

MILITARY CONSTRUCTION APPROPRIATIONS FOR FISCAL YEAR 2004

TUESDAY, MARCH 4, 2003

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

The subcommittee met at 2:35 p.m., in room SD-138, Dirksen Senate Office Building, Hon. Kay Bailey Hutchison (chairman) presiding.

Present: Senators Hutchison, Stevens, Feinstein, and Johnson.

DEPARTMENT OF DEFENSE

OFFICE OF THE SECRETARY

STATEMENT OF HON. DOV S. ZAKHEIM, UNDER SECRETARY OF DEFENSE (COMPTROLLER)

ACCOMPANIED BY RAYMOND F. DuBOIS, DEPUTY UNDER SECRETARY OF DEFENSE FOR INSTALLATIONS AND ENVIRONMENT

OPENING STATEMENT OF SENATOR KAY BAILEY HUTCHISON

Senator HUTCHISON. Good afternoon. I am pleased to call to order this hearing to review the President's fiscal year 2004 budget for Military Construction. I welcome all of you, and look forward to serving this year with Senator Feinstein again. We have worked on the committee together. We have now gone both ways, and I think that we certainly work together well as a team, and I'm looking forward to that.

We will hear testimony this afternoon on Military Construction, family housing, BRAC, and Guard and Reserve programs for the Department of Defense. We have two panels with us today. The first panel will have representatives from the Office of the Secretary of Defense, Dr. Zakheim, the Department of Defense Comptroller, and Mr. Ray DuBois, the Deputy Under Secretary of Defense for Installations and Environment. The second panel consists of the Assistant Secretaries of the Army, Navy, and Air Force. I am going to ask you to summarize your statements, although we certainly want the whole thing for the record.

We have reviewed the 2004 budget request, and I note that the budget request is down again from the amount appropriated in 2003 almost 14 percent from the enacted level and 6.5 percent from last year's budget request. This is a downward trend that is of concern to us, and certainly we would like to explore how we are going

to revitalize our infrastructure, which has been an early goal, with this downward spiral.

Of more concern is the amount allocated for overseas bases in the budget request. The overall number continues to increase every year. Last year, it constituted 16 percent of the proposed budget for military construction. For 2004 it comprises approximately 19 percent of the total amount requested, and that is \$1.74 billion. Meanwhile, funding directed to modernize and revitalize our domestic bases is decreasing. We would like to talk about those two numbers.

We understand that there are major review efforts currently underway to assess force structure and base infrastructure in Europe and Korea. It may be premature to move forward with some of the funding requested in the budget until those reviews are complete. We will take a hard look at the specific projects over the next several months.

The committee is still waiting for the overseas basing master plan which was due to Congress last April. It has been almost a year, and we still do not have that report. That report was requested in the 2003 bill.

So I look forward to exploring some of these issues with you, and looking forward to hearing from you, and now I would like to turn to my Ranking Member, Senator Feinstein.

STATEMENT OF SENATOR DIANNE FEINSTEIN

Senator FEINSTEIN. Senator, thank you very much. I very much share your comments and think you are right on. I find this a somewhat puzzling budget. It keeps going down when our military activity is going up, and this budget probably is more closely related to military quality of life than virtually anything else.

I cannot help but note that for the active components, the MILCON cut is 16 percent, or \$850 million, and for the reserve components the aggregate cut is 46 percent, or \$368 million. If I recall, although we added back last year, it was a 45 percent cut last year, and the BRAC cleanup account—and I really think, in looking over some of the bases that need cleanup, that Texas and California can use the whole account itself, that there are so many bases that need cleanup, and this is down 34 percent. And family housing, which is the Administration's flagship MILCON program, has slipped almost 5 percent, so I am very interested, Madam Chairman, and I hope that the distinguished people before us today will indicate what the thinking is for the continued decline of the MILCON account, whether we are going to see this again next year and the year after, because then at some point we are going to have real problems as to how we provide adequate housing and other facilities for our military, so thank you, and I look forward to it.

