiness of the wing deployment process. The CSAF's Logistics Review (CLR) and ongoing logistics transformation are reengineering our logistics processes to achieve an agile, effective, and well-integrated logistics chain responsive to AEF requirements. Other initiatives within the nuclear-biological-chemical and medical units are producing meaningful results.

PEOPLE

People are the most critical component of readiness and our most vital resource. As they perform Air Force missions around the world, the demands we place on them require highly motivated, highly skilled, professional airmen. Continued positive momentum in areas of compensation, benefits, recruiting and retention ensure the investment in our people.

The Air Force has enhanced responsive force packaging and provided a more stable and predictable deployment and home station scheduling environment through implementation of the Expeditionary Air and Space Force (EAF). Air National Guard and Air Force Reserve participation has steadily increased since Desert Storm, which has created challenges for Guardsmen and Reservists balancing civilian careers with increased military requirements. Trends show demand for air power will only increase; EAF holds promise by giving airmen predictability and stability.

The increased operations tempo resulting from OEF and ONE are also reducing necessary training opportunities for the force and are raising long-term readiness challenges. Many of our low density/high demand assets have limited flying training capacity. For example, operational demands have diminished RC–135 Rivet Joint, CSAR, and E–3 AWACS airframe, simulator, and instructor availability. The increased number of fighters and mobility assets now on alert and unavailable for continuation/readiness training could have a serious impact on long-term readiness.

Retention will continue to be a priority and a challenge. Stop loss and the increased tempo of ONE and OEF may have a negative effect on retention—offsets are already being explored. Aggressive campaigns are being worked to "re-recruit" the force, addressing especially Battle Managers and other critical skills. While cockpits are now fully manned, rated pilot staff manning has fallen to 51 percent. The USAF pilot shortage is expected to continue for at least the next eight years until the effects of the 10-year Active Duty service commitment for undergraduate flying training are fully realized. "Re-recruiting" efforts should also help alleviate the shortage sooner.

The Air Force Reserve exceeded command retention goals for their enlisted airmen during fiscal year 2001. Seventy-eight percent of the enlisted skills are now receiving re-enlistment bonuses. The authorization to pay officer and enlisted critical skills retention bonuses should help retain individuals in high demand by the civilian sector. The Air National Guard's number one priority is to increase the traditional pilot force, which has held steady at 90 percent. Through various incentive pay programs, the Guard and Reserve continue to pursue substantial enhancements to increase retention in the aviation community as well as attracting and retaining individuals to aviation.

Today, less than 10 percent of Air Force civilians are in their first 5 years of service. In the next 5 years, more than 40 percent will be eligible for optional or early retirement. In addition, downsizing over the past decade skewed the mix of civilian workforce skills, compounding the loss of corporate memory and lack of breadth and depth of experience. It's critical to maintain the right mix of civilian skills to meet tomorrow's challenges. Several initiatives are underway to do just that.

SUMMARY

Air Force capabilities provide America with a unique set of strengths—asymmetric advantages. However, today's technological advantage is no guarantee of future success. Maintaining the current leadership position requires addressing aging infrastructure, modernizing outdated weapon systems and harnessing technology to achieve our vision.

In closing, today more than 725,000 highly skilled, professional, Air Force men and women are proudly supporting freedom's cause. We appreciate all this committee has done in helping to address these critical issues and look forward to working with you in the future.

Senator AKAKA. Thank you very much for your statement.

General Wald, your fiscal year 2003 unfunded priority list includes $163 million for critical maintenance repairs for the B–1B,

the B–2, and the F–15. Your justification states that if funding is not provided some aircraft will be grounded and suggests that there may be serious safety concerns as well. What higher priority does the Air Force have than ensuring the safety of its pilots and maintaining the ability of its aircraft to fly? Why was this funding not included in the budget? If additional funding is not provided, what will the Air Force do about these problems?

General WALD. As you stated, there is no higher priority than the safety of our people in combat. But in the incidents that you stated, the B–1, the B–2, and the F–15, all three of those problem areas have arisen since September 11. The B–1 has been flying in heavy combat since October 7. There has been a structural problem material-wise with the pivot bolt in the wing that has been identified since last year's budget.

On the B–2 in October, an area of cracking has once again been identified behind the engine exhaust as something that needs to be replaced. We are working on a fix for that as we speak.

On the F–15 flight control problem, the stabilator delamination once again has exacerbated itself in recent months and, due to the OPTEMPO of that aircraft for homeland defense, it is critical for us to maintain the mission-capable rate on that particular aircraft as well.

So we will put money into those three systems based on our operational tempo and the need for those three systems in the near-term. But ironically, most of those problems have been identified just recently.

Senator AKAKA. Thank you.

General McKiernan, you mentioned the Army's new Strategic Readiness System (SRS), which is intended the improve the Army's ability to proactively address readiness concerns. Can you provide additional details about the system and how specifically it will achieve those ends?

General MCKIERNAN. Yes, sir. We are very excited about Strategic Readiness System, because it addresses a challenge that the Army has had in assessing readiness of our units. We have historically looked backwards at previous time frames to assess readiness and only for that specific unit. With SRS, which will be a network system, commanders at all levels will be able to go into existing databases to look at readiness metrics, not only in that unit, but in effect take it from the foxhole back to industrial base or recruiting base.

It allows commanders to look much more holistically at current readiness and predictive readiness of those units.

Senator AKAKA. General McKiernan, your testimony discusses the shift in the most recent Quadrennial Defense Review away from the requirement to fight and win two nearly simultaneous major theater wars to the new requirement to conduct small scale contingency and high intensity operations simultaneously. I would like each of you to describe what impact this shift has had, if any, on your service's requirements, and in particular, on what you tell your forces to be ready for and how you assess readiness against the new strategy.

General McKiernan.

General MCKIERNAN. Yes, sir. In the strategic guidance provided to us by OSD, it does go away from the old paradigm of two near-simultaneous major theaters of war to a much more flexible strategy that talks in terms of swiftly defeating an enemy, as well as several smaller-scale contingencies.

First of all, what that means to the Army as we look at the adequacy of our structure is that, we, like everybody, have to go to a capabilities-based approach, so that forces are globally capable of responding to the strategy; and second, as we look at the adequacy of our structure, in some cases we find we have to either move some capabilities in terms of structure elsewhere. It certainly does not decrease our need for forces.

Senator AKAKA. Admiral Krol.

Admiral KROL. Yes, sir. In general, the major forces that we have are capable of supporting the new strategy. The biggest difference that the Navy has is that we are a rotational force, and as long as we maintain our 12 carrier battle groups with the associated support ships and the 12 amphibious ready groups, our rotational force can support the new strategy.

Senator AKAKA. General Bedard.

General BEDARD. Sir, from a standpoint of the Marine Corps, we believe that our forces have to be capable of fighting across the spectrum of conflict. So from a standpoint of change to the new strategy and how that affects our forces, we do not believe it does.

The other comment that I would like to make goes back to the earlier testimony on readiness: the forces that the Marine Corps employed in Afghanistan left the United States before September 11, and were certified and trained to carry out 23 different missions. They were trained and certified to do these missions in any place that we might commit them to around the world.

We feel our expeditionary forces have to be capable of worldwide deployment and that is the way we train.

Senator AKAKA. Thank you.

General Wald.

General WALD. I agree with General Bedard. The Air Force maintains a high state of readiness for all of our forces, whether they are Active Duty, Guard, or Reserve. I think the new strategy and what we have witnessed since September 11 has proven out the fact that our forces will be called upon, sometimes unannounced, rapidly around the world.

As we go through this high OPTEMPO based on the September 11 change in the world situation, the issue we will have to watch closely will be how do we continue to train our forces for the various missions we will do around the world, not just the ones they are committed to now? I think we can fulfil the strategy with our readiness levels that we demand for our forces. We will have to look closely at how we continue to train those forces under the current OPTEMPO.

Senator AKAKA. Thank you.

Senator Inhofe.

Senator INHOFE. Thank you, Mr. Chairman. There are so many things to talk about, and I know we are not going to be able to get to all of them, but I do not want to overlook this one. While we are all talking about the war that is going on that is so visible to

the public, there is another war that has been going on for 3 years. I refer to that as the battle of Vieques.

Admiral Krol and General Bedard, you are very familiar with this. First of all, I have spent a lot of time recently going to the U.S.S. *JFK* and the battle group that was deployed from the east coast. I was interested in the type of revised training they had since they were not able to do live-fire. They were able to initially do some training on Vieques, but not the integrated training that they wanted to.

I talked to Commander Rothingham and Colonel LeFebure on the U.S.S. *Wasp*. In fact, they were kind enough to meet with us late at night and to go over some of the problems that they might have in training. I asked the question, if live-fire is a 10 in terms of quality of training, what is inert? The response was fairly consistent that it is a five.

We have a commitment to do the very best job of training our troops when they deploy. General Bedard, most of your time has been on the west coast, except, of course, when you were at Camp LeJeune when I was down there. But in terms of this training, I would like to have you tell us in each of your perspectives what you think about the quality of training that we have now as opposed to what we would have if we had the live-fire training that we should be having on that range that we own. Admiral Krol.

Admiral KROL. Yes, sir. First, I agree with you completely about live-fire training, and I agree with what you were told from the ARG–MEU perspective, that live-fire training is, without a doubt, a 10 on a scale of 10. We have been prohibited from doing live-fire since we had the tragic accident in 1999. We continue with that prohibition on live-fire.

In the recent months, discussion of live-fire has again come up. Of course, the CNO and the Commandant have been committed to returning to live-fire training. The real issue that we have been wrestling with post-September 11 is the accelerated deployment of the U.S.S. *John F. Kennedy* and the upcoming U.S.S. *George Washington* battle groups. These have really curtailed our ability to fully utilize Vieques because of the steaming time and the need to get those battle groups and their associated ARG–MEU on their way.

The other aspect that makes things difficult is the bureaucratic requirements, if you will, that it would take to reinstitute live-fire training.

Senator INHOFE. Admiral, I did not want to get into that, because I am fully aware of all of that. I am just talking about the quality of training. That is the question.

Admiral KROL. There is no question that for the air wing and naval surface gunfire support, and I will let General Bedard answer for the Marines, that the live-fire training is a 10 out of 10.

Senator INHOFE. Unified?

Admiral KROL. Unified, yes, sir.

Senator INHOFE. That is what your air guys tell me. I was on the carriers and they said, "We can have the best-trained men and women in all these different areas, but if they do not scrimmage together it is not going to be the team that we need to be able to deploy."

Admiral KROL. Integrated Joint Taskforce Exercises (JTFX) training in Vieques is the best training we can offer.

Senator INHOFE. Thank you very much.

General BEDARD. Senator, as we discussed, I ran our live-fire maneuver training site at Twentynine Palms, California. I will just unequivocally say that nothing replaces live-fire. Our ability as a combined arms team to be able to train and integrate all of the fires that are capable of being produced by our naval expeditionary forces and to be able to integrate them with maneuver is something that is tied inextricably to the readiness of the force. It is something that needs to be done before our forces deploy anywhere from the continental United States, because we cannot assume they are going to have an opportunity to train somewhere else. They could be committed from the day they leave here.

Senator INHOFE. I appreciate that, because I have gone to other places, such as Cappo del Lata in southern Sardinia and Cape Rath in northern Scotland. They are watching what is going on. I want to bring the Air Force and the Army in on this, because encroachment is a huge problem right now. We have talked about this, and certainly you are all aware of that.

If we allow a bunch of law-breaking terrorists to close down a range that we own, that is going to have a domino effect on all ranges, domestic and foreign. I would ask both of you for your thoughts about your current situation with ranges and the deterioration from encroachment of all kinds and how you see this in the future.

General MCKIERNAN. I will begin by echoing everything that has been said about live-fire training. There is probably not a skill in my mind that is more important than a soldier being able to expertly fire his weapon individually and up through all the collective levels.

In the Army, we feel that we have been good stewards of the environment. We are concerned about encroachment.

Senator INHOFE. See, and that is the problem. You have been too good stewards. In Camp LeJeune, you do such a good job protecting the red cockaded woodpecker that there are more and we have more areas that are off limits now. Is that not correct?

General MCKIERNAN. Yes, sir, that is true.

Senator INHOFE. Maybe you should not do such a good job.

General MCKIERNAN. Sir, in my most recent experience as a division commander at Fort Hood, Texas, we have a bird down there, the Vireo, not a particularly attractive bird, but it takes up about 33 percent of the maneuver and live-fire space at Fort Hood. This space cannot be used. We are not in favor of that, and we will really follow the OSD lead in working with Congress on encroachment issues. We are fully supportive of some of the initiatives that are being worked.

General WALD. I agree with my colleagues. We have 41 ranges that we use in the United States Air Force today, and we are working closely with government agencies to ensure that those ranges remain open. They will be even more critical in the future in areas that we had not really thought of before.

The frequency spectrum area becomes critical as well in the future because of high technology weapons. Some of the unintended

consequences of a shrinking frequency spectrum become issues for the Air Force as well. But I could not agree more that without our people trained up in live-fire before they go to combat we are going to be not ready to go.

As we start going back to September 11, we are expected to be ready within hours. The United States Air Force has most of its force ready to deploy within 72 hours of a crisis. The maintenance of a high state of readiness on a day to day basis is critical to us and those ranges are critical to us.

Senator INHOFE. Thank you, General.

Since we are going to be going into a closed session, let me just ask a question of each of you to be answered for the record at a later time. But it is very critical right now that each of you address this in one way or another. With the exception of you, General Bedard, the new budget does not really enhance the force structure. I was concerned just after the Balkans that the OPTEMPO of the Guard and Reserve meant we might be losing critical military occupational specialties (MOSs). Now, of course, they are great people and they are willing to serve, but there is going to become a time when the employers and these people are not going to be able to handle the OPTEMPO that the Reserve component is handling right now.

There was a statement in the from an unidentified senior Air Force official who said that the Air Force needs an additional 30,000 people. It was broken down between 22,000 Active, 6,000 Guard, and 2,000 Reservists to meet the future requirements. I would like to have each of you respond for the record. In the Air Force's case, you might just see whether or not you agree with those figures, because this is something we are going to have to be dealing with.

I know we are doing the best we can, but the budget is inadequate in two major areas: endstrength and MILCON. If you could address that for the record for me, I would appreciate it very much.

Thank you, Mr. Chairman.

[The information referred to follows:]

General MCKIERNAN. The current operational environment places additional demands on the Army that were previously unrealized. Post-September 11 events have only increased demands placed on the force and the Army will likely require an endstrength increase to fully meet these demands.

The Total Army Analysis (TAA) process will determine the size and composition of the Army within a constrained budget. The current effort, TAA 09, is not complete, but will account for the additional emerging requirements in the area of homeland security and the GWOT.

To address the immediate need, the National Defense Authorization Act for Fiscal Year 2002 permits the Department of Defense to allow the services to exceed their endstrength by 2 percent in any fiscal year in which there is a war or national emergency. Taking full allowance of this provision would allow the Army to increase its Active component endstrength to 489,600.

The Army can realistically increase recruiting by an additional 4,000 soldiers per year in fiscal years 2003 and 2004 and address the most immediate needs of the GWOT and homeland security, provide relief for Reserve component soldiers, and allow more time to analyze enduring requirements.

The global war on terrorism has validated many of our past investments, which are now paying dividends in terms of a trained and ready force. But it has also identified some shortfalls where additional resources will be needed to sustain a long-term effort and guarantee the safety and security of future generations. From that perspective, the Army's immediate military construction (MILCON) requirements to

support current and future operations total about $735 million. These projects span a range of areas from force protection to enhanced training facilities.

We continue to review and validate force protection MILCON requirements, but the current list of qualifying projects totals about $110 million. Those projects are comprised of perimeter security, access control points, and facilities upgrades to meet specific force protection standards for blast mitigation and standoff distance. The projects reside in all three MILCON appropriations, with about $45.4 million in military construction, Army (MCA), $51.6 million in military construction, Army Reserve (MCAR), and $13 million military construction, National Guard (MCNG).

Current force protection requirements also include about $113 million worth of unfunded projects that the Army had intended to fund with the fiscal year 2002 Defense Emergency Response Fund (DERF). These projects are predominantly cantonment area perimeter fencing which complement the upgrade and construction of new access control point facilities.

The global war on terrorism has also intensified the importance of other projects that are necessary to insure the readiness of operational forces and permit rapid and efficient projection of those forces into the fight. Range operations and training enablers such as urban assault courses, close quarters combat facilities, and infantry squad battle courses are extremely important to the readiness of our forces. Current requirements for these training enablers total about $114 million.

Projects necessary for force projection, such as deployment facilities, currently total about $88 million. In addition, other specific projects that are needed are projects to comply with environmental mitigation requirements at Kwajalein Atoll. These projects total about $14 million.

Finally, in order to be able to react swiftly and decisively in all future operations, several projects totaling about $276.4 million are required to support Interim Brigade Combat Team (IBCT) fielding. These requirements continue to be revised in light of emerging operations and training issues and the refinement of the various scopes of work, but are accurate as of the date of this hearing.

Admiral KROL. The Navy is deeply committed to providing adequate funding to (1) sustain our facilities in a current state of acceptable readiness and (2) replace and modernize those facilities, which have outlived their useful life and function. This year's budget request focuses on providing funding for sustaining facilities in a C1/C2 condition readiness. Although the fiscal year 2003 MILCON budget request is lower than last year's budget, it is the second largest MILCON budget request in 6 years. The Navy is developing its future year's MILCON program such that the Navy can achieve the DOD goal of a 67-year recapitalization rate by fiscal year 2007.

Senator AKAKA. Thank you. I thank you very much for rapidly moving on this. Let me ask this question and then we will move into the next part of our discussions.

I have appreciated the concerns you have expressed about encroachment. As you have noted, a number of factors contribute to the problem, including noise, air space, frequency, environmental, cultural artifacts, birds, and other constraints. What steps are your services and the Department taking to identify a comprehensive solution to the issue of encroachment that attempts to address all of these concerns?

How will all of these elements be reflected in the legislative proposal that you will be submitting later this year?

General McKiernan.

General MCKIERNAN. Sir, first of all, we are working with OSD, who has the particular group that is approaching the issues of encroachment. We support all the initiatives that they will bring forward to Congress to ease some of those restrictions on our training, not only our live-fire training, but also our maneuver training. I am sure that it will come shortly.

In the meantime, in my opinion, we have to maintain our effective stewardship of our resources or we will run the risk of not being able to train in several of these locations at all. But this is really a team effort with all the services and OSD.

Senator AKAKA. Admiral.

Admiral KROL. Mr. Chairman, the General Counsel of the Navy is spearheading an effort to identify areas of concern and encroachment and put together a legislative package in conjunction with OSD. That is the long-term effort. The short-term effort is that the Navy has a large number of people that are working on a daily basis with organizations like the National Oceanic and Atmospheric Administration (NOAA), the National Marine Fisheries Service, and others. It is a constant give and take, and we are trying to show those organizations our good stewardship and interests in this area.

But I think it is going to take legislative relief to establish some boundaries.

Senator AKAKA. General Bedard.

General BEDARD. Sir, we have a task group together at this time that is doing a number of things. First and foremost, we are trying to come up with a very valid assessment of what encroachment is doing to our training across the Marine Corps at our various installations. Of course, we are working with OSD to bring our facts to the table.

Also, we have developed an outreach program at each of our facilities and installations showing what we are doing to, in fact, enforce those regulations that are placed upon us and are trying to be as forthcoming as we can as to the impact of these regulations on our forces.

Senator AKAKA. General Wald.

General WALD. We, too, are working with local communities to ensure that they understand the mission and our effect on the environment. Along with OSD, we have a task force to work on ensuring that the range encroachment issue does not affect our training.

We have been working with the Department of the Interior, as well as the Federal Communications Commission, to ensure that spectrum encroachment, which is more subtle, is well understood. We appreciate the subcommittee's support as we go forward with legislation through our General Counsel this year to ensure that spectrum is not encroached upon in our training.

Senator AKAKA. Thank you all for your testimony. Your insights today have helped to give us a better understanding of the challenges we face in ensuring the readiness of our military forces now and in the future.

While the world focuses on Afghanistan, we have a responsibility to take both a broader and deeper view, broader in the sense that we must be mindful of the full range of our current commitments and deeper in the sense that we must balance what we do now against what we want to be able to do over the long-term.

The tragedy on September 11 shifted our national priorities and added missions to responsibilities which were already demanding for our service men and women. The situation forces difficult choices, and we all must grapple with the tradeoffs and make responsible decisions to ensure that our forces have what they need to do what their country asks them to do today, tomorrow, and beyond. We appreciate your sharing your expertise with us.

We are now going to move into closed session, which will begin in SR–222 in about 3 or 4 minutes.

Thank you very much.

[Questions for the record with answers supplied follow:]

QUESTIONS SUBMITTED BY SENATOR DANIEL K. AKAKA

PLAN TO TRANSFORM TRAINING

1. Senator AKAKA. Dr. Mayberry, your written statement says that the DOD has "recently completed a strategic plan for transforming our training that will serve to guide the Department in ensuring our forces remain the best trained and most capable in the world." I am interested in what this strategy entails, how it might differ from current training methods, and whether any additional resources are required to support this strategy. What is the new strategy, what is required to make it work, what training problems is it intended to address, and how will it improve our training?

Dr. MAYBERRY. What is the new strategy? The Training Transformation (T2) Strategic Plan identifies the high-level goals and broad steps needed to transform DOD training to meet the needs of the 21st century military. The Department's vision for T2 is to provide dynamic, capabilities-based training for the Department of Defense in support of national security requirements across the full spectrum of service, joint, interagency, intergovernmental, and multinational operations. The strategic goals are to:

- Provide comprehensive and systematic "joint" training focused on the operational requirements of the combatant commanders (CINCs) and linked to readiness assessment.
- Develop a robust, networked, live, virtual, and constructive training and mission rehearsal environment that enables the Department of Defense to build unparalleled military capabilities that are knowledge-superior, adaptable, and lethal, and predicated upon service, interoperability, and CINC training requirements.
- Revise acquisition and other supporting processes to identify interfaces between training systems and acquisition, logistics, personnel, military education, and command and control processes, and ensure that these processes and systems are integrated.

The training concepts outlined in the Training Transformation Strategic Plan are significantly different from those used to conduct training today. The approach emphasizes the mission requirements of the combatant commanders—the CINC is the customer. The intent is to be more output-focused in terms of the training needed to support the CINCs' requirements, missions, and capabilities, while preserving the ability of services to train on their core competencies. The focus of training transformation is to better enable joint operations in the future, where "joint" has a broader context than the traditional military definition of the term.

What is required to make it work? Significant change often requires top down leadership and incentives to reward innovation and proactive realignment of resources. The Under Secretary of Defense for Personnel and Readiness [USD(P&R)] will organize and chair a T2 Implementation forum that will: (1) identify and track the progress of the specific tasks, responsibilities, resources, and timelines needed to carry out the near-, mid-, and long-term actions listed in the T2 Strategic Plan; and (2) establish a T2 Investment Strategy and oversee an Incentive Fund that encourages joint innovation, initiative, and substantive change. Specific costs of implementing T2 will be defined in greater depth in the next 12 months and incorporated into the defense budget.

What training problems will it address? Joint training must be able to support a broad range of roles and responsibilities in military, multinational, interagency, and intergovernmental contexts, and the Department of Defense must provide such training to be truly flexible and operationally effective. Training readiness will be assessed and reported, not only in the traditional joint context, but also in view of this broader range of "joint" operations. Today, the Department does not formally plan, assess, and report joint and interoperability (service-to-service) training on a broad scale. Joint training and education will be recast as components of lifelong learning and made available to the Total Force—Active, Reserve, and DOD civilian. The Department will expand efforts to develop officers well versed in joint operational art. The interfaces between training systems and the acquisition process will be strengthened, so that training is not considered an afterthought or a bill payer.

A forcing function will be established to cause explicit consideration of training throughout the acquisition cycle.

How will it improve our training? The Strategic Plan establishes the Department's vision, strategic goals, and major steps needed to launch and implement the overarching training transformation. The lessons from combat teach us that if we are to be joint in wartime, we must be joint in our preparation for war. To do so effectively, we must transform the way we educate and train the men and women of the Armed Forces to ensure they have the knowledge and skills needed for 21st century military operations. Transforming training will require a higher-level focus—one that is driven by the CINC's operational needs. It will also require a different type of education and training environment—one that is highly adaptable, globally distributed, and synchronized with C^4ISR [Command, Control, Communications, and Computers (C^4), Intelligence, Surveillance, and Reconnaissance (ISR)]. The goal of transforming training won't happen over night, but we can do some things in the near-term that will amount to a quantum leap in warfighting capability. Additional benefits of investing in training transformation will also be far reaching, since training provides the foundation for attaining the Department's broader transformation objectives.

CAPABILITIES-BASED READINESS REPORTING

2. Senator AKAKA. Dr. Mayberry, on page 5 of your statement you recommend a "capabilities-based" readiness reporting system. How, specifically, will this differ from the current system? For example, would units report their capabilities to perform both their most stressful wartime missions for major theater wars as well as their ability to do peacekeeping and other missions? How would that differ from the current readiness reporting system where the training element is measured against specific wartime tasks? Please give specific examples of how capabilities would be both identified and then measured.

Dr. MAYBERRY. The new Defense Readiness Reporting System (DRRS) is based on all DOD components reporting their readiness to meet mission essential tasks (METs) or like indicators. This construct requires all units to report readiness for their assigned missions, from the combatant commander down to the supporting Defense components. Once implemented, this approach will allow the Department to review specific force readiness to execute a given mission. These missions range from high intensity warfighting to peacekeeping operations. For example, a unit may be training on 6-to-12 mission essential tasks to support its assigned missions. Under DRRS, units are required to report their training readiness for each of these essential tasks. A unit could report they are not trained in METs supporting a high intensity war fight, but are fully trained in those essential tasks required for peacekeeping. That information will be visible to the combatant commander, who may be depending on that specific unit to execute elements of his war plan. The combatant commander could then adjust his war plans or call for a substitute unit that is fully trained and ready. As such, the DRRS can use this information to identify specific risks in executing assigned missions. This differs from the current system in a number of ways. Perhaps most significantly, the new DRRS covers all DOD components, meaning that readiness to meet mission assignments is reported not only by the Military Departments, but also by the combatant commanders and the defense agencies. Furthermore, DRRS enables a clean trace of METs to missions, and a near real time capability for readiness assessment. For the DRRS, "capabilities" are defined by collections of units and METs.

READINESS INITIATIVES

3. Senator AKAKA Dr. Mayberry, your testimony notes the creation of a new working group to help clarify the relationship between funding and unit readiness. You state that it just finished its first quarterly review of OPTEMPO funding. What were the results of that review?

Dr. MAYBERRY. The results of the first quarter review of OPTEMPO execution did not show any major OPTEMPO execution or unit training issues.

4. Senator AKAKA. Dr. Mayberry, what milestones have been set for future actions by the new working group?

Dr. MAYBERRY. We are in the process of redefining the group memebership to include more senior representation (General Officer/SES). With the new membership, we expect to facilitate the task of standardizing the OPTEMPO program and vetting potential new training metrics.

READINESS EVALUATIONS

5. Senator AKAKA. General Newbold, you testified that you are providing your views on the readiness of our Armed Forces to meet the national military strategy. Yet the current strategy was issued in 1997—although it is, as you noted, under revision. Are you, in fact, evaluating readiness against a 1997 military strategy, or against some other yardstick, or both?

General NEWBOLD We began last fall to adjust our readiness assessment processes to the Secretary of Defense's direction on national military strategy as it was unfolding, even though we did not have an approved new strategy. The most current readiness assessment cycle assessed the readiness of our Armed Forces to meet the strategy outlined in the Secretary of Defense's final draft Contingency Planning Guidance and the Chairman's draft Joint Strategic Capabilities Plan. As the strategy is further refined, I fully expect that our readiness assessment process will make appropriate adjustments.

SPARE PARTS SHORTAGES

6. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, please provide the latest information you have about shortages in critical spare parts, including engines and engine components, batteries, etc., as well as your assessment of how the funding in the fiscal year 2002 supplemental (if approved as requested) and the fiscal year 2003 budget request will address any shortfalls.

General MCKIERNAN. Critical spare parts shortages continue to threaten the readiness of soldiers and equipment. Spare and repair parts issues are beginning to show up in the Unit Status Reports. Of greater concern is the long lead-time associated with repairing and acquiring new spare parts. We began this year with a $1.3 billion spare parts shortfall, which we are working with Department of Defense (DOD) to fund. We have obtained a $300 million Obligation Authority since then and expect an additional $200 million in April 2002. However, we currently have a $215 million unfunded requirement (UFR) for the top 100 aviation spares and $100 million UFR for the top 54 non-aviation spares. In addition, we have a $450 million UFR for other readiness requirements, $300 million for critical long lead-time parts for the fiscal year 2003, and $200 million for future readiness requirements. The $300 million provided to date has financed the fiscal year 2003 recapitalization efforts, and the additional $200 million will be spent on aviation parts. We have a resourcing plan for the remaining $800 million, which will cover the UFR for the non-aviation critical spares and other readiness spares, to include funding to increase and accelerate production for a critical battery shortage.

We do not use the term "readiness" lightly. A recent Logistics Management Institute (LMI) study commissioned by the Army indicates a decline in readiness of our aviation fleet and significant increases in non-mission capable rates. Demand is growing beyond the anticipated rate of sales. There has been a $350 million growth in backorders from 1997 to present. At the same time, Army Working Capitol Fund buying power is eroding. We are working internally and with Office of the Secretary of Defense to resolve our shortfall in a number of different ways in fiscal year 2002. Whatever part of our fiscal year 2002 readiness spares requirement is left unsatisfied will carry over to fiscal year 2003. The Office of the Secretary of Defense (OSD) has plussed up the fiscal year 2003 budget by $100 million through a Program Budget Decision; however, it does not go far enough to address the significant spares funding shortfall or build essential inventory.

General BEDARD. For fixed wing assets, radar and targeting systems have provided the greatest challenge for sustainment of spare parts. For our rotary wing assets, transmissions, rotor heads, and hub assemblies have been the most challenging to sustain. All of these components are critical readiness degraders. Their availability requires a combination of a consistent funding stream along with a responsive system to meet fleet demands.

With regard to aircraft engines, parts shortages continue to affect various engine programs. In addition, an insufficient inventory of engines has affected some of our communities, in particular our F/A–18As, F/A–18Ds, EA–6Bs, AV–8Bs, and CH–46Es. We are focusing on improving our methods of forecasting demands to ensure timely receipt of spare parts. Continued investments in engineering, logistics, and spare components/modules in fiscal year 2002 and fiscal year 2003, with out-year continuances, should yield significant paybacks in improved engine availability in fiscal year 2005 through fiscal year 2008, with reduction in required repair dollars in fiscal year 2008 beyond.

Marine Aviation funds the replenishment of spare parts from Flight Hour Program (FHP) account. In both fiscal year 2002 and fiscal year 2003, the FHP was funded to the stated CNO goal of 89 percent. Our APN–6 account, which provides funding for new allowances and increases in spare parts, is funded at 98.5 percent in the fiscal year 2003 President's budget. We expect this level of APN–6 funding to provide more robust support for our deployable units. CONUS units have suffered from recent spare shortfalls, as we direct spare allowances to forward deployed units.

The combination of additional fiscal year 2002 funding and requested fiscal year 2003 President's budget funding will enable Marine Aviation to improve the spare deficiencies and lead to improved readiness rates.

Regarding our inventory of ground equipment, the Marine Corps does not currently have a shortfall with regard to funding of depot level repairables at the wholesale inventory level. Additionally, the retail inventory level should not experience significant shortfalls based on their current inventory level and financial resources due to the recently completed Integrated Logistics Capability Centralized Management of Secondary Repairables initiative, which established required retail stock levels. The Marine Corps has experienced difficulty in obtaining certain repairables, primarily in the communications and electronics commodity, due to diminishing manufacturing and/or repair sources. Additional funding may be required to alleviate shortages in critical repair parts until new replacements are in stock and fully integrated into the supply pipeline. If additional funding is needed, it will be identified through our resource requirement processes.

General WALD. Improved spares funding is making a positive operational impact in the Air Force. The Air Force requested an additional $222 million in the fiscal year 2002 supplemental to reimburse the Air Reserve Forces for incremental flying hours flown to support the war on terrorism. Flying hour spares requirements received substantial funding for fiscal year 2003, to include $450 million to address both consumables and depot level repairable spares issues associated with supporting aging aircraft. In addition, the fiscal year 2003 budget includes additional dollars for 11 spare engines for the C–17, and 4 spare fighter engines, 2 each for the F–15 and F–16. This funding will allow the Air Force to see continued improvements in readiness indicators.

Admiral KROL. The most pressing need for Navy spares falls into two categories: spares to support equipment installed on Navy ships and spares to support Navy aircraft. Projected spares requirements following September 11 were approximately $435 million. $150 million was received in DERF funds, leaving a balance of $285 million which remains unfunded. Requirements reflected in the $34 million supplemental request are considered "must funds." These must funds, if received, will be used primarily for incremental requirements driven by the war on terrorism. Whatever remains as an unfunded after the supplemental is received, the Navy will need to assess the criticality of each requirement against other competing requirements and may need to reprogram funds accordingly.

Spares are placed aboard ship to support installed equipment. This is done so that repairs may be initiated and completed immediately. Without these spares, requisitions must be sent off-ship. Every time a requisition is sent off-ship and/or off site, the warfighter experiences some degree of customer wait time. This waiting means that the weapon system in question is either down or degraded to some extent. Simply put, readiness is degraded when waiting for a part. Supporting the range and depth of shipboard allowances improves readiness, surge capability, and sustainability.

Supplemental funding would also be used to purchase aviation spare parts. This includes spares for such aircraft as the E–2C Hawkeye and F/A–18 Hornet. Both aircraft are flying longer hours and experiencing higher demand for spares. Ensuring we provide the warfighter sufficient spares to sustain deployed forces, as well as non-deployed, is paramount to Navy's readiness and surge capabilities.

Without sufficient funding, readiness degradation will first occur among non-deployed forces since protecting our deployed units is our first priority. Consequently, protecting deployed readiness when insufficient funds are available has historically resulted in fewer parts to support the inter-deployment training cycle for future scheduled deployments.

COMPREHENSIVE LESSONS LEARNED

7. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, our military operations in the post-Cold War world have proven to be diverse and challenging in many ways. What lessons have you begun to derive from

our ongoing operations in the global war against terrorism, and perhaps more importantly, how do these relate to the lessons that we have learned from other major operations in the last 10 years?

General MCKIERNAN. Our review of the war on terrorism—and the diverse set of real challenges faced over the past decade—underscores our analysis that complex and compelling threats to our national security remain on the strategic horizon. These threats take a variety of forms and possess a diverse array of dangerous capabilities. Threats range from irresponsible state actors armed with potent conventional forces and Weapons of Mass Destruction (WMD) to more amorphous but no less threatening non-state entities pursuing their objectives outside the boundaries that long govern state behavior. The most recent undertaking indicates that the Nation will likely confront a multitude of stacked challenges occurring in rapid succession in discrete, often isolated, theaters. Each successive event will compound the complexity of the strategic choices facing civilian and military decision makers.

Our lessons from operating in this environment over the past decade brings five valuable strategic lessons to the forefront: (1) The world looks to the United States for leadership in a crisis even to the point of hazarding inaction without our participation; (2) Only the U.S. possesses the requisite capabilities to undertake sustained, large-scale military operations worldwide to affect decisive resolutions; (3) U.S. interests will increasingly be threatened by complex state and non-state challenges leveraging asymmetry, ungoverned sanctuary and finally, unconventional methods, capabilities, and command structures; (4) Securing interests, influence, continued prosperity, and the safety of the American population requires dominant, robust, and responsive full-spectrum forces; and (5) The U.S. gains significant advantages by working closely with allies and friends to build strong relationships and common approaches to complex problems.

Our recent past and current circumstances confirm the conclusions arrived at in the most recent joint vision. Today, "fighting and winning the Nation's wars" implies far more than a large-scale joint combat operations against capable conventional military opponents. While this remains the most compelling and challenging joint requirement, it only represents a single point on a broader spectrum of conflict. In an increasingly complex security environment, populated by a diverse range of opponents, "fighting and winning" more accurately implies dominating the full-spectrum of threats and challenges-from peace to war. Full-Spectrum Dominance seeks to prevail decisively over every possible opponent, mastering every step an adversary might attempt in escalation. Doing so requires the capability to operate under a variety of challenging conditions and in a number of complex competitive arenas. A full-spectrum dominant force must be as capable of replacing an irresponsible and aggressive regime, as it is comprehensively destroying a complex non-state entity or assisting in the decisive reduction of ungoverned sanctuary. Not only must the joint force be capable of swiftly defeating the initial efforts of irresponsible actors but further, it must retain the capability to undertake sustained, combat operations to decisively defeat full-spectrum opponents and establish and maintain the security conditions necessary for enduring crisis resolution.

Recent experience—with its increasingly apparent demand for full-spectrum forces—confirms the imperative to transform. Transformation, however, must be undertaken not with a view of prevailing against those opponents we would prefer to confront but rather, to defeat those adversaries we will certainly be required to confront to secure the Nation's interests into the future. The Army is 3 years into a transformation focused on optimizing land forces for decisive action across the range of military operations. This transformation is driven by the demands of a complex environment and is enabled by leveraging innovation, leadership, the power of each individual, and advanced technology to create a deployable, versatile, lethal, survivable, agile, and supportable land force—dominant across the full-spectrum. Army transformation is underpinned by cultural changes as well-changes in the way we fight, in the way we are organized, and in the way we conduct our business practices—in short, changes that will institutionalize Army transformation as a continuous process.

Our most recent experiences in Afghanistan, Pakistan, Yemen, the Balkans, the Philippines, and our own homeland prove unequivocally that the nature of war remains unchanged—fundamentally, a contest of human will, waged in pursuit of power and control over territory, populations, resoures, and ideas. Further, it is clear that today's war on terrorism is not an aberration but rather a clear indication of the persistent conflict that will increasingly encroach on the security of the United States and its interests. The Nation and its Armed Forces are discovering that while it is imperative that we remain prepared to defeat those threats applying decidedly conventional approaches to warfare, our responsibilities further demand that we optimize to confront threats across a broader spectrum. The Army under-

stands that our first priority is winning large-scale combat operations against capable state opponents. However, the war against terrorism has proven unambiguously that paramilitaries, factions, sects, and tribes vice traditional armies are just as likely to threaten American interests in strategically significant ways. Therefore, the Nation demands a joint force comprised of versatile units capable of sustained operations to affect their decisive defeat as well. While there is an allure to leveraging platforms over people, a decade of experience has shown that the vast majority of antagonists leverage people as their comparative advantage. Therefore, only robust full-spectrum forces, properly trained and equipped, are likely to master the wide variety of challenges the Nation is likely to face.

General BEDARD. Lesson 1: Our plans for transformation are on track, based on the feedback we have gathered from Marines throughout the Marine Air-Ground Task Force (MAGTF). We were previously asked if our transformation plans had been altered by what we had learned to date in the global war on terrorism, and our response there applies aptly to this question as well. Operation Enduring Freedom (OEF) has solidified our view that Marine forces are uniquely suited for the type of enemy encountered during Operation Enduring Freedom. Our expeditionary warfare capability gave the Nation the ability to immediately meet the enemy, operate from his terrain, and defeat him. Marines relied heavily on our expeditionary ethos, maneuver warfare philosophy, and naval heritage, resulting in an ability to operate miles from the battlefield, deep inland, without the reliance on static land bases. Sea-basing Marines and their assets gave commanders a secure platform from which to operate and a reliable source of support. Our planned transformation, identified a decade ago and adjusted from operational experiences since then, improves dramatically the capabilities showed during OEF.

Lesson 2: Marine forces are a genuine joint force enabler, providing the joint force commander a wide variety of service-unique assets for immediate tasking. During OEF, the Marine Corps arrived in theater quickly with a capable force, fully prepared for integration into the joint environment. Marine units provided helicopter support for U.S. Army units and Special Operations Forces (SOF), and Marine fixed-wing aviation operated jointly with carrier-based Navy aircraft. Marine Expeditionary Units (MEUs), containing elements from all warfighting areas—command and control, aviation, ground combat, and combat service support—provided combat forces for operations, logistical support for other service forces on the ground, and command and control functions for a joint task force. The Commandant of the Marine Corps (CMC) has thoroughly addressed this issue in a recent article entitled "Strength in Diversity," published in the April 2002 issue of the *Armed Forces Journal,* saying that the services must continue to provide unique and complimentary capabilities to preserve the Nation's warfighting advantage. As pointed out by the CMC, CINCs will continue to look to employ Marine forces when the joint force is faced with an objective area with limited infrastructure, lack of fixed ports and bases, and austere conditions.

Lesson 3: Joint commanders need a rapidly deployable and dedicated anti-terrorism force. In response to this requirement, the Marine Corps established the Fourth Marine Expeditionary Brigade (Anti-Terrorism) [4th MEB (AT)], a powerful combined-arms team prepared for worldwide anti-terrorism operations. The 4th MEB (AT) provides dedicated personnel with the requisite expertise to deter, detect, defend, and conduct initial incident response to combat the threat of worldwide terrorism. The 4th MEB (AT) merged the existing capabilities of the Marine Security Guard Battalion, Marine Corps Security Forces Battalion, and Chemical Biological Incident Response Force, and added an organic air component, combat service support element, and an infantry battalion, as well as a command element with dedicated planners, coordinators, and liaison officers. The 4th MEB (AT) is capable of conducting missions worldwide and is intimately woven into the ongoing homeland defense effort.

Lesson 4: USMC support of Special Forces was limited due to insufficient training with one another prior to OEF. The Aviation Combat Element (ACE) of the MEUs had not trained with SOF units prior to arriving in theater. The "workarounds" to this situation included the units briefing their capabilities and limitations to each other and the use of individuals functioning as liaison officers. To fully develop the relationship between the ACE and SOF units, deploying MEUs may introduce SOF integration training as part of the MEU (SOC) pre-deployment training package (PTP).

Lesson 5: Precision Guided Weapons/Munitions were the weapons of choice for Operation Enduring Freedom, specifically the novel use of JDAM as a close air support (CAS) weapon. Although generally effective, the use of Joint Direct Attack Munition (JDAM) had a number of limitations that will require immediate attention. There were several fatal friendly fire incidents, most involving JDAM CAS. Many

Tactical Air Control Parties (TACP) did not expect to use JDAM for CAS, let alone CAS at ranges considered "danger close," and TACPs were not thoroughly familiar with the procedures used by other services to report friendly locations, enemy locations, and direct the final approach of bomb-laden aircraft. Additionally, Marine TACPs have reported a requirement for an improved, lighter-weight device for designating targets for precision-guided munitions. The Marine Corps will continue to work with the other services on a joint tactics, techniques, and procedures manual that addresses the lessons learned from OEF. Finally, the Marine Corps will continue to work to improve live opportunities for close air support with all services and aircraft, using combat munitions, tactics, and procedures.

General WALD. We have learned that unprecedented persistence and speed of execution can deny sanctuary to terrorists. In this particular environment and against this enemy, we also acknowledge the challenge will be more difficult against a more modern and sophisticated air defense and in jungle or urban terrain. But, our success addresses one of the six key Quadrennial Defense Review Transformation initiatives: "Deny enemies sanctuary by providing persistent surveillance, tracking, and rapid engagement."