Senator HUTCHISON. Thank you, Senator. Senator Stevens, any opening statement?

Senator STEVENS. I have no opening statement.

[The statement follows:]

PREPARED STATEMENT OF SENATOR TIM JOHNSON

Madame Chairwoman, I would like to thank you and Ranking Member Feinstein for calling today's hearing. I would also like to thank you for your continued leadership on this subcommittee and for your outstanding commitment to the men and women serving in the U.S. Armed Forces.

In addition, I would like to thank today's witnesses for taking the time to appear before this subcommittee. Your professionalism and dedicated service to our Nation is greatly appreciated. As I have said in the past, the military construction budget does not fund flashy projects like the latest high-tech weapons, aircraft carriers, or tanks.

The results of prudent investments in military construction are not always evident. However, to think that the work of this subcommittee is not important to the overall strength of our military is a mistake. This subcommittee funds the training facilities that help keep our service members the best-trained force in the world. This subcommittee funds the maintenance shops that keep our military hardware ready for use at a moments notice. And this subcommittee funds the construction of the medical facilities that care for our military personnel and their families. Simply put, the military construction budget is a vital part of maintaining our military's readiness.

I would like to take a moment to express my personal gratitude to our servicemen and women for all they do to keep our Nation safe. In South Dakota, we are particularly proud of all those who serve our Nation in uniform. South Dakota is home to one active duty installation, Ellsworth Air Force Base. As a Lead Wing for the Aerospace Expeditionary Force, the 28th Bomb Wing at Ellsworth Air Force Base has played a leading role in the war on terrorism. In fact, the B-1s and their crews from Ellsworth have recently been deployed for possible action in the Middle East. I am very thankful for the men and women who are stationed at Ellsworth, and was pleased to have the opportunity recently to tour the facility and get a first-hand look at their operations and housing needs. I look forward to working with my colleagues to address these issues.

I am also extremely grateful for the work of the men and women serving in the South Dakota National Guard, they are playing an increasingly important role in defending our Nation. South Dakota's Guard and Reserve units consistently rank in the highest percentile of readiness and quality of its recruits. This is demonstrated by the fact that 21 percent of the state's Guard and Reserve units have been called to active duty. The nation-wide average is only 16 percent, which places South Dakota as 11th in the Nation in the percentage of call-ups. As we look to our Guard and Reserve components to supplement our active duty forces, we must also make corresponding investments in the infrastructure needed for their training and support.

Given the strain we are putting on our military personnel—both active duty and reserve—and their families, I was surprised that the President's fiscal year 2004 budget request included a \$1.5 billion cut for military construction activities. I am particularly concerned about the effect this cut will have on family housing. Madame Chairwoman, as a father with a son serving in the Army, I understand the importance of quality of life issues. All of the best weapons and all the best facilities in the world will be rendered useless if our military personnel and their families are not afforded a good quality of life.

When asked, our military personnel consistently say good family housing is one the most important quality of life issues they face. Attempts to improve family housing are being made. For example, Congress is working with the Department of Defense to provide funding for a project to eliminate 163,000 inadequate family housing units by fiscal year 2007. As a part of this effort, the budget includes \$16.24 million to replace 75 family housing units at Ellsworth in fiscal year 2004. However, improving family housing is in jeopardy if we do not provide the necessary funding. I was disappointed that the President's budget includes a \$200 million cut in family housing spending. This is simply unacceptable. At a time in which we are asking our military to make even greater sacrifices, we should not be cutting funds for family housing.

It is my hope that we will work together to restore this vital funding and recommit ourselves to ensuring quality housing for all of our military personnel. As we begin to work on the fiscal year 2004 Military Construction Appropriation bill, I look forward to working with the members of this subcommittee to address the construction and infrastructure needs of our military. Once again, Madame Chairwoman, thank you for calling today's hearing. I look forward to working with you and to hearing from our witnesses.

Senator HUTCHISON. If not, then I would ask Dr. Zakheim for his opening statement.

STATEMENT OF HON. DOV S. ZAKHEIM

Dr. ZAKHEIM. Thank you, Madam Chairwoman. First of all, I have a much longer statement. I would like to submit that for the record, please.

Senator HUTCHISON. Without objection.

Dr. ZAKHEIM. Madam Chairwoman, Senator Feinstein, Senator Stevens, I am honored to present the military construction appropriations component of President Bush's fiscal year 2004 defense budget request. I am joined today by my colleague, Ray DuBois, who will have a statement right after I make one.

The new Department of Defense budget balances three competing demands; winning the war on terrorism, sustaining high quality people and forces, and transforming the American military and defense establishment. It funds the most pressing military construction and family housing requirements and keeps us on track to achieve the Department's ambitious facilities goals in the coming years.

It will improve the quality of life for our military through better working and living conditions. It will support strong sustainment and modernization for existing facilities, fund critical new construction, replace facilities that are no longer economical to repair, address environmental compliance requirements, and continue caretaker efforts at closing bases.

As you know, our military construction appropriations request totals \$9 billion in budget authority, and it includes the funding for military construction, family housing, and base realignment and closure accounts. Our program funds 299 construction projects at 195 locations. Complementing this \$9 billion request is \$1 billion for restoration and modernization funded from the operations and maintenance, military personnel, and working capital funds accounts.

The Department is also requesting \$6.4 billion for facilities sustainment. Although we had to make some really difficult choices because of escalating demands resulting from the war on terrorism, especially within the operations and maintenance title, we were able to fund 94 percent of the Services' facilities maintenance requirements. That is slightly higher than our 93 percent achievement last year, and it is significantly higher than in fiscal year 2000, when the Department met only 78 percent of the Services' requirements. It is arguable that 94 percent is reaching up to where one would ideally wish to be.

Fiscal year 2004 funding is sufficient to construct new facilities that are absolutely critical, most notably for new weapons systems being fielded. Our new construction funding and emphasis on sustainment, restoration, and modernization, which we call SRM, reflects a multiyear management plan to revitalize DOD facilities.

A critical component of our plan is the congressionally approved 2005 BRAC round, which we hope will achieve a needed 20 to 25 percent reduction in DOD infrastructure. With a successful BRAC round, our plan funding through fiscal year 2008 should be sufficient to achieve by that date Secretary Rumsfeld's strong goals for

facilities recapitalization. We remain at our objective of 67 years, on average, as that goal.

The fiscal year 2004 request keeps the Department on track to eliminate inadequate family housing by 2007, except for the Air Force, which will not reach that goal at four stateside installations until 2008, and at its overseas bases until 2009. The Department's brightest housing story, which is not reflected in our raw budget numbers, is the ongoing and very substantial privatization of family housing units.

As of February 2003, 18 privatization projects have been awarded. Last year, we estimated a DOD investment in privatization projects was leveraged at about 8 to 1. That is to say, for every dollar we spent, we would have had to spend \$8 in order to achieve the same facility that we got through the privatization program. This year, based on our most recent analysis of awarded projects, we estimate that leverage factor to be 10 to 1. Applying a 10 to 1 leverage factor, this year's \$346 million investment should yield nearly \$3.5 billion in top quality housing.

Let me summarize our privatization progress as projected through fiscal year 2004. Prior to fiscal year 2003, we provided 26,166 privatized units to our military families. That was based on an investment of \$276 million. For fiscal year 2003, we are on track to provide at least 30,200 privatized units, and my colleague Ray DuBois' office estimates that it could be more than 38,000 units, based on an investment of \$240 million.

For fiscal year 2004, we expect to provide at a minimum an additional 36,262 privatized units at 22 military bases based on an investment of \$346 million, almost all of it coming from prior year funding. Again, my colleagues consider this to be a conservative estimate. So by the end of fiscal year 2004, we expect to have provided at least 92,600 high quality privatized units based on a total investment of \$862 million.