This persistence of air and space power in Afghanistan is unprecedented. Since the earliest aerial engagements, airmen have always sought to attain air superiority as the enabler for the freedom to maneuver and the freedom from attack from above. In the Afghanistan area of operations, coalition air forces quickly achieved air superiority—literally within the first few hours. Once the coalition destroyed enemy fighter aircraft and ground-based radars and related air defense threats, the Combined/Joint Force Air Component Commander (C/JFACC) began to exploit the advantage. He optimized ingress and egress routes for fighters and bombers, allowed aerial refueling aircraft and other high-value aircraft to orbit much closer to the action than otherwise, and extracted leverage from technological advances that expedite the sensor-to-shooter "kill chain." The results are unprecedented persistence over the battlespace and speed of execution as reflected in the nearly constant presence of overhead platforms capable of sensing enemy actions and reacting within minutes to produce an intended effect. There are intelligence, surveillance, and reconnaissance platforms overhead, some manned and others unmanned, as well as fighters or bombers loaded with precision-guided weapons and fully capable of loitering or maneuvering-literally with impunity. This unprecedented persistence enables the C/JFACC to make targeting or attack decisions, or when necessary, to make recommendations to appropriate authorities, within minutes. As stages of the familiar OODA loop (observe—orient—decide—act) are compressed to permit faster, more agile decision-making, the C/JFACC is a direct beneficiary. Just as importantly, various other attributes contribute to success under persistent air superiority.

Air and space superiority remains the key enabler for persistent ISR and precision strike capabilities. Key to a sanctuary denial strategy was our ability to loiter high-value assets, like AWACS, Rivet Joints, Joint Stars, U–2s, and UAVs, as well as tankers, bombers, and fighters persistently over the battlespace. We were also able to infiltrate, support, and exfiltrate entirely by air. Our special operations forces behind enemy lines conducted strategic reconnaissance, direct attack, and unconventional warfare missions directly supporting the larger ISR and precision strike efforts. Air and space superiority enabled not only that strategy, but also those missions.

Near seamless integration of targeting-quality information sharply reduces the "kill chain." Our investment strategies for ISR, communications, ground- and air-based sensors, coupled with efforts to organize, train, and equip the combined air operations center (CAOC) as a "weapon system" have resulted in unprecedented speed of execution. Our ability to find, fix, track, target, engage, and assess (F2T2EA) emerging targets is vastly improved . . . enhanced even more by special operations forces. We expect further improvement by relying more on machine-to-machine horizontal integration of sensors and shooters.

A combination of "eyes on the ground" and all-weather weapons at their command enables rapid and precise surveillance, tracking, and target engagement. Air Force combat controllers working with Army special forces and other personnel proved to be an important enabler. Enhanced bombing effectiveness, demonstrated resolve, compliance with rules of engagement (ROE), immediate battle damage assessment (BDA), and airspace control were some of the key benefits ultimately resulting in a regime change. Versatile all-weather global positioning system (GPS) satellite-guided 2,000-pound class JDAMs greatly reduced weather and underground sanctuaries. Moreover, we had "airmen" on the ground empowered to execute and command other "airmen" in support of counterland missions to achieve specific effects.

A versatile, flexible, and expeditionary force can rapidly deploy, seize the initiative, defeat a regime, disrupt key terrorist activity, and deny sanctuary. By relying

upon the Air Force's expeditionary aerospace force (EAF) concept, and by pursuing effective recruiting and retention initiatives, the expeditionary forces are postured for success.

In comparison to other major operations of the last 10 years, such as Operation Allied Force, we fought these operations with a different U.S. Air Force—in terms of strength, equipment, force deployment, and other factors. We underscored the success of these operations with modernization and extraordinary acquisitions in new weapon systems. The Global Hawk, extended tether to U–2s, Predator's streaming video feeds to AC–130s and elsewhere, ability to exploit Blue Force Tracker and other capabilities made a substantial difference in our ability to prosecute this exceptional operation. Cross-cueing between several intelligence, surveillance, and reconnaissance sensors and weapon system platforms has widened perspectives and enhanced operational decision-making. The C–17 has again confirmed its exceptional contribution to air mobility by relying upon its capabilities of reach, airlift capacity, and flexibility. Delivered by long-range bombers and tactical fighter aircraft, the joint direct attack munition, guided by global positioning satellites, provided uncanny accuracy and enough precision to deny sanctuary to the Taliban and al Qaeda—despite caves, weather, dirt cover, or difficult locations in urban centers. Over the last decade, the favorable trend continues; we have developed greater and greater capability to deny the enemy sanctuary—regardless of his location or cover and in any kind of weather.

We have stood up Task Force Enduring Look to gather data and information and to learn lessons that will apply in future operations. But, our Air Force Chief of Staff often quotes the U.S. Navy Chief of Naval Operations, who said, "This war is like this war. It ain't like the last one, and it ain't like the next one. It is like this one."

Admiral KROL. While we continue to study and analyze the lessons from OEF, early analysis indicates that this is a war where the Navy was crucial to every facet of operations, all in this land-locked country, far from the sea.

Lessons learned from Operation Enduring Freedom have highlighted that this was:

- A strike war where carrier-based airpower was the lead player in tactical strike.
- A SOF war where Naval Special Warfare (NSW) forces at times constituted the majority of U.S. Armed Forces in country;
- A coalition war where the Navy led the maritime coalition of 11 nations, and the Naval Special Warfare Group led coalition SOF in Afghanistan as Task Force K-Bar.
- An expeditionary war where the Navy's immediately deployable and employable nature was a major factor in the ground war in this land-locked country. For example, for a period of time there were more sailors in Afghanistan, a land-locked country hundreds of miles from the sea, than there were soldiers, airmen, or marines. Besides Naval Special Warfare, other Navy forces contributed significantly to operations ashore:
    - Carrier-based HH–60s were deployed ashore to provide Combat Search and Rescue capabilities to joint forces;
    - The Navy's rapidly deployable and full-mission capable Explosive Ordnance Disposal were the EOD force of choice;
    - The Navy provided the first significant medical capability in Bagram and Kandahar;
    - Navy Construction Battalions (SEABEEs) built up the runway at Bagram and repaired the runway at Kandahar to facilitate the ingress of forces from the other services, and built the detainee facility at Kandahar;
    - Mobile Communications Teams supported Naval units around the country; and
    - For a significant period in the war, the Navy provided tactical weather services for all in-country forces.
- Hence, like the "Sand Pebbles" days of old, this war marked the return of the "Expeditionary Sailor."

The Navy was also a critical player in several turning points of the war, including:

- Navy TACAIR supporting Dostam's taking of Mazar e Sharif and motivates other warlords to move out.
- The Navy/Marine Corps team (Task Force 58) inserting into Camp Rhino, breaking the Kandahar stronghold stalemate.

In the first 6 months, the Navy contribution has been enormous. As of early April 2002:

- More than half the active carrier force (6 of 11) has deployed and been engaged in combat operations (*Enterprise, Vinson, Kitty Hawk, Theodore Roosevelt, Stennis,* and *Kennedy*);
- 4 of 12 Amphibious Ready Groups have been engaged (*Peleliu, Bataan, Bonhomme Richard,* and *Wasp*);
- 60,000 sailors and marines have deployed to CENTCOM cumulatively (with about 31,000 present today);
- 13,000 Navy and Marine reservists have been mobilized;
- The Navy has flown 7,000 strike sorties (and has flown 11,000 total sorties);
- The Navy dropped 5,000 PGMs, 600 unguided munitions, and shot 88 Tomahawks;
- The Navy conducted more than 6,900 Maritime Interdiction Operations and Leadership Interdiction Operations "queries"; and
- The senior U.S. military official on the ground in Afghanistan for almost a month was a Navy admiral.

But the war also brought its share of challenges:

- Although the percentage of naval forces underway and deployed have remained near historic averages, with 40–50 percent underway and about 30–35 percent deployed, the operating tempo (OPTEMPO) of deployed units is up sharply, with steaming days up about 50 percent (from 54 days/quarter to over 80), and flying hours of deployed units peaking at about 250 hours/day, and averaging about 115 hours/day; and
- The strike effort has stressed our precision-guided munitions (PGM) inventories and aircraft engine pools.

Comparing Lessons Learned From Operation Enduring Freedom and Operation Allied Force

The Navy comparison of OEF lessons learned with Operation Allied Force (OAF) lessons learned indicates that the Navy has effectively implemented most of the lessons from the earlier conflict.

Areas where the Navy has improved significantly since OAF:

- Navy forces leveraged TACAIR responsiveness inside the Air Tasking Order planning cycle;
- The Navy contributed significantly to airborne surveillance and reconnaissance in Afghanistan; and
- The Navy developed several TACAIR doctrine modifications to allow us to use carrier-based air in ways never before envisioned, including through-the-weather weapons delivery, Navy fighters passing target coordinates to Air Force bombers, and coordinated remote lasing tactics.

However, there are still some lessons from Operation Allied Force that have not yet been adequately addressed. Some will require years of effort to fix, while others can be improved upon in the near-term:

- The United States still does not possess enough UAVs, and the Navy does not possess organic UAVs. Even if the number of UAVs is increased, the U.S. military does not have sufficient bandwidth to take advantage of the number of UAVs we would need to replace even a modest number of manned aircraft;
- We need to improve interoperability with allies for networking, particularly aboard ship;
- There is still a shortage of GPS munitions;
- There is still a shortage of linguists, targeteers, and analysts;
- There continues to be a competition between conflict and war-time reserve munitions; and
- The single significant limiting factor to conducting operations in both wars was a lack of timely intelligence of sufficient granularity to identify and seize key leaders or make informed operational decisions. This kind of action requires people on the ground—national systems do little to provide the kind of information needed to apprehend bright people who don't want to be caught.

As I said earlier, the Navy continues to analyze lessons learned from OEF. Although this work is expected to continue for some time, some early themes are emerging:

- We need to improve ISR to both theater decision-makers and trigger-puller;

• We need to establish Maritime Interdiction Operations as a core competency, to better prepare crews for conducting these vital operations;
• We need to continue to improve the integration of joint Special Operations Forces with Navy conventional forces;
• We need to continue to improve coalition interoperability;
• We need to adjust training somewhat for emerging missions;
• We need to improve the expeditionary sailor's deployability, uniforms, and equipment;
• We need to continue to work with the Joint Staff and the Office of the Secretary of Defense to improve joint command and control capability;
• We need to improve the sustainability of Naval forces; and
• We may need to make organizational alignments to better support the warrior forward.

STRATEGIC READINESS SYSTEM

8. Senator AKAKA. General McKiernan, please provide additional details on how the Strategic Readiness System (SRS) differs from current readiness assessment metrics, what costs are associated with implementing the new system, and how, specifically, it will improve visibility into readiness.

General MCKIERNAN. The current readiness reporting system provides an incomplete picture of readiness because it covers only the combat units at a snapshot in time. Our current system is based on the ability of our operational or combat units to perform their wartime missions; it provides a lagging measure of the status of resources and performance; and the information is limited to specific resource and training indicators of these units. The SRS will revolutionize the way we view readiness across the entire Army, both operational and institutional, by operating on two levels. The first level identifies the strategic objectives and key processes in a unit. It is based on a "balanced scorecard," a tool that requires each Army unit at the division/separate brigade level and higher to enumerate its strategic objectives and performance measures and align them with the Army scorecard. Each unit will then monitor its readiness against the Army scorecard. The second level of SRS is data collection. After units from across the Army identify what is important, software collects the data that indicates the level of an organization's readiness toward achieving the Army's strategic goals. The cost for this year is set at $6.756 million to develop and implement SRS across the Army. Within industry, the sound business practice of a "balanced scorecard" has strategically focused the organization and data collection on what is important, in near real-time, in a leading or predictive manner that allows leaders to make policy and resource decisions before an issue becomes a crisis.

9. Senator AKAKA. General Wald, the Joint Staff reports that the DOD will reduce combat air patrols (CAPs) over the United States from post-September 11 levels. Can you please discuss how these reductions will be implemented? Also, the fiscal year 2003 budget request included $1.2 billion to continue to fly CAPs at the higher levels. What will the fiscal year 2003 costs be now that CAPs are to be reduced?

General WALD. In April 2002, Commander, NORAD, in conjunction with the Joint Staff and approved by the Secretary of Defense, established a tiered response system for aerospace defense of the United States. Each tier in the system specifies the number of intercept, tanker, and airborne early warning aircraft. Additionally, each tier identifies the response time of alert aircraft, number of locations, and timing to achieve a higher level of response. As the assessed threat decreases, the corresponding tier employed by NORAD changes accordingly and the number of tasked bases, aircraft, and personnel decreases. From post-September 11, 2001, until April 2002, NORAD had a single level of response. The current NORAD response posture and the specific number of bases, aircraft, and personnel tasked are classified. Based on the approved concept of operations supporting a reduced level of combat air patrols over the United States, the Air Force has revised its $1.2 billion fiscal year 2003 budget request for CAP to $522 million.

10. Senator AKAKA. General Wald, your testimony notes the major role the Air Force has played in Operation Noble Eagle by flying CAP missions. What has been the impact of flying those missions on the Air Force's normal rotational deployment plans for Expeditionary Air Forces? What have been the effects on the ability of the pilots to conduct combat training, on the aircraft themselves, and on the Reserve components?

General WALD. The leading indicators of overall readiness are showing signs of decline. As of June 1, 2002, overall Air Force readiness declined 5 percentage points since September 1, 2001. However, major combat unit readiness decreased 1 percentage point over this same period. Regarding how this effects the Air Expeditionary Force (AEF) rotation, the combination of multiple crisis operations and our ongoing steady state commitments has placed extraordinary stress on the Expeditionary Air Force and our resources. In some stressed functional areas, requirements exceed available AEF cycle forces. The Air Force is committed to finding solutions to relieve the stress on these career fields. However, at this time, not all of the Air Force personnel in these stressed career fields can rotate to fill all current requirements

Although the number of Operation Noble Eagle (ONE) taskings is decreasing, the long-term impacts are now beginning to manifest themselves in the total force, primarily affecting our Air Reserve component. These units continue to bear the majority of the burden for CAP taskings and are experiencing decreased training opportunities for major weapon systems involved. Our Air National Guard commanders are prorating training requirements in order to maintain combat mission ready status for aircrews. These units are placing priority on maintaining currency and employing a back-to-basics approach to preserve mission ready status. For the aircraft, additional spare parts funding had a positive impact; however, the increased OPTEMPO is working against readiness. The OPTEMPO increased support requirements resulting in significant utilization rate increases on high-demand Mission Design Series. Likewise, it has strained and overtasked a workforce that was short in S-level manning (and over-manned three levels) across critical maintenance Air Force Specialty Codes (AFSCs). Nevertheless, our maintainers accomplished their mission. Additionally, CAP taskings are also affecting retention rates within the Reserves. The longer the Reserve Forces remain activated, the lower the retention rate. A lower retention rate will require more training to reconstitute the unit. The Air Force is aggressively examining ways to use the AEF construct, DOD directed training transformation, and the accompanying budgeting process to mitigate the effect of high OPTEMPO on readiness. Sufficient and sustained congressional support would facilitate the essential readiness and other improvements the Air Force needs to continue to train quality combat pilots, and remain the world's preeminent air and space force.

BALANCING MISSIONS

11. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, one of the main objectives of this hearing was to learn more about how you are managing the task of performing the new missions of the war on terrorism on top of all your existing missions. We have discussed the resulting short-term strains you encounter today. As we look out over the longer term, I see three possible ways forward: cutting back on other missions or activities; increasing our capabilities; or some mix of the two. What are your thoughts about the direction in which we should head?

General MCKIERNAN. It is probably a mix of the two. Successful prosecution of the war on terrorism requires the capabilities the Army contributes to the joint force. Executing the national security and military strategies over the previous decade of the 1990s required a greater number and type of deployments for the Army. The emerging defense strategy seeks to focus our efforts and resources on those activities that best support our national interests, especially as they contribute to the war on terrorism. Threats today range from potentially dangerous state actors armed with potent conventional forces and Weapons of Mass Destruction (WMD), to non-state entities pursuing their objectives outside the boundaries that govern state behavior. In the Balkans, the mission has scaled back in size to more manageable and predictable rotations with some decrease in operations tempo (OPTEMPO), and we anticipate this trend may continue. The Multinational Force and Observer mission in the Sinai has been at steady state for quite some time and not all of the force requirements for this mission are rotational. Deployments to Central Asia in support of Operation Enduring Freedom have begun to stabilize, as have security missions in the homeland. As the war continues, if and when we are called upon to execute other missions, we will ensure the Army is capable of meeting those requirements. The Army is closely managing its deployments and rotations to support the combatant commanders. As we proceed over time in this campaign to defeat terrorism on a global scale, the Army will incorporate the lessons learned into our processes in building and sustaining the total force. Likewise, we are already taking actions to increase our special operating force capabilities, intelligence assets, and con-

ventional force capabilities required for securing the homeland, and will continue to do so. The Army's ability to increase capabilities to dominate across the spectrum of operations over the long-term will be accomplished through a comprehensive Army transformation.

General BEDARD. Currently, we have over 32,000 marines forward based, stationed, or deployed throughout the world. Each one of these marines is employed in direct support of either the combatant commander's immediate requirements (to include the war on terrorism) or his regional engagement program that contributes to the maintenance of long-term security within the Area of Responsibility. The Marine Corps is not reducing our current commitments, and with our forward deployed Marine Expeditionary Units, we are fully supporting the war on terrorism.

The Marine Corps has and will continue to pursue programs which we feel will allow us to increase our capability to maintain a robust forward presence, operate in a joint or multinational environment, and act as a force multiplier for the combatant commanders. It is important that we maintain our forward engagement strategy with our Marine Expeditionary Units and our forward deployed marines. Coupled with future innovations, this will allow the Marine Corps to perform our current missions as well as new missions which will surface in the war on terrorism.

General WALD. Prior to the attacks of September 11, the USAF maintained a number of worldwide steady-state responsibilities, including enforcing the no-fly zones over Iraq, patrolling the skies over the Balkans, supporting counterdrug efforts, and conducting humanitarian operations worldwide. After the attacks, the war on terrorism has added a new series of demands, including stateside combat air patrol, combat operations and related support, and counterterrorism-related missions worldwide. This high OPTEMPO is being inflicted on a force structure that was not built to handle this level of worldwide tasking, which may adversely affect recent gains made in readiness, and will certainly have an impact on both hardware and people. Unprecedented demands are being placed on our aircraft and people, necessitating the use of stop loss and increased reliance on the Reserve component. In order to handle a new "steady-state" demand level, the Air Force will either have to cut back on the number and types of missions that we do worldwide, or increase our force structure to accommodate the new demand. A determination will have to be made with respect to the new steady state or long-term demand on the USAF, and then we will have to examine the force structure in the context of the Defense Planning Guidance (DPG), Air Force transformation roadmap and modernization plans, and national security strategy.

Admiral KROL. We need to seek a mix of increased capabilities, while closely examining our current missions and activities for possible efficiencies. Recognizing that resources are limited and we can't afford everything, we must continue to seek new technology to improve our capabilities while making some hard choices on missions and activities we no longer can support at current levels.

First and foremost is the Navy and Marine Corps team's unique position as a forward deployed force. We were already forward deployed when the war on terrorism commenced and as a result had forces in theater ready to respond immediately. We initially refocused those assets on the CINC's tasking, while at the same time readying additional assets for deployment. Our intention is to remain a forward deployed force in the future.

Our current global war on terrorism planning effort in support of CINC requirements includes numerous scenarios and contingencies, including how to sustain the war effort. This has resulted in a mix of prioritizing military efforts around the globe due to finite resources and analyzing how to improve our capability to support potential future additional tasking. Some CINC plans, if executed, would require a cutback on current missions to divert additional resources.

12. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, General McKiernan's testimony suggests that we might cut back our support for the multinational observer force in the Sinai, or in the Balkans. Are there other activities that we might reduce? Conversely, what additional capabilities might be required?

General MCKIERNAN. As mentioned, the Army's requirements in the Balkans continue to be reduced. These reductions are a result of periodic mission requirement reviews in which we and our allies and partners have determined that the current situation requires less force to successfully execute the military missions. As the war on terrorism progresses, the Army in concert with other services, allies, and partners will continue to assess the situation within our operating areas to determine the feasibility for reducing force requirements without risking our ability to successfully execute our assigned missions. These assessments may reveal that reductions are not feasible and increases are required. It is difficult to identify these

adjustments without a clear understanding of new missions. But, the Army's ability to tailor for diverse missions across force capabilities and to employ a mix of Active and Reserve component forces remains an inherent strength of this service.

General BEDARD. In my statement, I commented on the value of forward deployed forces. The expeditionary nature of forward deployed marine forces provides combatant commanders with a focused, versatile, and responsive capability during crisis situations. While certain situations may require marine forces to conduct sustained land operations, these operations are traditionally conducted by our Nation's war-winning Army. Since marines have had limited, short duration involvement in multinational and United Nations missions, it would be more appropriate for others to comment on the types of activities that could be reduced.

With respect to additional capabilities, we created our 4th Marine Expeditionary Brigade (Anti-Terrorism) to address the requirement for a rapidly deployable and employable anti-terrorism capability both within the United States and overseas. By combining our State Department-focused Marine Security Guard Battalion, our Marine Security Force Battalion, which is under the operational control of the Chief of Naval Operations, the Chemical and Biological Incident Response Force, and by converting an infantry battalion to an anti-terrorism battalion, the Marine Corps is realizing a synergy of capabilities that provides a bonafide anti-terrorism capability to our Nation. So pressing was this need, in fact, that the Marine Corps asked for an endstrength addition of 2,400 marines for fiscal year 2003. This was one capability where we identified that additional support was required to meet an emerging requirement.

General WALD. The United States must beware of open-ended deployments that continue to stress the force when combined with emerging contingencies. The presence of the observer force is an example of a deployment that has lasted for more than two decades and may have outlived its usefulness. U.S. deployments in both Kosovo and Bosnia may also be examined to see if their size and nature is appropriate. Consideration should also be given to the stake held in certain regions by our allies: NATO support has been critical to the stabilization missions in the Former Yugoslavia, and given the increased global demands on U.S. forces it might be reasonable to ask allies to shoulder more of the burden for peacekeeping-like duties. It is also important to exercise caution with respect to "activities" suitable for cutting—it would be dangerous to cut training and exercise activity.

Admiral KROL. Neither the multinational observer forces in the Sinai nor the Balkans are heavy draws upon naval forces. Other requirements for naval forces have to be evaluated in a global context. By design, the Navy is a forward deployed force and as such is prepared and on scene to respond when required by CINCs worldwide. The aggregate of global requirements has to be continually prioritized and evaluated against finite resources. During this continuous process the tasking with the least priority is at risk to not be supported. Decisions are routinely vetted with the Joint Staff. Additional ships and aircraft would relieve stress and provide additional capabilities to support CINC requirements.

FLYING HOURS REQUIREMENTS

13. Senator AKAKA. General Wald, a March 4 article in the *Air Force Times* describes Air Combat Command standards for how many training sorties pilots of various skill levels must fly annually to retain their mission capable (MC) status—for example, that junior pilots must fly 120 training sorties each year to be MC. Does your budget request fully support all of the training sorties that your current mix of pilots, both experienced and inexperienced, need to fly in order to meet the Air Force's MC goals in fiscal year 2003?

General WALD. The Air Force fiscal year 2003 flying hour submission for combat coded training hours includes the appropriate hours per crew per month required to train line pilots to the level that will meet Air Force combat mission ready goals and fully support the warfighting CINCs.

AIRCRAFT CANNIBALIZATION

14. Senator AKAKA. General Wald, Admiral Blair recently testified before this committee about the continuing challenges facing aircraft, in particular in Pacific Command. He specifically cited shortages in repair parts and stated that 80 percent of Pacific Air Forces' aircraft did not meet standards for cannibalization rates in 2001. Do you share Admiral Blair's concerns? Does the fiscal year 2003 budget take steps that will improve this situation, or is something more required to increase our air readiness?

General WALD. Analysis reveals Pacific Air Force (PACAF) aircraft indeed have cannibalization rates higher than the Air Force average. However, in all but one weapons system (F–15E) there were reductions in the fiscal year 2002 cannibalization rate for Pacific Air Force aircraft. The improvements in PACAF cannibalization rates follow a similar trend in Air Force aggregate cannibalization and supply rates. The Air Force aggregate cannibalization rate reached its zenith in 1997 at 12.7 cannibalizations per 100 sorties and has consistently improved to 10.1 cannibalizations per 100 sorties in 2002—a 20 percent reduction in cannibalizations. Likewise, the Air Force supply metric, Total Not Mission Capable for Supply (TNMCS), has improved from a 14.3 percent high in 2000 to 11.8 percent in 2002. It is important to emphasize that there are other factors in addition to spares availability that influence cannibalization rates. Ultimately, cannibalization actions are just the symptoms of much larger concerns such as aging aircraft, spares shortages, system reliability shortfalls, and retaining experienced mechanics. Consequently, the Air Force has implemented a multi-faceted strategy of increased spares funding, policy, and organizational initiatives, which continue to reduce cannibalizations:

- Beginning in fiscal year 2000, depot reparable spare parts funding at 100 percent of the known requirement;
- Increased Direct Support Objective (DSO) authorization levels in Readiness Spares Packages (RSP) to a surge of 83 percent for deployed fighter units;
- Implemented the Air Expeditionary Force (AEF), providing stability and planning to units preparing to deploy; and
- Created theater Regional Supply Squadrons to track assets further reducing cannibalization actions.

All indications are that the Pacific Air Forces will continue to follow the positive Air Force aggregate trend in cannibalization and supply rates, further extending their positive fiscal year cannibalization trend.

ENCROACHMENT

15. Senator AKAKA. Dr. Mayberry, you noted in your testimony on March 14, 2002, before the House Armed Services' Military Readiness Subcommittee that finding work-arounds to encroachment challenges drains dollars from operations and maintenance accounts, further degrading readiness. Please provide the Department's best estimate of how much money has been directed in those accounts (by service and agency) to pay for training work-arounds. Please further delineate these expenses by the causes of encroachment for which they were compensating, e.g., environmental, noise, airspace, spectrum, etc.

Dr. MAYBERRY. As I have testified in other hearings on the subject of encroachment, work-arounds associated with encroachment are a serious issue for the Department, but the costs involved are not well understood. The services have been able to identify costs incurred to modify training in certain specific instances. For example, restrictions on the use of Vieques for training Naval Gunfire Spot Teams create a need to send 3-man teams to Norway to accomplish this same training, costing over $36,000 per team trip. On a larger scale, prior to 1991, II MEF stationed at Camp Lejeune, North Carolina, spent approximately $1.2 million annually to transport tank and Light Armored Reconnaissance units to Fort Pickett, Virginia and Fort Knox, Kentucky for live training unavailable at Camp Lejeune. However, the costs for such examples are not readily obtained, and DOD does not presently have a good tracking and reporting system for aggregating encroachment problems and impacts and isolating their costs. As you observe, work-around costs are typically covered within an installation's or service's overall operations and maintenance accounts, making them very difficult to track or delineate. DOD understands the importance of better work-around cost estimation, and we plan to address this deficiency as part of our ongoing range sustainment initiative.

16. Senator AKAKA. General Bedard, General Wald, and Admiral Krol, there has been a long-standing concern that readiness levels do not have a very direct relationship to budget requests. The Army has the most straightforward justification, with a training strategy tied to tank miles driven and flying hours per crew per month. What are other services doing to improve visibility into the relationship between readiness and funding?

General BEDARD. Field commanders cost out their training requirements, submit these costs to Headquarters, Marine Corps for submission via the Program Objective Memorandum (POM) process. Training programs are executed according to approved operating budgets. While specific non-monetary training metrics have yet to

be developed, we extensively scrutinize all USMC requirements based on cost benefit using a committee-based process of subject matter experts from throughout the USMC. The Marine Corps is exploring different means of connecting funding and readiness. We are looking into development of various types of metrics that can be used in both the readiness reporting process and in the budgeting process.

General WALD. The Air Force's readiness levels do, in fact, have a direct relationship to our budget requests. Our readiness picture is much more complex than focusing on one or two service metrics to reverse downward readiness trends of the 1990s. Some examples of metric-type indicators used to measure our readiness are aircraft mission capability rates, recruiting, and retention rates of our military and civilian workforce, and a facility investment metric for our infrastructure. These and other metrics provide the Air Force senior leadership tools that influence the decision process during programming and budgeting cycles. For instance, we budget for spares, supplies, and fuel to support a requirements-based flying hour program for aircrew training, which ultimately translates to readiness. Likewise, the investment in spare parts during the past 3–4 years has paid off through higher aircraft mission capability rates. Our budgets also factor quality of training into readiness requirements. As an example, aircrews derive the greatest training benefit from sorties/events that encompass the right mix of day/night, variable terrain, electronic warfare, etc. We continuously evaluate and adjust our resources to meet Air Force readiness requirements.

Admiral KROL. The Navy Flying Hour Program is also directly linked to readiness levels. The flying hour requirements are derived from the training requirement in hours per crew per month over the course of the Inter-Deployment Training Cycle (IDTC). This training matrix is used to evaluate the training rating that is reported in the Status of Resources and Training System (SORTS). Training, along with equipment, supply, and manpower, are the elements that drive our overall SORTS rating. Over the course of the past few years, Navy and Congress have placed more money in this O&MN account, and between fiscal year 2000 and fiscal year 2001, our average overall SORTS rating improved by approximately 8 percent across the IDTC. The ships and submarine operations account requirement is under review to establish a similar linkage between the training and operational steaming requirement and the subsequent SORTS ratings achieved by those units.

IMPACT OF CURRENT OPERATIONS ON EQUIPMENT

17. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, one of the longer-term impacts of Operation Enduring Freedom and Operation Noble Eagle is increased wear and tear on equipment. In your opinion, do your fiscal year 2003 budget requests take these effects, including equipment reaching the end of its service life earlier than anticipated and higher than usual maintenance needs, into account in ways that will not harm the readiness of our forces?

General MCKIERNAN. The Department of Defense has budgeted Defense Emergency Response Funding (DERF) as supplemental funding for fiscal year 2003 in support of the global war on terrorism. The Army is pursuing this source of additional funding for the war's incremental costs beyond our 2003 budget. DERF funds are designed to cover incremental repair and maintenance costs, and costs for replacement of crash or battle damaged equipment resulting from increased operating tempo. As the war continues, we will continue to identify incremental repair and maintenance costs as well as additional equipment costs to the Office of the Secretary of Defense for DERF reimbursement. Should DERF reimbursement not be available in the fiscal year 2003 defense appropriation, we will request supplemental funding to ensure the continued readiness of our forces.

General BEDARD Fiscal year 2003 budget requests do not currently account for all the increased wear and tear of equipment reaching the end of its service life earlier than anticipated and/or due to higher than usual maintenance needs resulting from OEF/NE. Additional funding may be required and, if needed, will be identified via our resource requirement processes to ensure maintainability of older equipment until new replacements are online and fully integrated into the supply pipeline. The foremost problem impacting Marine Corps aging ground equipment in theater has been the harsh environment. Sand, dust, and wind along with the cold weather conditions have caused scheduled preventive maintenance to be expedited. Rolling stock, such as the HMMWVs, have suffered more mechanical failures than expected. Fuel system problems have also been experienced. However, due to experience and service interoperability, Marine Corps maintenance personnel at Forward Operating Base Rhino were able to overcome equipment failures and even assisted the Navy with their mechanical problems. Survivability of equipment in harsh environments

continues to be a major area of concern when conducting operations. Additional analysis is required on equipment as it returns, since operations are ongoing.

General WALD. Yes, flying hour spares requirements received substantial funding for fiscal year 2003, including approximately $380 million to address spare parts issues associated with aging aircraft support. In the event that required maintenance is not funded we will be forced to resort to extraordinary measures to be borne by the maintainers in order to keep the system in operation. Cannibalization rates will increase. Delayed entrance into Program Depot Maintenance (PDM) has the added negative effect of driving significant inspections and maintenance in the field. The Special Inspections designed to keep aircraft airworthy beyond their scheduled PDM input dates serve only to provide temporary relief from a grounding condition. These inspections increase in complexity and become significantly more labor-intensive, ultimately resulting in the weapon system being grounded. When the aircraft do come into PDM the cost will be higher and the flow time longer. Operating systems beyond their planned service interval have the added risk and potential to increase the failure rates which may result in Emergency Action Time Compliance Technical Order Inspections/repairs. Ultimately we will keep the equipment operating, but it will come at the expense of the men and women who must accomplish this additional work with fewer resources. This in turn will also have a negative impact on our ability to retain skilled technicians.

Admiral KROL. The Navy's fiscal year 2003 budget does not take into account the wear and tear on equipment (i.e., reconstitution costs) that has occurred because of Operation Enduring Freedom (OEF) and Operation Noble Eagle (ONE) contingency operations. The fiscal year 2002 executable equipment reconstitution costs for aircraft, ships, deployed expeditionary medical facilities, and mobile construction battalions deployed in support of ONE and OEF are included in the Department's fiscal year 2002 Supplemental request. The OSD-submitted fiscal year 2003 DERF Budget includes $10 billion in additional funding for ONE/OEF operations without specific definition of costs to be covered. The intention is for this funding to be executed as a transfer fund based on actual service execution costs. The level of operations in fiscal year 2003 has not yet been conveyed to the services, so projecting reconstitution costs using forecasting methods is inappropriate. However, the Department intends to seek reconstitution cost reimbursement from this $10 billion transfer fund as these costs are incurred or expected.

COST OF CONTINGENCY OPERATIONS

18. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, please provide the amount in the fiscal year 2003 budget request for contingency operations (e.g., Bosnia, Kosovo, Northern Watch, etc)

General MCKIERNAN. The Army budgeted $574 million for Bosnia, $919 million for Kosovo, and $279 million for Desert Spring in the fiscal year 2003 budget request.

General BEDARD.

[In millions of dolloars]

Operation	Location	Total	Military Personnel	O&M
Joint Forge	Bosnia	$1.6	$.4	$1.2
Joint Guardian	Kosovo	4.7	3.4	11.3
Northern Watch	SW Asia	0.5	0.2	0.3
Southern Watch	SW Asia	0.8	0.2	0.6

General WALD. The fiscal year 2003 budget requests the following amounts to execute Air Force contingency operations:

[In thousands of dollars]

	Military Personnel	O&M
Bosnia	$ 32,999	$120,537
Kosovo	1,782	53,491
Northern Watch	26,700	122,474
Southern Watch	95,042	582,734
Total	156,523	879,236

Admiral KROL. The funding in the Navy's budget request for contingency operations in fiscal year 2003 is as follows:

Bosnia
Joint Forge—$12.3 million
Deliberate Forge—$20.6 million

Kosovo
Joint Guardian—$13.3 million

Southwest Asia
Northern Watch—$21.9 million
Southern Watch—$248.3 million

ARMY AMMUNITION

19. Senator AKAKA. General McKiernan, a recent study by the Association of the United States Army stated that the Army has projected an $820 million shortfall in funding for training ammunition over the next 5 years. Is this report accurate? If not, what is the current shortfall, if any, in training munitions? If so, what are the readiness implications of this shortfall, and what actions does the Army expect to take to correct it?

General MCKIERNAN. The Association of the United States Army study was accurate at the time the information was gathered for publication. The Army has placed additional funds into the training account and the fiscal year 2003 Defense Emergency Response request contains $27 million for the Army. Additionally, sufficient funds have been programmed through fiscal year 2007 to eliminate the projected shortfall over the next 5 years. In the light of recent events, new training strategies are being developed and staffed. These new training strategies are producing new requirements that will be addressed in the fiscal year 2004 budget. The Army continues to place the highest priority on training ammunition and will make the maximum effort to fully resource these requirements. However, current world events may unexpectedly deplete stocks and training funding requirements can increase.

105MM AMMUNITION FOR MGS

20. Senator AKAKA. General McKiernan, does the Army currently have sufficient stocks, or have resources planned to acquire sufficient stocks, of 105mm tank ammunition in order to supply the Interim Brigade Combat Teams' Mobile Gun System when it comes on line in 2004? If not, what actions are planned to make up for any shortfalls?

General MCKIERNAN. The U.S. Army currently has sufficient stocks in four of seven required Mobile Gun System (MGS) ammunition cartridges. We are in the process of procuring three cartridge types by 2004 to meet MGS requirements. First, we are re-procuring high explosive and companion training cartridges (M393A3 and M467A1) to meet the MGS's Key Performance Parameter. The new service cartridge will replace the aging M393A2 High Explosive Plastic cartridge. Second, we will develop and procure the M1040 Canister cartridge to meet the Mobile Gun System's anti-personnel requirement. The U.S. Army has sufficient stocks of M900 Armor-Piercing, Fin-Stabilized, Discarding Sabot anti-tank cartridges, and M456A2 High Explosive Anti-Tank cartridges to meet Mobile Gun System self-defense requirements, along with appropriate training ammunition (M724A 1 and M490A 1).

AIRLIFT SHORTFALLS

21. Senator AKAKA. General Newbold, in his testimony earlier this month, Admiral Blair stated that Pacific Command forces "are beginning to face regular shortages of airlift and aerial tankage," and that these shortages are both increasing costs as they contract for civilian airlift and complicating training efforts. Are other commands experiencing similar shortfalls?

General NEWBOLD. PACOM, like the other commands, is experiencing reduced levels of organic air-refueling and airlift support for those requirements not directly supporting the GWOT. The JCS priority system is used to adjudicate who gets organic support when requirements exceed capacity. (GWOT air-refueling and airlift requirements are currently validated at JCS priority one.) In an attempt to support worldwide air-refueling requirements, air mobility command (AMC) has nearly tripled daily tanker aircraft/aircrew taskings. Commercial passenger and cargo aircraft are used to supplement the organic fleet when loads are compatible. For this reason,

the use of commercial aircraft more than doubled during the first quarter of current year 2002.

22. Senator AKAKA. General Newbold, can you provide the additional costs that our regional commands are incurring because of airlift shortages?

General NEWBOLD The significant commitment of military aircraft in support of the ongoing contingency means that they are not available to fly all support, exercise, and training missions. When military aircraft are not available, support flights and exercise missions are being flown using commercial aircraft. The channel customer is not affected by the change in aircraft type. The support flights customer pays for the person or cargo being moved, regardless of the type of airlift provided. The exercise customer, however, pays for airlift by flying hours used to support the mission. The only instance that a customer would incur increased cost due to commercial augmentation (contract for civilian airlift) would be if there was a need to contract for more capacity than is required to move the customer's requirement. In today's environment, this is sometimes the case as additional force protection personnel and equipment are added to the planned event. Also, in the case of training, there are training missions that cannot be supported and training can be lost.

23. Senator AKAKA. General Newbold, are there mechanisms available either to improve airlift management and/or mitigate training impacts that we could take right now to reduce the negative short-term effects of current operations?

General NEWBOLD. The very dynamic nature of the war on terrorism has placed unanticipated demands on mobility assets. However, AMC has a very specific set of procedures by which organic airlift shortfalls are identified. This triggers a request to purchase commercial airlift augmentation to support warfighting CINCs whose lower priority missions would otherwise be nonsupported. Users can/should be advised that commercial aircraft will likely be used, and they should plan accordingly to minimize impact to their operations. If commercial aircraft are filled to capacity, the charges incurred (which are based on weight, not aircraft type) would be the same as when organic lift is provided. This would eliminate additional expense during this long-term shortage of organic lift capacity. If military or commercial air is not available, training options available to the user in the short-term include reducing the scope of the exercise, using virtual, computer-based training, where feasible, or conducting training at locations that minimize the need for airlift support. While these are not the preferred solutions, they do allow the user to conduct needed training.

INTER-DEPLOYMENT TRAINING CYCLE

24. Senator AKAKA. Admiral Krol, if the Navy decides to extend its deployments beyond the 6 months that is typical, what impact will this have on the maintenance and training that takes place in between deployments?

Admiral KROL. Maintenance impact: In both short-term and long-term, the effect of extended deployments on maintenance will be felt mostly on the ship's hull, mechanical, and electrical systems that have a historically defined limit of operating hours before requiring an overhaul or repair. Many of these systems, like gas turbine and diesel engines, high and low pressure air compressors, and pumps of all types already display high downtime, and high operating cost trends. These systems operate almost continuously when the ship is deployed, resulting in predictable wear and tear and eventual failure in operation. In the long-term, the maintenance capabilities of the ships crew must be upgraded. Navy Afloat Maintenance Training System and the Battle Force Intermediate Maintenance Activity (NAMTS/BFIMA) programs support this.

Training impact: The CNO has established two baselines for deployment of naval forces. First, prior to deploying again, each unit should spend twice the time in a non-deployed status as time deployed. This is known as Turnaround Ratio (TAR). Two-to-one is the minimum established goal. With adequate TAR, the proper mix of maintenance and individual, unit and coordinated training can be achieved. Second, the CNO has established the policy that sailors should be in their homeports 50 percent of the time over any 3-year period. Adequate TAR and underway training supports this personnel tempo goal. Shortened TAR can be accommodated over the short-term if required to support increased presence; however, maintenance and training will not be at the same ideal tempo and will suffer over the long-term. Increased deployment length may have no impact on TAR. However, with a given (constant) presence or TAR, increasing the deployment length will increase the IDTC length, which would be additional IDTC time for training and maintenance.

25. Senator AKAKA. Admiral Krol, how much "flex" currently exists that will allow for additional compression of these already tight timelines?

Admiral KROL. Flexibility remains in the Inter-Deployment Training Cycle (IDTC) as timelines become compressed, but it comes at a cost. Compressing the IDTC requires reductions in maintenance, and negatively impacts training and crew quality of life. Maintenance scheduling is frequently the driver in IDTC scheduling. Changing or compressing long-lead time maintenance periods increases cost and adversely impacts other planned maintenance.

Compressing schedules also results in reductions in the amount of time allotted to training as well as the quality of that training for the sailors involved. Shorter training periods force more qualification and certification events to occur at an increased pace to insure units are ready to deploy.

The true cost of compressing schedules and reducing maintenance and training periods is the negative effect on quality of life and the long-term negative effects on ship and aircraft readiness as a result of not conducting required maintenance. The Navy is also forced to compromise or postpone modernization that is conducted during maintenance periods and provides the basis for transformation for the force of the 21st century.

26. Senator AKAKA. Admiral Krol, do you have any concerns, in either the short- or the longer-term, about the impact of such compression on the fleet, both from an equipment and a personnel perspective?

Admiral KROL. Equipment impact: By extending deployments and compressing the IDTC, the scheduling of required maintenance becomes more compressed. To get the same (or higher) number of manhours accomplished in a shorter amount of time, either the maintenance infrastructure must grow or the existing infrastructure must work longer hours. Either option will add to maintenance costs. Additional wear and tear on the ships distributed systems due to lengthened operating time will also drive the maintenance requirement up while the ship is in port. There are other periodic requirements such as preventive maintenance, calibration, inspections, and assessments that will either be deferred or waived due to ships operations. Finally, ships' modernization must be more strictly controlled, as there is minimal time to install and train on new equipment and systems. Incomplete upgrades and equipment alterations will be even more intolerable with less time to groom between deployments.

Personnel impact: In the short-term, gains in retention, attrition, and recruiting have improved overall fleet sea duty manning from 89.5 percent some 2 years ago to 97 percent at present. This makes it feasible to satisfactorily man our ships and squadrons for deployment with only minor personnel actions necessary to replace unplanned losses or satisfy other critical skill shortfalls.

For the long-term, continued commitment to fund quality of life and compensation initiatives is essential to offset the negative impact higher OPTEMPO/ITEMPO will have upon retention, attrition, and recruiting. It is also important that efforts to establish firm employment schedules as early as possible. This enables the Navy personnel system to conduct advanced planning for timely replacements; it also supports the personal planning of our sailors.

REGIONALIZATION OF INSTALLATION MANAGEMENT

27. Senator AKAKA. General McKiernan, General Abrams testified before the House Armed Services Committee on March 8, 2002, that regionalization of installation management will pose challenges for U.S. Army Training and Doctrine Command (TRADOC) mission commanders. He stated that the loss of flexibility to move funds from base operations to more urgent training needs increases the importance of fully funding training requirements, beginning in fiscal year 2003. Are TRADOC's training needs fully funded in the fiscal year 2003 budget request? What is your assessment of the impact of this regionalization on training and readiness, not just in TRADOC but for all of the Army's warfighting units?

General MCKIERNAN. TRADOCs current training needs are adequately funded in the fiscal year 2003 budget request, with acceptable risk. We support base operations regionalization, now termed Transformation of Installations Management (TIM), as a means to improve standard base operations services across all Army installations, and thus improve quality of life for soldiers and their families. Although we have concerns, it is difficult to fully assess training and readiness impacts before implementation. The Army is committed to ensuring that certain mission activities, i.e., training enablers, force protection, and airfield operations, are fully supported under the TIM organization. These include our range and training land operations

and modernization programs, and our battle simulation centers, which directly support training and operational tempo. My office is currently developing an Organization and Operations Plan for those programs for which I am the functional proponent, which will lay out how these programs will be executed. We will work closely with the Assistant Chief of Staff for Installation Management to ensure that mission commanders are directly involved in the prioritization, implementation, and control of these functions at all levels.

IMPACT OF CURRENT OPERATIONS ON PILOT EXPERIENCE LEVELS

28. Senator AKAKA. General Wald, General Johnston testified before the House Armed Services Committee on March 8, 2002, that Operation Noble Eagle will have the same long-term effect on pilot experience that operations in Southwest Asia have had. Specifically, he stated that "flying time" instead of "range time" has reduced the amount of time available for realistic training and that, as a result, pilot experience has been degrading over the 1990s. Is the Air Force examining or planning any efforts to try to remediate these effects and if so, what are the likely costs of any alternatives that are being considered?

General WALD. The Air Force is aggressively examining ways to use the Air Expeditionary Force (AEF) construct, DOD-directed training transformation, and the accompanying budgeting process to mitigate the effect of high OPTEMPO on readiness. In the fiscal year 2003 budget and beyond, a balanced and integrated approach that focuses on four fundamentals—transformation, readiness, retention, and re-capitalization—is key to the Air Force maintaining a quality aircrew force whose size and readiness enable it to accomplish the mission today and tomorrow. An increased training bill in the form of training backlogs coupled with the need to maintain an aging fleet of aircraft is inevitable but is difficult to quantify until OPTEMPO reduces and total training shortfalls are reported. Sufficient and sustained congressional support would facilitate the essential readiness and other improvements the Air Force needs to continue to train quality combat pilots, and remain the world's preeminent air and space force.

INCREASED MAINTENANCE COSTS

29. Senator AKAKA. General Wald, your written testimony states that your aging aircraft fleet is becoming more expensive to maintain. Please provide any data you may have to illuminate trends in cost increases, by airframe and model.

General WALD. The Air Force Total Ownership Cost (AFlOC) database with its integral On-Line Analysis Processing (OLAP) tool illustrates trends in USAF aircraft maintenance from fiscal year 1996–2001. The OLAP tool captures the gamut of aircraft maintenance cost elements, i.e., maintenance personnel (organizational, intermediate, and ordnance); consumable supplies; depot level repairables; intermediate maintenance; depot maintenance; contractor logistics support; and other maintenance. The following weapon systems are principal cost drivers:

Airframe*	Element	FY96	FY97	TY$ FY98	FY99	FY00	FY01
B-1	Total	388,483,341	381,262,772	451,710,559	451,571,502	495,774,628	522,872,732
	Flying Hours	26,524	24,805	23,745	22,886	24,704	24,545
	Total CPFH	14,646	15,370	19,023	19,731	20,069	21,303
B-2	Total	83,526,324	79,627,487	88,054,109	92,931,265	158,949,819	181,385,762
	Flying Hours	3,435	3,734	3,079	4,600	5,446	5,668
	Total CPFH	24,316	21,325	28,598	20,202	29,187	32,002
B-52	Total	305,303,967	278,229,042	265,906,977	278,034,144	283,334,221	312,815,111
	Flying Hours	25,734	23,299	22,852	21,645	21,553	22,134
	Total CPFH	11,864	11,942	11,636	12,845	13,146	14,133
A-10	Total	351,345,789	360,353,162	393,011,435	471,259,928	453,982,926	487,538,461
	Flying Hours	123,822	125,131	124,120	122,631	111,110	112,829
	Total CPFH	2,838	2,880	3,166	3,843	4,086	4,321
F-15	Total	1,362,497,253	1,306,204,335	1,474,160,301	1,678,998,660	1,690,446,890	1,834,614,668
	Flying Hours	200,407	192,363	188,202	189,119	179,375	185,313
	Total CPFH	6,799	6,790	7,833	8,878	9,424	9,900
F-16	Total	1,431,915,765	1,390,703,491	1,529,041,806	1,830,323,223	2,060,269,101	2,215,883,712
	Flying Hours	374,268	365,470	360,243	352,280	343,091	338,483
	Total CPFH	3,826	3,805	4,244	5,196	6,005	6,547
T-37	Total	78,577,302	90,533,517	113,772,838	133,534,031	146,813,512	153,442,976
	Flying Hours	147,402	159,860	183,914	201,994	202,947	199,416
	Total CPFH	533	566	619	661	723	769
C-5	Total	701,518,516	659,996,868	665,156,075	880,376,891	748,394,805	830,933,286
	Flying Hours	70,105	62,593	64,496	57,859	52,466	57,571
	Total CPFH	10,007	10,544	10,313	15,216	14,264	14,433
C-130	Total	591,213,880	625,452,601	677,199,252	825,748,961	821,857,570	883,224,927
	Flying Hours	230,368	218,375	218,173	212,614	203,025	206,879
	Total CPFH	2,566	2,864	3,104	3,884	4,048	4,269
C-141	Total	646,097,371	558,692,721	534,226,424	469,341,583	369,335,263	317,239,576
	Flying Hours	151,454	121,378	102,895	88,736	63,828	51,503
	Total CPFH	4,266	4,603	5,192	5,289	5,786	6,160
KC-135	Total	710,213,172	736,266,493	870,250,037	984,047,023	930,570,791	1,019,290,569
	Flying Hours	192,153	190,499	191,490	192,032	161,264	168,589
	Total CPFH	3,696	3,865	4,545	5,124	5,770	6,046
AF Fleet (above + others)	Total	8,798,494,166	8,610,825,349	9,398,268,059	10,559,110,254	10,923,292,167	11,721,028,953
	Flying Hours	2,128,432	2,050,177	2,048,288	2,049,496	1,964,458	2,014,020
	Total CPFH	4,134	4,200	4,588	5,152	5,560	5,820

* **Note:** these 11 airframes are significant maintenance cost drivers and represent ~75% of the total AF fleet maintenance effort. Fleet maintenance costs experienced ~41% CPFH growth from FY96-01 or ~8.2%/yr.

IMPACT OF CURRENT OPERATIONS ON TRAINING

30. Senator AKAKA. General Wald, your testimony describes decreased training opportunities as a result of current operations, especially for crews of low density/high demand aircraft. What solutions is the Air Force exploring for this problem, which you note could have a "serious impact on long-term readiness?"

General WALD. Currently, decreased training opportunities for highly-utilized major weapon systems have resulted in a shift toward a back-to-basics approach to ensure aircrews continue to receive the most essential training. The Air Force has also "fenced" aircraft into the training role to make them more available and rotated crews to maintain proficiency. In the future, when training is impacted by limited aircraft availability, distributed mission training simulator technology promises to be a means to enhance readiness by simulating large force employment via multiple simulator data-links.

IMPACT OF CURRENT OPERATIONS ON RETENTION

31. Senator AKAKA. General Wald, you state in your testimony that the implementation of stop loss policies and higher tempo associated with Operations Noble Eagle and Enduring Freedom may negatively affect retention, and that "offsets are . . . being explored." What are those offsets, and what factors are being used to evaluate options?

General WALD. We are still in the exploration stage as we look at ways to reshape our force based on the new steady state requirements of OEF/ONE. This will maximize the effective use of our limited military resources and should free up military endstrength to crosstrain into our stressed career fields (e.g. Security Forces, OSI, etc.) to increase their manning and capability, thereby positively affecting retention.

ARMY OPTEMPO FUNDING

32. Senator AKAKA. General McKiernan, the Army's training strategy for fiscal year 2003 is based on 901 live, virtual, and combat training center tank miles, and 14.5 flying hours per crew per month for aircraft. Yet the fiscal year 2003 budget request does not fully support this strategy. At the same time, the Chief of Staff of the Army has directed units to fully execute the strategy, irrespective of funding shortfalls. Where does the Army plan to obtain additional resources to fully execute the training strategy? What do you think the impact will be if additional training funds are not made available in 2003 and training is reduced?

General MCKIERNAN. Yes, the Chief of Staff, Army has directed commanders to execute the full training strategy. The funding reduction was a disappointment. The Army's fiscal year 2003 requirement, as submitted, included 754 "live" miles, 46 "virtual" miles (800 mile total), and 103 "National Training Center" miles for a total tank mile requirement of 903. The funding reduction was based upon historical execution. The Army believes it was not given sufficient credit for instituting effective management controls in fiscal year 2001 that restricted migration from OPTEMPO or for executing the highest level of tank miles since Operation Desert Storm. These same controls are in effect for fiscal year 2002 and will be continued into fiscal year 2003.

Since our training strategy and guidance to the field has not changed, the challenge is to identify sources of funding that will enable us to execute that strategy. We are currently working with departmental leadership to restore critical training funding. Should the funding not be restored, we will closely scrutinize year of execution obligation rates for our Major Commands and make program adjustments as required. Training is critical for Army readiness. We are committed to providing the resources required to meet our strategy and the associated level of readiness.

HIGH SPEED VESSEL

33. Senator AKAKA. General McKiernan, the Army has solicited a second high-speed catamaran, reportedly to support Operation Enduring Freedom. Marine Corps forces on Okinawa are currently leasing a similar vessel but have decided to use it only for training purposes, because it lacks force protection. Is it the Army's intent to use this vessel in current operations? If so, what steps will be taken to protect it, the troops, and equipment that might be embarked? What are the expected costs of this protection, and how confident are you that the security will be adequate?

General MCKIERNAN. The Army published an intent to solicit a second high-speed catamaran. However, this requirement is currently under review by Central Command (CENTCOM). The high-speed catamaran, also known as the High Speed Vessel (HSV) HSV–X1, "Joint Venture," is under a joint Army and Navy lease and will deploy to the CENTCOM area of operations to provide a high-speed shallow draft vessel capability in support of Operation Enduring Freedom.

To ensure the protection of the vessel, troops, and equipment, the HSV–X1 will have individual and crew served weapons on-board. The weapons package reflects the normal weapons found on the U.S. Army's Logistics Support Vessels, which are currently deployed in the CENTCOM area of operations. The crew will also train on force protection battle drills while in theater, maintain a 24-hour vessel watch and maintain communications with the port facility. The port facility is fenced, and has entry control points and host nation speed boats with small arms weapons. Navy vessels under Naval Central Command will provide additional levels of area force protection support to the HSV–X1 within the area of operations. The costs associated with these force protection measures do not exceed the normal daily operating costs of the vessel because of the requisitioning offset of the individual and crew-served weapons laterally transferred from units currently inactivating. The Army is confident that these force protection measures are adequate to protect the HSV–X1.

JOINT READINESS

34. Senator AKAKA. General Newbold, Dr. Mayberry testified that one of the clear lessons from Afghanistan "is that we must fight joint." How well does our current readiness system capture units' readiness for joint operations? Are there any efforts ongoing or under consideration to improve visibility into joint capabilities?

General NEWBOLD. Our current system does not capture a specific unit's readiness for joint operations, it captures combatant commands and service readiness to support and conduct the joint fight across eight functional areas (personnel, intel-

ligence, surveillance, and reconnaissance (ISR), special operations, mobility, logistics, and sustainment, infrastructure, C^4 and joint planning, and training). The Chairman's readiness system is built upon two pillars. The first is assessing the traditional readiness indicators: personnel, equipment availability, supply, and training. The second is assessing the combatant commander's ability to integrate and synchronize joint forces to accomplish assigned mission. Inherent in that second pillar are readiness indicators that shed light on our ability to execute joint operations across the eight functional areas. The Chairman's system takes these two pillars and massages them together into an overall understanding of the Armed Forces' ability to execute the National Military Strategy.

In the future, we are moving to a readiness assessment system that will capture specific unit readiness for the joint fight through the use of METs. The units will report their readiness to perform its mission essential task. Those tasks correspond directly to combatant commanders Joint Mission Essential Tasks (JMETs), the tasks that the combatant commander must accomplish to be successful in the joint fight. These tasks are identified as the result of understanding the specific mission a unit is assigned and articulated using the common language of the Universal Joint Task List, which is a comprehensive listing of joint tasks units may have to perform. Once that system is in place, I believe we will be in an even greater position to understand the impact of unit level readiness on the readiness of our Armed Forces to conduct joint operations.

INTERIM BRIGADE COMBAT TEAMS

35. Senator AKAKA. General McKiernan, your prepared statement says the Army is looking at basing an Interim Brigade Combat Team (IBCT) in Europe. If the IBCT is a central part of the Army's transformation and, as you say on page 11 of your statement, "would have had a significant impact on the conduct of the battles fought to date" in Afghanistan, why is the Army merely planning to "examine" forward stationing an IBCT in Europe? Why isn't forward stationing an IBCT in both the European and Pacific theaters a high priority? Wouldn't that get your forces to the fight sooner, while requiring less strategic lift?

General MCKIERNAN. In July 2001, the Army announced the location of the six IBCTs. This was based upon operational and strategic considerations. These locations balance a need to forward deploy and tightly manage a new and dynamic transformation process, provide an upgrade to the capabilities of XVIII Airborne Corps, and make the appropriate investment in a Reserve component brigade to guarantee the successful transformation of the Army Reserve component to the Objective Force.

The Army feels that its current stationing plan, which has a Pacific focus but emphasizes global deployability, exploits the advantages of forward deployment for the Pacific theater of operations while maintaining the Army's flexibility to meet other requirements in other critical and non-critical regions.

Defense planners tasked the Army to plan to station an IBCT in Europe by the end of 2007. The Army leadership has presented a plan to Office of the Secretary of Defense and is awaiting guidance.

AC/RC MIX

36. Senator AKAKA. General McKiernan, you testified that current demands for combat service support (CSS) units are straining the Reserve Component. Is the Army evaluating whether some CSS units ought to be moved into the active component, and/or whether there are some capabilities in the active force that might be moved to the Reserves?

General MCKIERNAN. Yes. Today's evolving National Military Strategy (NMS), the QDR, and other defense plans call for a somewhat different force capability than that of the 1990s, which was designed to fight and win two major theater wars (MTWs) nearly simultaneously. Under the previous strategy the Reserve component (RC) was assigned an increased priority for Combat Support (CS) and Combat Service Support (CSS) missions.

The shift in the defense strategy dictates a detailed evaluation of the force mix. The Army uses Total Army Analysis, an analytical process that guides our force development within the constraints provided in the military strategy and budget, to determine new force structure requirements. We are completing our latest analysis that includes a look at Army force structure requirements based on the new strategic guidance. For the most part, the Army has the right composition of forces to execute the assigned missions. However, there are a number of CS and CSS capabilities

that may need to be increased in the Active component (AC) to carry out the defense strategy and emerging missions. The Army is assisting the Department of Defense to identify a range of innovative force capability options to address new challenges and opportunities as part of a QDR and other defense plans DPG-directed review of the AC/RC mix.

PERSONNEL READINESS

37. Senator AKAKA. Admiral Krol, your written statement asserts that personnel readiness has improved due to pay raises, increased housing allowances, and higher levels of career sea pay. What evidence exists to demonstrate the contributions of each of these factors to higher personnel readiness levels?

Admiral KROL. Tables 1 and 2 show how Navy has, since fiscal year 1999, made impressive gains in both increasing enlisted retention (i.e., sailors deciding to remain in the Navy at the end of an enlistment) and lowering enlisted attrition (i.e., more sailors are successfully completing enlistments), especially among sailors with less than 10 years of service.

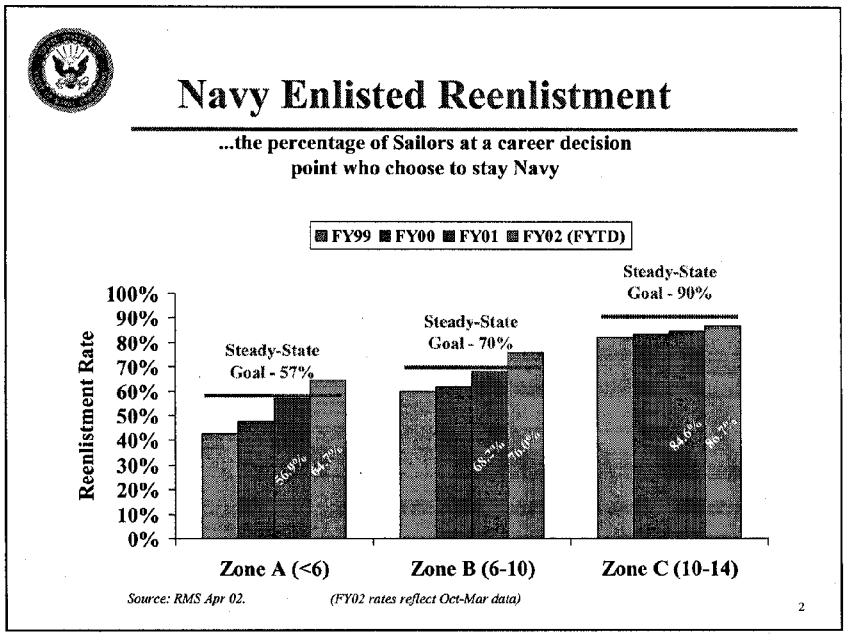


TABLE 1

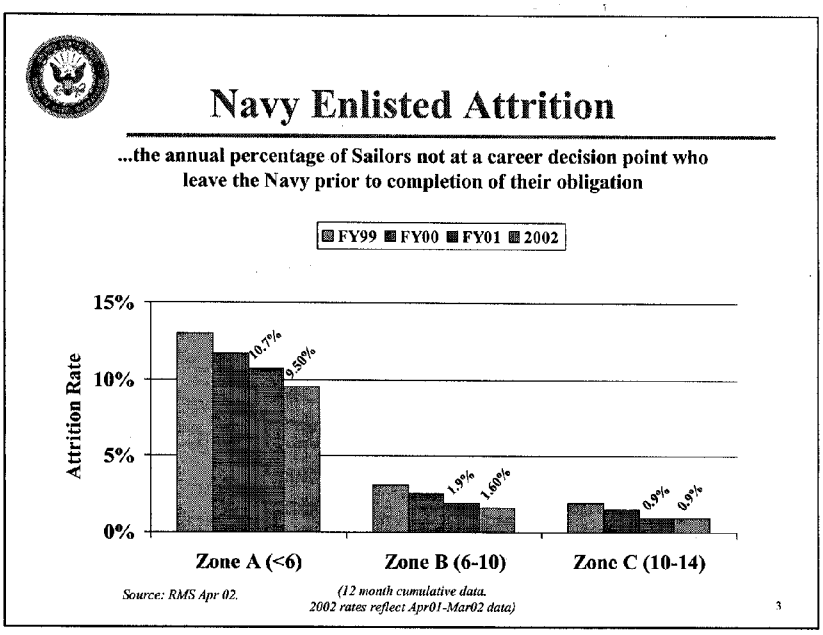


Table 2

While there may be many factors that go into an individual sailor's career decision, years of statistical studies have shown conclusively that increases in pay have a significant effect on retention. The results of improved retention are clearly shown in Table 3—battle groups are deploying better manned than ever before, and, in turn, the Navy is better able to prosecute the global war on terrorism.

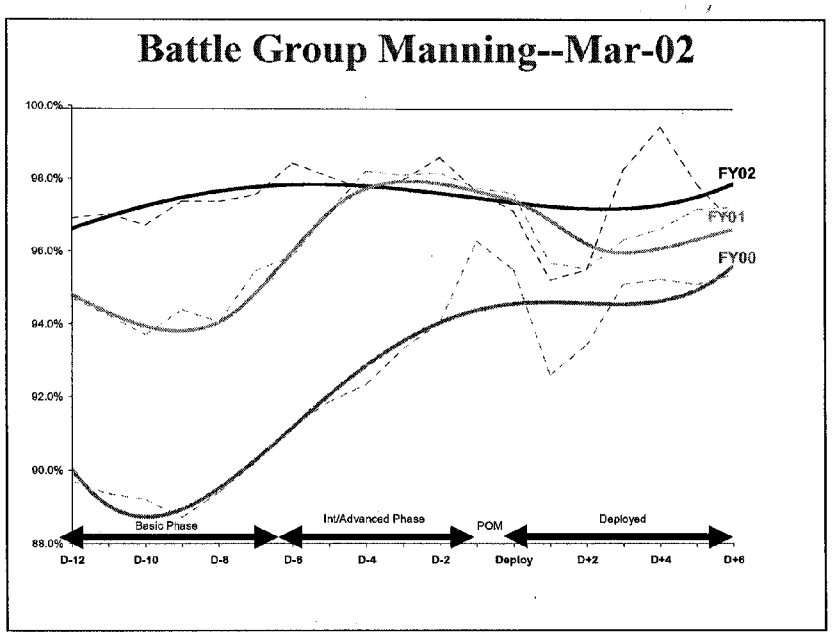


Table 3

It is too early to do a complete statistical analysis of the retention/attrition impact of the 2002 boosts in pay and compensation (i.e., most have only been in effect since January 1, and improvements in Career Sea Pay went into effect only within the last 6 months). However, we do know that these most recent improvements put substantial dollars into sailors' pockets. For example, a Boatswains Mate Third Class (E–4) serving in a deployable Norfolk-based ship and drawing Basic Allowance for Housing (BAH) will make approximately $11,000 more in 2002 than in 2001. The increase takes into consideration hikes in basic pay, authorized BAH for qualified E–4 single shipboard sailors, and the October 2001 increases in Career Sea Pay. These initiatives have been met with overwhelming positive feedback from fleet sailors and are making a tangible financial difference for sailors and their families. As Gas Turbine Systems Technician (Electrical) First Class (E–6) Heink Reisenbichler, a 15-year sailor, put it in a recent media interview, "Our most valuable assets are our people . . . the pay itself will motivate people to stay, and especially reduce the financial stress for the younger sailor."

We are winning the battle for people, but important challenges remain. Officer retention in most line communities is below required levels and recruiting shortfalls exist in officer specialty areas and critical enlisted ratings. This is the first time in history that the services have faced a prolonged conflict with an all-volunteer force. We must ensure our most valuable resource, Navy men and women, are provided with the tools and leadership to succeed, including a continued commitment to enhancements in compensation.

LENGTH OF WAR ON TERRORISM

38. Senator AKAKA. Admiral Krol, you state that it is "quite probable that the global war on terrorism will continue for several years at a pace similar to, and perhaps periodically greater than, that required to date for Operation Enduring Freedom." On what basis have you reached this conclusion? Have you received any guidance about the length or level of commitment you should plan for from either your civilian or military leadership?

Admiral KROL. The senior leadership in both the Defense Department and White House has publicly stated the global war on terrorism may go on for many years. Given the nature of our enemy and the very unconventional nature of his tactics, the duration and intensity of the global war on terrorism cannot be predicted with certainty. As with conflicts in the past, various options are being carefully analyzed for the continued prosecution of the global war on terrorism. Different options entail different levels of commitment in material, time, and manpower.

PRIMARY READINESS CONCERNS

39. Senator AKAKA. Dr. Mayberry and General Newbold, what do you believe is the most important future readiness challenge that is not sufficiently appreciated, either within the DOD or by Congress?

Dr. MAYBERRY. One of our most important readiness challenges for the future is to preserve and protect our training ranges and major training centers. These assets are essential for assuring realistic combat training for our military forces. We need to have the means to protect these assets from the many forms of encroachment, and modernize them to support tomorrow's warfighting needs.

General NEWBOLD. While there are a number of programs, weapon systems and transformational concepts that are vital to the Department remaining the predominant military force on Earth, their value will be greatly diminished if we do not have the right blend of talent, in the right quantities and the right experience levels, to perform our future missions.

Congress and the DOD are both aware of the importance of service members, but the importance of the preserving the intangibles of military service (camaraderie, cohesion, espirit, etc.) is often given insufficient credit. Compensation will never match the demands and risks we ask of our military members, so service must be unique and transcendent. This comment is not intended to diminish the importance of compensation. Compensation is an indication of the appreciation of the country to the servicemember's sacrifice and is vitally important both for this reason and so that our families basic needs can be met. We ask a lot of our soldiers, sailors, airmen, and marines—arduous training, sitting long hours on alert, long family separations, often in dangerous environments that add to the overall stress to the family. The vast majority of our force takes enormous pride in serving their country, but they also have to meet their personal obligations. If long separations are too frequent, if the pay differential with the civilians community becomes too large, if benefits are sensed to be eroding, we run the risk of not being able to retain—or recruit—the highly intelligent, skilled personnel necessary to operate those new weapon systems, concepts, and programs. We've made tremendous progress in quality-of-life initiatives recently, but we must be ever mindful of the needs—intangible and real—of our soldiers, sailors, airmen, and marines.

OSD ORGANIZATION

40. Senator AKAKA. Dr. Mayberry, your office is responsible for oversight and policy for force readiness. As we have discussed already, readiness is a complex equation, with many contributing elements. Key among them, however, is logistics support, which falls under a different under secretary. Do you feel that the current organization and division of responsibilities within the Office of the Secretary of Defense adequately support your efforts to coordinate and direct all aspects of readiness? If not, what changes have you considered and/or proposed?

Dr. MAYBERRY. There are always challenges in ensuring adequate logistics support for our forces. In fact, this area presented enough challenges to warrant the establishment of a Deputy Under Secretary of Defense for Logistics and Materiel Readiness [DUSD(L&MR)]. I have met regularly with the DUSD(L&MR), and our staffs work closely to ensure the most important materiel readiness issues are addressed. I have no concerns with the current organization.

FORCE PROTECTION

41. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, could you please quantify the additional force protection requirements after September 11? What options, if any, are you considering to alleviate the burden that meeting this requirement might pose?

General MCKIERNAN. Since September 11, the Army has mobilized 15,668 Reserve component (RC) soldiers and detailed a further 12,478 Active component (AC) soldiers to perform installation security duty requirements that are mandated by the

Department of Defense (DOD) Force Protection Condition (FPCON) System. The majority of these soldiers are utilized to perform installation access control, security patrols, and the guarding of mission essential vulnerable areas.

The Army is pursuing several initiatives to alleviate this burden upon our AC/RC soldiers. We are reducing the number of access control points necessary to provide the best force protection possible while minimizing the number of personnel required to perform installation access control. The Army is exploring existing and forthcoming security technology that would enhance our security capabilities and further reduce manpower required to support FPCONs. Additionally, the Army has recommended to Congress the modification of existing law to permit commanders to contract for security guards to perform the force protection duties currently being done by AC/RC soldiers.

General BEDARD. While force protection (FP) is not the mission of the Marine Corps, it is mission-essential. Our highest priority remains unchanged: the protection of our marines, those serving with us, their families, and our civilian marines. Our most advanced aircraft, ship, or weapons system is of no value without highly-motivated and well-trained people. People and leadership remain the real foundations of the Corps' capabilities. Since September 11, force protection requirements (both new and previously identified) have been addressed in the enhancement of our organizational structure and anti-terrorism capabilities.

A leading example of this enhancement is the creation of the 4th Marine Expeditionary Brigade (Anti-Terrorism). The 4th MEB (AT) combines our Marine Security Guard Battalion, Marine Security Force Battalion (MCSF BN), and the Chemical Biological Incident Response Force (CBIRF) with a specialized anti-terrorism infantry battalion, as well as a command element complete with dedicated planners, coordinators, and liaison officers for anti-terrorism operations. The 4th MEB (AT) has had an immediate impact, deploying marines within 60 days to our re-opened embassy in Kabul, supporting flight line security in Incirlik, Turkey, as well as supporting anthrax identification at the Capitol.

The fiscal year 2003 budget reflects an endstrength increase of approximately 2,400 marines in support of the 4th MEB(AT). This increase will enable the Marine Corps to maintain the operational and unit integrity of our 24 active infantry battalions, and regimental command elements. Additionally, an endstrength increase would provide structure and resources to form the 3rd Fleet Anti-terrorism Security Team (FAST) Company, thereby increasing our FAST capability from 13 to 20 platoons. This valuable asset is operationally controlled by the Chief of Naval Operations and strengthens the Navy-Marine Corps Team.

Electronic Security Systems (ESS) are the technology centerpiece of the Marine Corps AT/FP program. ESS core funding supports physical security efforts to trade technology for manpower. Installation and operating forces commanders have identified requirements for increased ESS support for AT/FP, which includes increased surveillance capability (closed-circut TV) and digital capture technology for access control points; portable sensor technologies; access control capability; and biometrics integration.

Our centrally managed Physical Security Upgrade program relieves commanders of having to choose between physical security projects that support AT/FP efforts and quality of life minor construction and repair projects at the installation level. This program provides funding for blast mitigation; emergency power generation; security force facilities improvement; security lighting; ordnance facilities improvement; emergency operation center upgrades; and installation perimeter fencing. In addition to the above core requirements, we received supplemental funding via PBD 810 and the Defense Emergency Response Fund (DERF) to support Mass Notification/Personnel Alerting Systems, communication interoperability with State and local emergency response agencies, and emergency preparedness for installation first responders.

In summary, our anti-terrorism/force protection program is based on our ability to leverage our scarce manpower resources with enhanced technology and training.

General WALD. Based upon the increased terrorist threat, we immediately implemented a higher FPCON at all our CONUS Active, Reserve, and Guard bases. We mobilized Air Force Reserve and Air National Guard security forces and implemented stop loss to help sustain manning levels. It appears we will be in this situation for the long haul as intelligence and law enforcement reports indicate the terrorist threat to our operations and people are significant and enduring. We continuously evaluate our FPCONs and employ random antiterrorism measures to deter and counter the threat. We are exploring various ways to improve our force protection capabilities and reduce the manpower shortfalls and associated burden on our people. These methods include improved technology, training, tactics, techniques, and procedures.

Admiral KROL. September 11 obligated the Navy to undertake force protection measures in the United States proper that had previously been institutionalized overseas—including robust, post-U.S.S. *Cole* waterside security measures. Given roughly two-thirds of the Navy's operating bases are in the U.S., this increase in posture and readiness precipitated a proportional increase in necessary security resources, particularly manpower.

Prior to September 11, the Navy was the first service to develop, over the course of 4 years, a rigorous, objective staffing process to quantify manpower requirements for security forces. With this manpower metric, the Navy determined that about 4,500 additional personnel are required to support FPCON BRAVO staffing. Until adequate Active Duty security manpower becomes available, this additional security staffing requirement is being filled by mobilized Reservists, and Active Duty personnel whose normal functions do not include force protection. Given that FPCON BRAVO is a likely long-term domestic condition, neither Reservists nor these temporary augments are viable over time.

The Navy is considering a number of options to alleviate these post-September 11 burdens. We are examining several options for meeting the increased personnel requirements: increasing our Active Duty numbers devoted to force protection, using a mix of Active Duty and civilian personnel, using contract security personnel (though this would require a change in public law), or a combination. We are also actively examining where technology could be used to reduce the number of security positions by creating secure enclaves around piers and airfields inside our bases. Solutions, tailored to each unique individual facility, are under review.

IMPACT ON RESERVE COMPONENTS

42. Senator AKAKA. General McKiernan, General Bedard, General Wald, and Admiral Krol, what impact has the call-up of the Reserve components for Operations Enduring Freedom and Noble Eagle to perform missions such as CAPs, airport security, and force protection at installations had on the ability of those Reserve components to conduct their normal training? Does your service plan to conduct its normal Reserve component training this summer? To date, has the current call-up had any impact on Reserve component recruiting or retention?

General MCKIERNAN. The call-up of the Reserve components to conduct airport security and force protection missions in support of Operations Enduring Freedom and Noble Eagle has not impacted on their ability to conduct scheduled training. Reserve component units that have not deployed will conduct their normal annual training as scheduled.

Today, over 54 percent of the Army resides in the Reserve component, a significant portion of which has been mobilized to fight against terrorism. Over the course of the global war on terrorism, the Army has mobilized over 30,000 soldiers to either support individual states in a Title 32 or state Active Duty role or to provide Title 10 support to the Federal Government. The challenge now facing the Army is to sustain this mobilization over time, as the majority of requirements will continue with only a portion of those being feasible to transition to civilian or contract support.

In addition to doubling the number of soldiers deployed since fiscal year 2001, the Army has been particularly stressed in specific high-demand/low-density Military Occupational Specialties (MOSs) such as military police, military intelligence, special operations forces, and chemical personnel as well as specific unit capabilities that primarily reside in the Reserve component. Currently, almost 80 percent of the Army's military police force deployed around the world in places like Afghanistan and Guantanamo Bay, Cuba and in numerous locations throughout the United States is coming from the Army National Guard (43.4 percent) and the Army Reserve (36.2 percent). Similarly, the Army has mobilized 62 percent of its Reserve component military intelligence capability and has sought out linguists and soldiers with human intelligence (HUMINT) expertise. At the unit level, the Army has mobilized a significant logistics capability, over 70 percent of which resides in the Reserve component, as well as half of its existing Biological Detection System (BIDS) units.

To deal with the stress on high-demand/low-density personnel and the shortage of specific unit capabilities, the Army enacted selective stop loss to hold certain soldiers with selected skill sets on Active Duty. The Army was also forced to mobilize large number of Reserve component units and individuals. While the Office of the Chief of Army Reserve reports that these actions have not had a negative impact on recruiting or retention, it is important to note that stop loss and mobilization may mask underlying issues in these areas. Moreover, it may simply be too early to tell.

While the Army is fighting the current war on terrorism, it is also developing plans to mitigate the shortage of specific personnel and unit capabilities in the future. The Army is reexamining its Active and Reserve component mix of forces, conducting a review of its overall force structure through the Total Army Analysis process, and revisiting its endstrength requirements.

The global war on terrorism, in potential scope and duration, is unlike any previous American war with the possible exception of the Cold War. During the Cold War, however, the Army had the majority of its capability in the Active component. Today, that is not the case. Given the ongoing and open-ended requirements of the war on terrorism and the limited size of the Active component, the Army will continually rely on the Reserve component and may have to revise its strategy for recruiting and retention in order to maintain the critical capability to fight and win this Nation's current and future wars.

General BEDARD There have been no impacts on units and individuals not activated. Activated units have been provided with greatly enhanced training opportunities. For example, one of the first unit activations sent two platoons from B Company, 1st Battalion, 23rd Marines to Naval Base Guantanamo Bay, Cuba to assume the installation security mission. To prepare for the mission the unit received extensive training in anti-terrorism and force protection from Marine Corps Security Forces Battalion. During their 4-month rotation in Cuba, they were also able to conduct extensive additional training, including live-fire, not normally available to Reserve units due to their limited training availability. The remaining two platoons in the company were activated in mid-February to provide relief for the same mission. They, too, are getting all of the additional training which will benefit not only the unit readiness, but the individual marines as well.

Since their call to Active Duty, 2nd Battalion, 25th Marines and Headquarters Company, 25th Marine Regiment have been serving as part of 2nd Marine Division and participating in all the normal training opportunities offered at Camp Lejeune. One recent training opportunity gave the Reserve Marines a chance to test and utilize new field equipment. The 25th Marine regiment is one of only three regiments in the Marine Corps (along with 6th and 8th Marines) to receive and train with the new Combat Operations Center Command and Control equipment. The opportunity to test new field equipment rarely comes to the reserve units.

Marine Heavy Helicopter Squadron 772 was activated to support 2nd Marine Aircraft Wing and is currently at MCAS New River. This CH–53 squadron will reinforce Marine Medium Helicopter Squadron 263 as part of the air combat element for the 24th Marine Expeditionary Unit, which deploys this summer. The squadron is undergoing extensive training to be designated "special operations capable," a first for a Reserve squadron. Across the board, Marine Reserve units activated for the global war on terrorism are performing their designated missions and gaining superior training, which will enhance the versatility, flexibility, and adaptability of the reserves to react, reinforce, and augment the Active Forces.

The Individual Mobilization Augmentees (IMAs) activated thus far are working in the pre-designated billets that they normally drill. Those IMAs not activated are expected to continue to participate in training with their operational sponsors. The Individual Ready Reserve (IRR) members who have been activated are either working in their Military Occupational Specialties (MOSs), thus maintaining their proficiency, or, for those who volunteered to fill a billet outside of their MOS, gaining new skills. Those working installation security have benefited from additional training in anti-terrorism and force protection.

There have been no significant modifications to the MarForRes Training Exercise and Employment Plan, so all previously scheduled events will take place. Units not activated will continue to execute their training plans as previously scheduled, and units that remain activated will not be required to conduct annual training.

Marine Corps Reserve recruiting and retention behavior thus far in fiscal year 2002 is not significantly different than we experienced in fiscal year 2001. The complex nature of the current conflict, coupled with the resulting unknowns concerning its extent and duration make it impossible to predict the long-term impacts on recruiting and retention. Long-term impact on recruiting will be tied to the role of the particular service involved, public perception, and overall progress in achieving the objectives of the conflict. Long-term impact on retention will be tied to two critical factors. First, the job satisfaction experienced by Reserve members who are mobilized will determine the extent of continued interest in maintaining Reserve affiliation once these members have met their call up responsibilities. The second critical retention factor will be determined by the impact of their post-Active Duty transition and assimilation back to their local communities. Those members who experience difficulty in family or personal life, reemployment and civilian careers, and related economic impacts could have a significantly decreased interest in continued

participation in a Reserve capacity. It is important for leaders and policy makers at all levels to watch these areas closely and to evaluate any adverse impact experienced by our Reserve members, both during Active service and after they have resumed their pre-mobilization careers and family life. Because we have not demobilized a significant number of marines initially called to Active Duty in support of the current mobilization, the overall impact on retention for recalled members is undetermined at this point.

General WALD. AFRC personnel proudly serve in continuing deployments in support of our present war on terrorism, and other contingency and humanitarian operations. This higher OPTEMPO has resulted in less training time in some areas. For example, personnel who deploy in support of taskings outside of their units are getting valuable operational experience; however, in some cases, they are not taking care of some of the recurring training requirements which would have been accomplished had they performed home station duty. The full scope homeland security associated requirements and mission are still evolving and related additional training requirements will be addressed concurrently. Air Force Reserve members will be expected to complete their statutory annual tour requirements for the fiscal year. However, given the current number of mobilized Reservists it's expected that the number of personnel available to actually perform annual tours will be diminished. In accordance with current policy, Inactive Duty Training (IDT) requirements are fulfilled and members are considered "constructively present" while on Active Duty. The member's commander or program manager should determine when IDT/Annual Training (AT) is required and may waive training requirements when appropriate.

Admiral KROL. There has been minimal impact on the training regimen to date. Naval Coastal Warfare units are currently serving in both CONUS and OCONUS force protection roles, a mission that is closely aligned with their war time mission and serves to sharpen unit surveillance and water-borne surface ship interception skills. Likewise, aviation units are serving in a capacity that ultimately improves skills and readiness. Currently plans are being developed to address force sustainment, both Reserve and Active capability, to deal with long-term force protection needs.

Additionally, current plans are to continue normal training and to meet exercise commitments. All non-mobilized Selected Reservists will be eligible to perform annual training.

Since September 11, the Navy's retention rate has risen substantially, resulting in fewer qualified veterans leaving Active Duty and therefore available for Reserve affiliation. Of those personnel who have made the decision to leave Active service during the war, their awareness of Reserve mobilization has impacted their decision for Reserve affiliation. The result is that affiliation of Navy veterans appears to have decreased to some extent. Retention appears to have increased due to stop loss, and the inability of a mobilized Reservist to separate. We expect attrition to increase and retention to decrease as a result of demobilization. In an attempt to fill the gap, Naval Reserve recruiting has significantly increased the accessions of non-prior service personnel.

QUESTIONS SUBMITTED BY SENATOR JAMES M. INHOFE

TRAINING RANGES—VIEQUES

43. Senator INHOFE. General Bedard, you note in your written testimony on page 22 that "it is absolutely critical that the Navy and Marine Corps maintain areas where they can combine naval gunfire, artillery, air, and ground maneuver simultaneously." Is Vieques one of these areas to which you are referring?

General BEDARD. It is essential for naval forces to have access to a live-fire training environment that allows for simultaneous live-fire integration of all naval fires, including Marine direct and indirect fires (small arms, machine guns, mortars, and artillery), Naval Surface Fire Support, and aviation delivered fires. Vieques represents the only training location on the east coast that possesses the ability to accommodate the full range of naval fires. The loss of Vieques live-fire training will degrade the ability to adequately train and prepare Marine Air Ground Task Forces on the east coast for combat.

44. Senator INHOFE. General Bedard, the Army and the Air Force indicate that they have unfunded requirements in support of their training ranges for fiscal year 2003. The Navy does not identify an unfunded requirement for training ranges. Is the Marine Corps fully resourced to support training ranges, including Vieques, in fiscal year 2003?

General BEDARD. Our fiscal year 2003 budget allows us to meet our basic requirements in support of training ranges, although a number of deficiencies exist which we are trying to address. While our ranges are generally in adequate condition, we have been unable to modernize them to provide for advanced fire and maneuver. We must compete our training range enhancements in the POM process against the same funding lines that procure our warfighting systems and equipment and, most frequently, this process leaves training range modernization behind. In particular, the operation and maintenance (O&M) funding provided for range maintenance is subject to prioritization with other projects in the same category and frequently falls short when competing with family housing maintenance and other base support functions.

Our most significant limitations and shortfalls are targetry and infrastructure to contribute to more advanced training. Realistic targets that provide feedback to the shooter, instrumentation that tracks positions over time, and threat emitters that stimulate aircrews to take appropriate action while flying training missions are examples of upgrades that would facilitate more advanced training. Once again, these programs have to compete against other critical deficiencies and therefore may not receive the necessary funding, or may take much longer than desired to field.

Finally, we cannot comment on the level of fiscal support for Vieques, since operations and maintenance funding for these ranges is provided by the U.S. Navy, not the Marine Corps.

45. Senator INHOFE. General McKiernan, General Bedard, General Wald, and Admiral Krol, in addition to the well-publicized issues surrounding U.S. Navy/Marine Corps use of the Vieques training range, the services face growing restrictions on the use of other military ranges throughout the United States. It is expected that the problem will be magnified by the introduction of faster and more lethal weapon systems that require larger air, surface, and subsurface training and operating areas. The protection of endangered species on military lands has been particularly challenging for the military departments. The DOD property supports, on a per capita basis, about four times the number of endangered species as the Departments of Agriculture and Interior lands. The DOD has about 26 million acres of land and about 300 endangered species. Most of the acreage is in training areas. Adding to the challenge is the success of military environmental stewardship. Like most things, when you ask the military to do something, it's going to get done and it's going to get done right. In the case of the environmental stewardship program, the success of the program has resulted in increased encroachment—a Catch–22. Please give examples of specific training ranges where encroachment is particularly problematic. How much of the training ranges are not usable because of environmental or other types of encroachment?

General MCKIERNAN. In the vast majority of cases, encroachment at our training ranges is the sum of incremental restrictions to the way the Army would train under unconstrained conditions. There are very few incidents of range areas that are entirely unusable due to these constraints. Rather, a given area may be subject to a number of restrictions on things like the location, duration, and timing of training events or the weapons and equipment that can be used in training. The cumulative effects of these incremental constraints are sometimes subtle but unquestionably result in sub-optimal training conditions.

Examples of installations experiencing encroachment issues include:

Fort Hood, TX: The U.S. Fish and Wildlife Service's (FWS) biological opinion, issued under the ESA for both the Golden Cheeked Warbler and the Black Capped Vireo, restricts training on over 66,000 acres (38 percent) of training land. These restrictions include no digging, no tree or brush cutting, and no "habitat destruction" throughout the year on the entire core and non-core area. During March through August, vehicle and dismounted maneuver training is restricted to established trails, and halts are limited to two hours in designated endangered species "core areas." (55,000 acres of the 74,000 acres are designated "core areas.") Artillery firing, smoke generation, and chemical (riot control) grenades are prohibited within 100 meters of the boundaries of the designated "core areas." Use of camouflage netting and bivouac are prohibited across the entire "core area" during these months. Unit commanders are forced to develop and implement work-arounds that result in sub-optimal training conditions. An example of such a work-around is the use of tape or ribbons to delineate fighting positions in lieu of digging entrenched fighting positions. These restrictions primarily affect Fort Hood's eastern training/maneuver corridor and concentrate training impacts on the western corridor. Concentration of training impacts, coupled with cattle grazing, is causing severe erosion and rapid training land degradation on the installation.

Fort Richardson, Alaska: In a lawsuit against the Army at Fort Richardson, Alaska, plaintiffs allege that munitions used for their intended purpose (fired in training) are solid waste under the Resource Conservation and Recovery Act and are subject to corrective action (clean-up), a pollutant discharge under the Clean Water Act requiring a permit, and a discharge of hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (Superfund) requiring reporting and remediation. Plaintiffs have filed a motion for a preliminary injunction in their complaint seeking to halt live-fire training pending resolution of the case. At a minimum, results of this litigation will impact Forts Greeley and Wainwright in Alaska because they have similar physical conditions and conduct similar military range operations. A negative ruling in this case may result in the broad application of these statutes to all the military services' live-fire training.

Hawaii (including Makua Military Reservation and Pohakuloa Training Area): Training at Makua Military Reservation was halted for nearly 3 years during negotiations associated with the National Environmental Policy Act and endangered species issues. Under terms of a settlement agreement, the Army must complete an Environmental Impact Statement (EIS) by October 2004. The EIS must address the potential impacts of military training at Makua and related environmental studies. Because the lawsuit settlement allows less than the required 18 Combined Arms Live Fire Exercises (CALFEXs) per year, the 25th Infantry Division (Light) [ID(L)] must complete the additional requirements for Company CALFEXs during deployments to Continental United States (CONUS) training facilities. Also, it is likely that other DOD components (i.e., U.S. Marine Corps, Army Reserve, and National Guard) will not have access to Makua for live-fire training during the next 3 years, since the restrictions of the lawsuit settlement does not allow the 25th ID (L) to meet its own training requirements without out-of-state deployments. Terms of the biological assessment and biological opinion for threatened and endangered plants and animals at Makua impose restrictions on the uses of training aids, the uses of areas, and the intensity of uses. The Army constructed a Multi-Purpose Range Complex at Pohakolua Training Area (for nearly $25 million). The Army has never fully utilized the range due to very restrictive, and expensive, environmental mitigation measures that resulted from consultation with U.S. Fish and Wildlife. The U.S. Fish and Wildlife Service is under court order to designate critical habitat for 245 plant species in Hawaii. These designations are in various stages of completion. Current data indicates that 5 critical habitat designations for animals, and 58 upcoming designations for plants have the potential to negatively impact Army training lands and ranges in Hawaii. These adverse impacts may include training restrictions, administrative burden, and access limitations to certain areas. At Makua Military Reservation, under terms of a settlement agreement, the Army must complete an EIS by October 2004, or military training may suspended until the EIS is complete.

General BEDARD. There are a number of proposals under consideration to better identify, quantify, and report the impacts of encroachment at both the OSD and Marine Corps level. At the service level, there is a USMC proposal to create a range database that would link Individual Training Standards (ITSs) and collective training standards to specific ranges/range complexes. This metric would enable the USMC to articulate the impact of the loss or degradation of a specific range. This metric would by extension help identify range shortfalls and provide the foundation for a range management roadmap. Ultimately, the range management database will lend itself to a much-improved ability to articulate encroachment impacts in terms of readiness standards and costs.

The following list is a sample of specific training ranges where encroachment is particularly problematic from each coast and Hawaii. This list does not include all of our military installations. It is, however, representative of the encroachment problems we face and the causative factors resulting in training limitations.

Southern California—Marine Corps Air Station (MCAS) Miramar—Endangered Species Act (ESA): Miramar supports nine listed species. United States Fish and Wildlife Service (USFWS) proposed designating critical habitat for three species covering 65 percent of the base, including the containment area. USFWS decided not to designate any habitat on the station as the Station's Integrated Natural Resources Management Plan (INRMP) provided suitable species management, obviating the need for habitat designation. The decision to not designate critical habitat on Miramar was challenged by the Natural Resources Defense Council (NRDC) and the California Home Builders Association (CAHBA). In response to the CAHBA case, USFWS decided to withdraw the rule until a new economic analysis could be prepared. It is anticipated USFWS will designate habitat such that the concerns of CAHBA are accommodated. Finally, it is anticipated that NRDC will refile their complaint and seek to overturn the decision that excludes military installations from critical habitat designation.

Air Quality: Miramar is located within the South Coast Air Quality District, which is a severe non-attainment area. Meeting air quality standards during basing of the MV–22 Osprey, the Marine Corps' number one aviation acquisition priority, will be challenging.

Airspace: The San Diego area airspace is facing encroachment from Tijuana, Mexico's Rodriguez airport, affecting operations at all San Diego area air stations. In addition, San Diego-area military installations face continuing pressure to provide space for a civilian international airport to replace Lindbergh Field.

Marine Corps Base (MCB) Camp Pendleton—ESA: Camp Pendleton supports 18 listed species. USFWS proposed designating critical habitat for six species covering 57 percent of the base, including all 17 miles of beach and a portion of the impact area. USFWS decided to not designate much of the base as the harm to readiness would be greater than the benefit to the species. Areas designated for critical habitat include the area leased to the State of California for use as a state park. The decision to not designate critical habitat on Camp Pendleton is being challenged in court by NRDC and CAHBA. In response to the CAHBA case, USFWS decided to withdraw the rule until a new economic analysis could be prepared. It is anticipated USFWS will designate habitat such that the concerns of CAHBA are accommodated. Finally, it is anticipated that NRDC will refile their complaint and seek to overturn the decision that excludes military installations from critical habitat designation.

The State of California is proposing the creation of Marine Protected Areas, including one off the coast of Camp Pendleton. The Marine Corps objects to this designation as it would restrict the ability to conduct amphibious operations.

Urban Development: Interstate Highway 5 and a parallel railroad track serve as barriers for tactical movement from the beach to inland fire and maneuver areas. While several underpasses exist, only one underpass can accommodate all tactical vehicles used by the Marine Corps, thereby limiting manuever throughput. A State park and nuclear power plant on the base remove about half of the beach area for training. Development up to the fence line is resulting in increased local populace noise complaints due to live-fire exercises conducted aboard the base. The base has been identified, over the objection of the Marine Corps, by the San Diego area governments as a potential site for a new international airport. Over the objection of the Marine Corps, the USFWS, United States Environmental Protection Agency (USEPA), and LA District Army Corps of Engineers (ACOE) are requiring the Federal Highway Administration to consider alternative highway route alignments through Camp Pendleton.

Airspace Restrictions: San Onofre nuclear power plant has airspace restrictions.

Air Quality: Camp Pendleton is located within the South Coast Air Quality District, which is a severe non-attainment area. Meeting air quality standards during basing of the Advanced Amphibious Assault Vehicle (AAAV), the Marine Corps' number one ground acquisition priority, will be challenging.

Marine Corps Recruit Depot (MCRD) San Diego—Base Urban Encroachment: MCRD San Diego continues to experience significant urban development around its facilities with increasing competition for use of MCRD property by local airport authorities.

Arizona—Yuma Training Range Complex (YTRC), Arizona—Chocolate Mountains Aerial Gunnery Range—ESA: USFWS designated about 175,000 acres north of the ridgeline as critical habitat for the Desert Tortoise.

Noise: Target arrays are prohibited from about 200,000 acres south of the ridgeline due to noise concerns of Niland, CA, residents. Noise and ESA concerns will make creation of new target arrays difficult; this adversely affects training for units such as the Naval Special Warfare Task Units (SEALs), who require new target arrays.

Mineral Resources: Oil, mineral, and gas development options on Bureau of Land Management (BLM) withdrawn land, if exercised, would affect ability of this installation to support military training.

Western portion of the Barry M. Goldwater Range (BMGR)—ESA: BMGR currently provides habitat for two species protected under the Endangered Species Act. Specifically, the Sonoran Pronghorn antelope which as been designated as endangered and the flat-tailed horned lizard which has been proposed to be designated a threatened species. The presence of these protected species places significant restrictions on approximately 320,000 acres (46 percent) of the BMGR West. Similarly, the Sonoran Pronghorn occupies 445,000 acres (42 percent) of the BMGR East, which is under U.S. Air Force control but is also used by fleet Marine units and Marine Aviation Weapons and Tactics Squadron One (MAWTS–1). Although civilian recreational use and the two protected species have not prevented required training mission accomplishment, they limit use of certain portions of the range. For example, when Pronghorn antelope are present in a target area, fighters laden with ord-

nance and fuel must either loiter until the antelope leave or cancel the sortie without completing their assigned mission.

North Carolina—MCAS Cherry Point—Environmental and property issue with State of North Carolina over water targets: Concerns include unexploded ordnance (UXO), noise, and water quality.

Frequency spectrum encroachment: The band used for Tactical Air Combat Training System (TACTS) range may be lost to commercial interests.

MCB Camp Lejeune—Urbanization: The area around the base is experiencing explosive growth due to the nearby beach economy. Planning for development of a 2,500-acre parcel adjacent to the base's tank range, explosive ordnance disposal range, and rifle range as a golf course community supporting 4,500 units of housing is underway. The potential for noise complaints is staggering.

Hawaiian Islands—MCB Hawaii—ESA and Cultural Resources/Makua lawsuit: Prior to October 2001, the Army and Marine Corps were enjoined from conducting live-fire training exercises in Makua Valley on Oahu. The Army has regained limited access to the range for training. However, sufficient access to accommodate Marine Corps training was not forthcoming.

Explosive Safety Arcs: Previously compatible land use has been converted to commercial development, impeding ability to maintain explosive safety arcs.

General WALD. The Air Force has about 79 endangered species on its ranges and installations. Currently, the range most seriously affected by restrictions due to endangered species is the Barry M. Goldwater Range (BMGR) in Arizona. The BMGR, the adjacent Wildlife Refuge, and National Monument are the last remaining habitat for the Sonoran Pronghorn antelope. The Air Force routinely redirects or cancels 30 percent of our live-drop missions every year to avoid the antelope. Currently, at the other ranges, there are no major restrictions on testing or training. However, we have seen large increases in population around several bases that are associated with our largest ranges, such as Nellis AFB, Nevada, and Luke AFB, Arizona. It is this developing trend that has led the DOD to seek clarification on specific legislative and regulatory requirements. Our goal is to maintain our capability to test equipment, train military forces, and simultaneously protect the environment to the greatest extent possible.

Admiral KROL. Nowhere is the impact of encroachment more apparent than in Southern California and especially with respect to Marine Corps bases in that locale. In February 2000, the U.S. Fish and Wildlife Service (USFWS) proposed designation of over one-half of the 12,000 acres that comprise the Marine Corps Air Station, Miramar as critical habitat for several species. The designation included runways and other aviation related structures. At the same time, USFWS also proposed critical habitat designation on about 65 percent of Marine Corps Base, Camp Pendleton, an installation of 126,000 acres. At Miramar, the Marines were able to convince USFWS that the Integrated Natural Resources Management Plan provided sufficient species protections, and at Camp Pendleton, USFWS determined that the harm to military readiness was greater than the value of critical habitat designation, resulting in a scaled back designation. Parties unhappy with these results, however, are challenging USFWS's decisions in court. If the challenges are successful, critical habitat designation at Miramar will prevent the construction and use of ground support facilities, such as a rifle range, military family housing, and utility support facilities. The Marine Corps will also have to consult with USFWS for the use of existing runways and other aviation support facilities. At Camp Pendleton, a loss would require the Marine Corps to consult on training on 57 percent of the base. The Corps is already modifying training on the 10 percent of the base currently designated as critical habitat. For example, Marine Expeditionary Unit (MEU) amphibious landing exercises are seasonally restricted to only one beach at Camp Pendleton. In March 13, 2000, the MEU was restricted to 500 yards out of 17 miles of beach because of endangered species and other encroachment restrictions. In consequence, instead of accomplishing a realistic nighttime amphibious landing, units coming ashore on Landing Craft Air Cushion (LCACs) vehicles were off-loaded at the LCAC facility before moving inland to continue the exercise. They did not go through the full kinds of training required to prepare to take a hostile beach. This was a very serious degradation of training.

About 175,000 acres of the northeastern portion of the Chocolate Mountains Aerial Gunnery Range has been designated as critical habitat for the desert tortoise. About 300,000 acres of the southwestern portion of the range has been designated as a no-drop area due to noise concerns. Accordingly, establishment of new target arrays is extremely difficult. The Navy SEALs would like to establish a new range, but will likely not be able to due to endangered species and noise concerns.

The Navy was not as successful in avoiding the designation of critical habitat on the Naval Amphibious Base (NAB), Coronado, CA. The USFWS designated critical

habitat for the Pacific population of the Western Snowy Plover in December 1999 on portions of the base. NAB Coronado has been home to Navy frogmen and SEALs since their inception in World War II. All of the basic skills from diving to hydrographic reconnaissance have been taught on the beaches and in the bays surrounding the base. For decades, SEALs, marines, beachmasters, and Amphibious Construction Battalions conducted amphibious landings on Coronado's beaches. Ironically, the Navy's successful conservation efforts at NAB Coronado have resulted in additional limits on training. In the early 1980s, the Navy began moving Eastern Snowy Plover and Least Tern nests across the highway to a more protected area in order to avoid any damage from tracked vehicles and foot patrols. As the bird populations grew in this conservation area, however, the birds extended their habitat back to the ocean beaches, forcing the Navy to cease most over-the-beach amphibious landings. Since 1996, the Navy has spent approximately $675,000 per year on conservation and management programs for the birds, increasing nesting by almost 300 percent. Navy's successful stewardship program, however, has resulted in the loss of training area, and NAB Coronado has lost substantial areas of its training beaches to encroachment. The response has been to substantially alter training activities or to conduct them elsewhere, which disrupts training cycles, reduces access to training areas, and increases costs and the already considerable time sailors must spend away from their families before leaving for 6-month deployments. The Navy has been working currently with the USFWS to alleviate the situation but, again, these procedural modifications are open to litigation from environmental groups.

The Navy has run into similar problems on the Vieques Range in Puerto Rico. On Vieques, Navy implemented a turtle protection program that required daily patrols for endangered sea turtle nests. Under the program, where possible, eggs in nests that could be at risk were removed to a hatchery. Over 20,000 turtle eggs were saved through this program, with a successful hatching rate of 80 percent (far higher than turtles in the wild). Notwithstanding the Navy's contribution to sea turtle conservation, the incidental take statement in USFWS's biological opinion on Navy training at Vieques allowed the Navy to take only one turtle in the course of training. This low number of authorized take forced the Navy to expend more effort and funding on turtle surveys. On average, the Navy spends several days and $100,000 per battle group training exercise cycle to conduct turtle surveys. Additionally, the low number of authorized incidental takes has forced the Navy to expend more time on planning training exercises that utilizing the beaches. In some instances, exercises have been moved to other parts of the beach where there are fewer turtles. At other times, exercises have been severely curtailed. For example, amphibious warfare training exercises have been moved, scaled back, or dropped only because of their potential to take more than one turtle.

At Marine Corps Air Station, Miramar, California, plaintiffs filed suit in 1997 challenging the adequacy of Clean Air Act documentation supporting the Base Realignment and Closure realignment of helicopters and fixed-wing aircraft from Marine Corps Air Station, El Toro and Marine Corps Air Station, Tustin to the former Naval Air Station, Miramar. The Miramar realignment involved replacing 22 squadrons of Navy fixed-wing aircraft with 9 squadrons of Marine Corps fixed-wing aircraft and 8 squadrons of Marine Corps rotary-wing aircraft, totaling approximately 256 aircraft. The case continues to proceed under a settlement agreement, which includes a Marine Corps commitment to complete a new air quality analysis. Over 20 construction projects, valued at approximately $400 million, have been completed at Miramar, and both Marine Corps jets and helicopters are now operating there. Military operations and training continue to be at risk, however, unless conformity can be demonstrated and survive judicial scrutiny.

46. Senator INHOFE. General Wald, recently Senator Bill Nelson of Florida has been speaking on the use of Eglin Test Range as a viable alternate to live-fire training at Vieques. What impact would moving the naval training to Eglin have on the ability of the Air Force to train? What impact would this have on the readiness of Air Force Special Operations Command forces?

General WALD. The Navy is working on a strategy to delineate their requirements for fleet training in the future. Their Training Resource Strategy would validate current and future Navy requirements. For the east coast, the Navy is focusing on the use of existing DOD test and training infrastructure on the coast and in the Gulf of Mexico, including the Eglin range in Florida, the largest range in the east. The Air Force has six major commands operating in that area, including the Air National Guard, Air Force Reserve Command, Air Combat Command, Air Force Material Command and Air Force Special Operations Command, and Air Education and Training Command. We are committed to ensuring that all our units in the region

continue to get the training they need to maintain the highest level of readiness possible.

The subject of east coast training has been a frequent source of discussion between the Air Force and Navy. With many key Air Force and Navy missions on the east coast and the Gulf of Mexico, we are taking these discussions very seriously. Our goal is to establish a framework for a cooperative and integrated approach to joint training issues and effective range utilization.

47. Senator INHOFE. General Wald, if the Navy ends live-fire training at Vieques, has the Air Force considered what might be the implications for Air Force training ranges? What might they be?

General WALD. The Air Force operates two ranges in the southeast that can accommodate live weapons training—Shelby Range, Mississippi, and the Eglin Range, Florida, the largest range in the east. Other non-live-fire ranges operated by the Air Force in the east include: Dare County Range, North Carolina; Poinsett Range, South Carolina; Townsend Range, Georgia; Grand Bay Range, Georgia; and Avon Park Range, Florida.

The Air Force is actively working with the Navy to develop a framework for a cooperative and integrated approach to range use. This framework will address equities involved in an effort to best accommodate the needs of all users and the local communities. We have opened a dialogue with the U.S. Navy and we are reviewing the training needs and facilities of both our services. As this review process matures, we will better understand how their needs can best be integrated with ours. We are committed to ensuring that our units continue to get the training they need to maintain the highest level of readiness possible.

48. Senator INHOFE. General McKiernan, if the Navy ends live-fire training at Vieques, has the Army considered what might be the implications for Army training ranges? What might they be?

General MCKIERNAN. It is very difficult to predict the implications to Army ranges associated with the cessation of live-fire training at Vieques. The combination of conditions at Vieques makes for a complex social and political environment. The Navy faces issues of perceived public safety hazards, Clean Water Act compliance, Noise Control Act compliance, and very visible political activism. There are a number of Army installations with similar concerns stemming from potential for environmental enforcement and encroachment. Our concern is that if the Navy can not justify the use of the only range available for the Atlantic Fleet to conduct vital predeployment combined arms training, it will be difficult for any military service to justify the use of any live-fire range. This situation illustrates the power associated with the use of environmental laws and social activism to stop vital military training anywhere.

49. Senator INHOFE. Admiral Krol, the Army and the Air Force indicate that they have unfunded requirements in support of their training ranges for fiscal year 2003. The Navy does not identify an unfunded requirement for training ranges. Is the Navy fully resourced to support training ranges, including Vieques, in fiscal year 2003?

Admiral KROL. Fleet training, and training ranges in particular, can benefit from additional funding. In fiscal year 2002, $30 million above original programming has been provided to Commander in Chief, U.S. Atlantic Fleet to support increased range usage and increased flexibility in IDTC needed for "surge" CVBG deployments and the reduced turn-around ratio associated with Operation Enduring Freedom. This provides "mission based" pre-deployment training including future weapon systems employment by incorporating the best available technologies into Battle Force Team Training, to support current and anticipated missions. An additional $16 million has been requested in the DOD fiscal year 2002 Supplemental Request for that purpose. A similar effort to identify where our training infrastructure requires upgrade will also be done in the Pacific Fleet area of responsibility. Where it is appropriate, we will reprioritize our training funding to continue this effort in fiscal year 2003.

Also, considerable effort is in progress to better define our fleet training and training range requirements Navy-wide. We are being careful to focus on providing the fleet with the capability, capacity, and flexibility to support fleet training requirements, not only for peacetime sustained operations, but in surge or wartime environments. The initial results of this work will be reflected in our fiscal year 2004 budget inputs and will continue to mature in future years.

Within the competing resource requirements, the fiscal year 2003 budget provides adequate funding to support training range operations and meet deploying force training requirements.

50. Senator INHOFE. Admiral Krol, in a meeting prior to the hearing, we discussed the problems of environmental compliance for the Navy to begin live-fire training at Vieques. According to Navy documents, the environmental issues facing the Navy are procedural, and, given a dedicated level of effort and proper management by the Navy, these issues could be resolved. Last fall, the Chief of Naval Operations (CNO) and the Commandant wrote a letter to the Secretary of the Navy requesting the use of Vieques to conduct live-fire training for the *John F. Kennedy* battle group. Was the Navy staff prepared to dedicate the personnel and resources necessary in the fall of 2001 to satisfy the environmental compliance procedural issues for the *John F. Kennedy* battle group live-fire Vieques operations requested by the CNO and the Commandant?

Admiral KROL. In the fall of 2001, the Navy had defined the environmentally related steps needed to resume training with explosive ordnance while complying with pertinent environmental laws and regulations, and was prepared to pursue them when tasked to do so higher authority. A decision has not yet been made to resume explosive ordnance training.

51. Senator INHOFE. Admiral Krol, according to press reports, the Commander in Chief of the U.S. Atlantic Fleet has initiated a Training Resources Strategy (TRS) to "spread battle group training across many installations." What is the purpose of the TRS? On what date will the TRS be implemented?

Admiral KROL. The purpose of the TRS is to provide the fleet a comprehensive and coherent program to link tactical training resources to readiness requirements. The program will provide multi-site training and multi-dimensional flexibility throughout the Navy's overseas deployment training process (IDTC). The TRS, as envisioned, will leverage existing DOD resources and will enhance training capabilities when and where there is greatest potential to improve combat readiness. Additionally, the Training Resources Strategy will permit naval and joint future technology enhancements to adjust the balance of live, virtual, and constructive (LVC) components of training as improvements in technology and simulation are fielded. The program is being implemented incrementally and is currently underway. As an example, the TRS plans delivery of the first Virtual At-Sea Training Deployable Pototype (VAST/DP) system in October 2003. With this technology, Navy surface ships will eventually be able to conduct NSFS qualification at sea, independent of a fixed land range. The TRS also proposes more extensive cross-service coordination of training conducted at various DOD range facilities, as is currently being negotiated between the Navy and the Air Force for ranges in Florida. Throughout the Atlantic Fleet area of operations, multi-site, multi-dimensional, and technology-enhanced training will add tactical depth and flexibility, provide surge capacity and share the benefits of capital investment to conduct concurrent CVBG/ARG–MEU operations and enhance training capabilities. The TRS is an evolutionary process that will provide direction to improve the Navy's readiness resourcing policy.

52. Senator INHOFE. Admiral Krol, what level of funding is required to support the Training Resources Strategy in fiscal years 2002 and 2003? Please itemize by fiscal year and purpose.

Admiral KROL. The TRS will require approximately $45.452 million in fiscal year 2002 and $109.988 million in fiscal year 2003.

Anticipated expenditures include the following:

Facility construction and upgrades: $23.237 million

NAP Key West hangars and maintenance building, inspection, and maintenance of Tactical Aircrew Combat Training System (TACTS) Towers, maintenance dredge to ship channel at Key West and Pensacola, upgrades to mine warfare capability at AUTEC, upgrades to Navy Dare County Range, Cherry Point Range, and upgrades to FACFACS Va Capes to provide an Exercise Control Group Cell.

Feasibility studies for range enhancements: $920,000

Naval Underwater Warfare Center (NUWC) studies at TACTS tower ranges and AUTEC for expanded fleet operations, mobile missilex capability study.

Environmental studies and NEPA documentation: $6.3 million

NEPA and site studies at Key West, Open Ocean (At-Sea Documentation, Virtual at Sea Training Deployable Prototype (VASTDP) and Avon Park Live Fire.

Large Area Tracking Range (LATR): $1.5 million

Upgrades the frequency tracking from 141MHZ to 433MHZ to comply with the remainder of the fleet's LA TR sites.

Forward Area Combined Degaussing Acoustic Range (FACDAR) Range: $5.3 million
Provides a magnetic/acoustic sensing instrumented range to measure all ships for Mine Warfare vulnerabilities.

Berry Island Mine Cable: $1.8 million
Provides for the manufacture of an 8-mile cable to connect the instrumented tactical training mine field located at Berry Island, Bahamas to Little Stirrup Key, Bahamas to establish a permanent telemetry site for recording usage at the mine field.

FACFACS Va Capes/Jacksonville ADSi Installation: $1.8 million
ADSI provides LINK–16 surface picture from participating surface units operating in the east coast warning areas. Provides real time location of surface units which will enhance safety of range operations involving ordnance, aircraft, and ships and provide exercise control groups greater capability to conduct exercise injects with opposition forces.

C/D Antenna for G1 Aircraft: $350,000
Antenna will provide capability to relay control data for aerial drones in support mobile missile exercises for fleet training.

Exercise Support: $1.315 million
Provides fleet support with use of the boat Gosport which is used in large integrated exercises to launch BQM–74 drones, provide GPS suppression, act as an enemy vessel laying mines or provide a platform for navy and SEAL teams to practice hostile boarding of vessels. Also supports providing hulls for large sinking exercises (SINKEX).

Present estimates for fiscal year 2003 TRS requirements include:

Key West upgrades: $59 million
Construction and additional existing building repair, infrastructure upgrades to fuel, electrical and water lines, and maintenance dredge of Key West.

AUTEC Range upgrades: $5.894 million
Berry Island minefield cable installation and permanent Ship Self Radiated Noise Measurement (SSRNM) facility installation.

Environmental: $6.5 million
NEPA compliance at Eglin AFB, NAS Pensacola, Avon Park Live Fire (only if contract cannot be awarded in fiscal year 2002), and Vieques clean-up.

Exercise Support: $17.449 million
Funds for the use of Eglin AFB, SSRNM portable until fixed site can be installed, mobile boat support (Gosport), mobile threats, and mobile at-sea missilex support.

Instrumentation upgrades at Cherry Point: $530,000
Provides support for coastal and ground threats and Beaufort TACTS tower support.

Civilian personnel support for TRS: $381,000
Provides for civil service and contractor support at CINCLANTFLT and Eglin AFB for the TRS.

Mid Atlantic Electronic Warfare Range (MAEWR) and Cherry Point threat upgrades: $13.17 million
Provides electronic threat emitters, mobile EW threat emitters, shipboard EW threat emitters, and communications/data links.

Other OPN upgrades: $6.839 million
Provides funding for the installation of hyqrophones at Beaufort TACTS towers for Naval Surface Gunfire Support (NSFS) systems, and fixed and mobile land target acquisition.

53. Senator INHOFE. Admiral Krol, does the Training Resources Strategy consider the use of the Atlantic Fleet Weapons Training Facility (Vieques range) in Puerto Rico for Navy training in fiscal year 2002?
Admiral KROL. Yes.

54. Senator INHOFE. Admiral Krol, does the Training Resources Strategy consider the use of the Atlantic Fleet Weapons Training Facility (Vieques range) in Puerto Rico for Navy training in the first and second quarters of fiscal year 2003?
Admiral KROL. Yes.

55. Senator INHOFE. Dr. Mayberry, on page three of your written statement you describe the importance of having a training range infrastructure that "supports re-

alistic, combined arms, force-on-force training for our military," and that this is important because "tomorrow's conflicts are likely to be short-notice, 'come as you are' events, and we will need to fight joint and fight interoperable on a moment's notice." I couldn't agree with you more. In fact, I would suggest—and I know the CNO, the Commandant, and other warfighters agree—that Vieques fully supports joint operations under the most realistic conditions—the criteria that the Senior Readiness Oversight Council (SROC) has found deficient in other military ranges. What were the findings of the SROC with respect to Vieques? If the SROC did not evaluate Vieques, why not?

Dr. MAYBERRY. The Department is committed to preserving the readiness and accessibility of the air, land, and sea test and training ranges that provide our forces with realistic, combined arms, force-on-force training opportunities needed to execute our defense strategy. The SROC has addressed Vieques repeatedly in recent years. In September 1999, the SROC evaluated the importance of Vieques to the training readiness of the Atlantic Fleet. In December 1999, the SROC highlighted the impact of continued non-availability of Vieques on deploying carrier battle groups and Marine amphibious ready groups. The SROC reviewed and approved the Navy's implementation of temporary workarounds to meet minimum Atlantic Fleet training requirements—without access to Vieques. In May 2000, the Navy briefed the SROC on its experiences training the U.S.S. *Eisenhower* and U.S.S. *George Washington* carrier battle groups using alternate ranges. While the use of alternate sites achieved minimum training requirements for the Navy, limitations and training artificialities tremendously devalued training realism. Loss of the Vieques live-fire training area was addressed in several SROCs addressing encroachment of our test and training ranges. In June 2000, the SROC reviewed service readiness issues resulting from the encroachment of test and training ranges, and set direction for the development of a comprehensive, multi-faceted strategy for addressing these issues. The SROC approved a comprehensive strategy in November 2000 and assigned appropriate responsibilities for its implementation. In January 2002, the SROC reviewed some administrative, legislative, and regulatory actions which would help preserve the sustainability of our test and training ranges.

56. Senator INHOFE. Dr. Mayberry, if the Navy ends live-fire training at Vieques, have you considered what might be the implications for training ranges operated by the Navy and the other military services? What might they be?

Dr. MAYBERRY. The important training opportunities that Vieques has provided our forces must be provided somewhere. Given Vieques' existing limitations and anticipated closing, the Navy and Marines have begun to conduct more of their training at other existing facilities. While we have not conducted live-fire training at Vieques for some time now, we continue to deploy ready battle groups and amphibious ready groups. The Navy and Marines are emphasizing the use of a variety of training ranges and operating areas in order to reduce reliance on a potential single point of failure during the Inter-deployment Training Cycle. This flexible approach should ensure access to necessary training, providing force readiness into the future.

The impact at other range/operating area (OP AREA) complexes has been a small increase in the amount of live-fire activity they are being asked to support. The services and DOD will continue to evaluate how such changes in operations might impact the ranges and their surrounding communities, and will adapt accordingly. The Department's Sustainable Ranges Initiative is intended to ensure that, from here on out, we maintain needed access to important training and testing ranges and operating areas while sustaining the human and natural environment there.

AIR FORCE WEAPONS SCHOOL

57. Senator INHOFE. General Wald, Major General L.D. Johnston, Commander of the U.S. Air Force Air Warfare Center at Nellis Air Force Base, testified before the House Armed Services Committee on the proficiency of students attending the Air Force Weapons School. He stated that the "caliber of students . . . has decreased somewhat, as measured by student failure rates." General Johnston continued, "This indicates a slow degradation of high quality combat training and experience levels over the years. Since 1991, our high deployment rates have reduced the amount of time aircrews have spent in realistic training, i.e., preparing for combat. Although per person 'flying time' is approximately the same, a significant portion of that time has been spent conducting 'no-fly' operations in Southwest Asia. There is an important distinction between flying time and range time. Operation Noble Eagle will have the same long-term effect." What are your thoughts on your col-

league's comments? What is the relevancy of his comments when you are determining which units to deploy in support of commander in chief requirements?

General WALD. Due to the type of flying required of aircrews in Southwest Asia and ONE, our crews are indeed flying at a comparatively slightly higher rate but with less mission-related training for a given sortie. In addition, less training has resulted in a shift toward a back-to-basics approach between deployments to ensure aviators continue to receive the most essential training to meet Commander in Chief (CINC) requirements. This has the effect of producing an aviator with the hours one might expect of a weapons school candidate, but not necessarily the experience level the school has seen in the past. When participating in the very demanding weapons school program these aviators may experience some difficulties and require additional training to meet standards, particularly if they attend the weapons school shortly after a long deployment. Nevertheless, our weapons instructor courses continue to produce enough graduates to meet the demands of the Combat Air Force (CAF) requirements. General Johnston's comments are relevant in determining not so much which units will deploy, but how the Air Force approaches the training of units to support CINC requirements in the face of reduced training opportunities. The Air Force carefully tracks pilot flying time and combat unit readiness and with very few exceptions our combat units are maintaining required readiness levels. In addition, the Air Expeditionary Force (AEF) construct provides the units approaching a deployment the opportunity to gain proficiency in the basic skills needed to perform the core-flying mission in support of the CINC. These efforts, and the provision of enablers such as flying hours and airspace availability, will remain critical to the Air Force's ability to deploy and employ weapons with unparalleled accuracy.

IMPLEMENTING THE QUADRENNIAL DEFENSE REVIEW

58. Senator INHOFE. General Wald, the QDR outlined several decisions by the Department that impact the services. Specifically, the QDR stated that, for the Air Force, requirements are to increase contingency basing in the Pacific and Indian oceans, as well as in the Arabian Gulf. The Air Force will also ensure sufficient en route infrastructure for refueling and logistics to support operations in the Arabian Gulf and Western Pacific areas. What is the progress within your department to implement these decisions?

General WALD. The Air Force conducted regional contingency basing studies, and presented the results to the Deputy Secretary of Defense in March 2002. These results proposed basing options to project force into and sustain logistics through the Pacific and Persian Gulf regions.

The recommended advanced basing concept supports a range of operations from small humanitarian relief operations (HUMRO) through sustained projection of combat forces to support the Secretary of Defense's four defense policy goals of: assuring allies and friends; dissuading future military competition; deterring threats and coercion against U.S. interests by developing and maintaining capability to swiftly defeat attacks; and if deterrence fails, decisively defeating any adversary. The concept also supports OSDs Theater Security Cooperation plans.

We are currently conducting more detailed analysis to determine the costs, in general terms, of implementing some of the options. Planning for refueling and logistics infrastructure is critical to successful execution of contingencies in any region, and our studies include those considerations.

After we identify the costs of implementing the options under consideration we'll be in a better position to recommend specific basing arrangements, recognizing that significant additional or alternative basing would require significant expenditures.

59. Senator INHOFE. General Wald, what has been the impact of the war on terrorism on implementing these decisions?

General WALD. The impact of the war on terrorism has been to highlight the need to engage countries well in advance of contingency operations, ensuring expeditious deployment and operations. As an expeditionary force, the war on terrorism has not hampered the Air Force's short notice, rapid commitment capability. We continue to move forward in implementing QDR and defense policy goals. We remain committed and capable of protecting and advancing U.S. national interests and, if deterrence fails, swiftly and decisively defeating threats to those interests.

60. Senator INHOFE. General Wald, is the Air Force adequately resourced in the Future Years Defense Program to implement these decisions?

General WALD. Because the Air Force is in the process of building the fiscal year 2004 to 2009 Future Years Defense Program (FYDP), it is difficult to answer wheth-

er or not the Air Force is adequately resourced over the FYDP to increase its contingency basing in the Pacific, Indian Ocean, and Arabian Gulf. The Air Force is currently conducting a cost analysis of the various options for basing in those regions.

After clarifying costs for selected contingency basing options, the Air Force will be able to better determine whether resources will meet requirements in this important area. Once specific basing and infrastructure requirements have been identified and validated by the appropriate commander in chief commands, the Air Force will fully assess resources to implement changes to our posture. While it is almost certain that a new basing posture would require significant resources, these new requirements will compete for funding later this year as part of the normal budget development process.

Tide the on-going war against terrorism has impacted resources and Air Force contingency basing. The nature of the war on terrorism has put a new, even higher premium on the value of expeditionary forces that are readily employable and expeditionary basing that is readily available. This has been a resource challenge in terms of normal budget cycles, but one that with Congress' help we have been meeting adequately.

61. Senator INHOFE. General McKiernan, the QDR outlined several decisions by the Department that impact the services. Specifically, the QDR stated that the Army will accelerate the introduction of the forward-stationed Interim Brigade Combat Teams (IBCTs) to strengthen deterrence and improve U.S. strategic responsiveness on a global basis. What is the progress within your department to implement this decision? What has been the impact of the war on terrorism on implementing this decision? Is the Army adequately resource in the Future Years Defense Program to implement this decision?

General MCKIERNAN. Defense plans for fiscal years 2003–2008 tasked the Army to conduct a study and develop a plan to station an IBCT in Europe by the end of 2007. On February 20, the Army Chief of Staff briefed the Deputy Secretary of Defense on the study's findings and provided OSD USD–P with a report on March 1, 2002. The Army fully funded the fielding of six IBCTs, and is currently waiting for the publication of the fiscal years 2004–2009 defense plans to determine if programming an IBCT in Europe is required. Currently, the Army has not funded an IBCT in Europe. With respect to the war on terrorism, the Army initiated several studies analyzing lessons learned from Operation Enduring Freedom and impacts from the global war on terrorism. It is too early to say what impact these lessons will have on the fielding of the IBCTs, but the Army will closely examine the results of these studies and determine what impacts, if any, there are.

62. Senator INHOFE. Admiral Krol, the QDR outlined several decisions by the Department that impact the services. Specifically, the QDR stated that the Navy will increase aircraft carrier battlegroup presence in the Western Pacific and will explore options for homeporting an additional three to four surface combatants and guided cruise missile submarines in that area. What is the progress within your department to implement these decisions?

Admiral KROL. Carrier Battlegroup presence: Prior to September 11, the Navy began building the long-range carrier schedule to meet the additional requirement in the Western Pacific. The global war on terrorism required Navy to modify the carrier battlegroup deployment schedule to meet the emerging operational requirements. We continue to develop long-range schedules that will meet the operational requirements.

Homeporting three to four surface combatants in the Western Pacific: The Navy staff conducted an extensive study as directed by the fiscal year 2003–2007 Defense Planning Guidance (DPG) on homeporting three to four TBMD-capable surface combatants in the Western Pacific. The study concluded that the only feasible locations would be Japan and Guam. With respect to Japan, there is no excess available to increase the overall presence. Guam is capable of homeporting the additional ships. However, the cost of $750 million required to facilitate the additional ships may not be cost effective for the additional presence gained. The Navy is though in the process of home porting three attack submarines in Guam. The first two ships will arrive later this fall with the third SSN to arrive in calendar year 2003.

Homeporting Guided Missile Submarines (SSGN) in the Western Pacific: The Navy also conducted a DPG-directed study on the homeporting of the SSGNs once they reach Initial Operating Capability (IOC). START I limits SSGN homeport alternatives to Bangor, Kings Bay, and Guam. Final homeport decision will be made prior to SSGN IOC in fiscal year 2007.

63. Senator INHOFE. Admiral Krol, what has been the impact of the war on terrorism on implementing these decisions?

Admiral KROL. As stated above, the decision to increase the overall presence in the Western Pacific has been impacted by the war on terrorism. The ability to homeport additional surface combatants and SSGN in the Western Pacific will not be directly impacted by the war. The decision to execute those decisions will be impacted by the other issues addressed above.

64. Senator INHOFE. Admiral Krol, is the Navy adequately resourced in the Future Years Defense Program to implement these decisions?

Admiral KROL. Carrier Battlegroup presence: Assuming that the global war on terrorism will not permanently change the carrier battlegroup deployment schedule, the Navy is adequately resourced in the FYDP to implement this decision. The Navy will be able to complete the development of the long-range carrier schedule begun prior to September 11.

Homeporting three to four surface combatants in the Western Pacific: This study concluded that there were only two feasible locations to homeport three to four TBMD combatants—Japan and Guam. With respect to Japan, there is no excess availability to increase overall presence. Guam is capable of homeporting the additional ships, but there is a $750 million cost required to facilitate the additional ships. No decision has been made. There are no funds in the FYDP to implement this initiative.

Homeporting Guided Missile Submarines (SSGN): This study is still ongoing. A decision will be made prior to SSGN IOC in fiscal year 2007. There are no funds in the FYDP to implement this initiative.

65. Senator INHOFE. Admiral Krol, will implementing the direction from the Department require a modification/change to the Global Naval Forces Presence Policy?

Admiral KROL. Inherent strengths of naval forces are that they are maneuverable, flexible, sustainable, and combat credible with little or no outside support. The Current GNFPP policy that identifies peacetime presence requirements and the apportionment of the force to meet those requirements has been adjusted, and GNFPP schedules will continue to be modified to meet the emerging operational requirements and to meet future operational requirements.

TRAINING RESOURCES

66. Senator INHOFE. The Army has budgeted training for 10 rotations at the National Training Center (NTC) in fiscal year 2003. However, the commanding officer of the NTC has testified that the unavailability of strategic lift this year has had a significant impact on the quality of training being conducted at the NTC. He said, "Two training rotations have not deployed their AH–64 attack helicopter units due to non-availability of C17/C5 airlift." Given the pace of current operations, will the Army be able to accommodate shortfalls in training resources, such as strategic lift, in order to conduct all of the planned rotations in fiscal year 2003 to the required standard?

General MCKIERNAN. The Army is closely monitoring the ability to conduct fiscal year 2003 Combat Training Center (CTC) rotations. Currently, the CTC program is funded at 84 percent of validated requirements but at 100 percent of requirements considered critical. This is sufficient to conduct rotations to standard, but will require deferment of some program support and CTC sustainment projects.

Real world operations will continue to impact the availability of strategic lift, especially airlift. This has an impact on the ability to move rotary wing aviation assets, such as the AH–64, from some Continental United States locations (such as Fort Stewart, Fort Bragg, and Fort Campbell) to the NTC. Regardless of strategic lift availability, the training for the ground maneuver brigades will continue to standard, but with potential diminished fidelity for air-ground coordination and Army Airspace Command and Control (A2C2).

TRAINING AT FARALLON DE MEDINILLA

67. Senator INHOFE. Admiral Krol, the Center for Biological Diversity (CBD), an environmental group based in New Mexico, filed suit in Federal district court in the District of Columbia on December 21, 2000, against the Secretaries of Defense and Navy alleging that use of Farallon de Medinilla (FDM) by the Navy, Marine Corps, and Air Force as a live-fire training range violates the Migratory Bird Treaty Act (MBTA). The CBD asserted that the Navy never obtained a permit under the MBTA

for the unintended killing or harming of migratory birds on FDM (the original permit request was denied by the Fish and Wildlife Service). The CBD also asserts that, pending issuance of a valid permit, the Navy should be enjoined from conducting future training exercises at FDM. Recently, the court concluded that the Navy had violated the MBTA and requested further briefs on whether an injunction is the appropriate remedy. FDM is the only air-to-ground target range under the control of the United States in the Western Pacific. According to the CINC of the U.S. Seventh Fleet, readiness would deteriorate to unacceptable levels within 6 months without a replacement for FDM. If the Department of Defense is ordered to stop training at FDM, how will this impact readiness? Do you agree with the assessment of the Seventh Fleet CINC? Is there a need for legislative relief?

Admiral KROL. Both the Navy and the Air Force use Farallon de Medinilla (FDM), a small (about one-third square mile), uninhabited island in the Commonwealth of the Northern Mariana Islands (CNMI), as a bombing range. The island, leased from CNMI, is the only U.S.-controlled live-fire range in the Western Pacific and is currently in daily use as various units train for the war against terror. Because the island was inhabited by an endangered bird species, the Navy took extensive steps to protect that species by clearing another island of predators so the species could establish itself there. At the same time, the Navy carefully delineated the safest locations for targets and prohibited incendiary and carpet bombing by the Air Force on FDM, which principally protected migratory birds that use the island. The training at FDM has been further modified by reducing aircraft altitudes and dispersing birds with a low altitude flight before each sortie. To monitor the effects of military use of FDM, the CINC of the Pacific Fleet staff sends a biologist to the island monthly. Notwithstanding these costly measures, which reduce the effectiveness of training, the Navy has been sued by the Center For Biological Diversity, which demands that the Navy cease use of the island because the Navy does not have a permit under the Migratory Bird Treaty Act (MBTA) for any takes of migratory birds. The Navy sought such a permit from the USFWS, but was denied, because permits are not available for incidental (unintended) takes. Loss of use of this island would have a severe impact on training for Naval forces stationed in the Western Pacific and on Air Force long-range bomber training.

[Whereupon, at 11:34 a.m., the subcommittee adjourned.]

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