I have to repeat that the projections I am giving you are conservative projections. The Office of the Deputy Under Secretary of Defense for Installations and Environment, namely Ray DuBois's office, believes—is convinced, I should say; believes is probably too soft a word—is convinced that the Department can and will do more, and my staff will certainly support efforts to do so.

Looking ahead, our fiscal year 2004 budget request for privatization totals \$174.9 million for 10 new privatization projects, totalling another 12,204 units. We plan to execute these projects in fiscal year 2004. However, if there are delays, we will carry the funds into our next fiscal year, when more privatization opportunities will become available.

So to sum up, privatization is enabling the Department to multiply the benefits of its budget dollars and get more military families into top quality accommodations far more quickly than would otherwise have been the case. This is therefore no longer some side project, or merely an incremental project, as I think was originally envisaged, or somehow an add-on to what we were doing. This is now central to our entire effort.

Let me turn next to a subject that I know all of you are terribly concerned about, and that is overseas construction. In keeping with congressional direction, new construction in overseas areas is being

requested only where construction requirements are of high priority, when absolutely essential to U.S. overseas basing needs, and after all burden-sharing opportunities have been explored and found to be unworkable.

We are currently conducting a critical review of fiscal year 2003 and 2004 projects in the European Command and Korea, and we have asked the new combatant commanders in those theaters to determine if projects previously requested continue to be supportable. At the appropriate time, we will brief you on the outcome of this review, and I may say that this will be sooner rather than later. We may request a budget amendment to address the fiscal year 2003 projects and reprioritize the fiscal year 2004 projects.

Regarding construction for our chemical demilitarization program, the Department continues to make steady progress. The 2004 budget includes \$119.8 million for the construction of chemical demilitarization facilities. This funding is not in the \$5 billion military construction request because the Department has consolidated all funding for the chemical demilitarization program, including construction, into a single account, and this is in conformity with the fiscal year 2003 National Defense Authorization Act. The single account is called Chemical Agents and Munitions Destruction, Army, which is the DOD appropriations request under the "Other DOD Programs" title.

In closing, I thank you for this opportunity to describe Department of Defense plans to sustain and revitalize its facilities. I thank you also for the ongoing support that we know we have been getting from you in the past and continue to get from you on some of the key and not uncontroversial issues that we have to face in this changing world environment.

PREPARED STATEMENT

The President's fiscal year 2004 budget will enhance the quality of life of our Service members and our families, it will strongly support current requirements and missions, and it will enable the needed long term streamlining and recapitalization of DOD facilities. I urge your approval of our request. Our Department and I are ready to provide whatever details you may need to make these important decisions and again, I repeat, we want to work with you as we review some of the decisions we have already made.

Thank you.

[The statement follows:]

PREPARED STATEMENT OF HON. DOV S. ZAKHEIM

Madam Chairwoman, Senator Feinstein, members of the committee, I am honored to present the Military Construction Appropriations component of President Bush's fiscal year 2004 defense budget request.

The new Department of Defense (DOD) budget balances three competing demands: winning the war on terrorism, sustaining high quality people and forces, and transforming the U.S. military and defense establishment. It funds the most pressing military construction and family housing requirements and keeps us on track to achieve the Department's ambitious facilities goals in the coming years. It will improve the quality of life for our military through better working and living conditions. And it will support strong sustainment and modernization for existing facilities, fund critical new construction, replace facilities that are no longer economical to repair, address environmental compliance requirements, and continue caretaker efforts at closed bases.

FUNDING AND PROGRAM HIGHLIGHTS

The Military Construction Appropriations request totals \$9.0 billion in budget authority and includes funding for Military Construction, Family Housing, and Base Realignment and Closure (BRAC) accounts. Our program funds 299 construction projects at 195 locations. The following table summarizes funding (budget authority in billions) in fiscal year 2003 and in our fiscal year 2004 request:

[Billions of dollars]

	Fiscal year 2003 requested ¹	Fiscal year 2003 enacted	Change	Fiscal year 2004 requested
Military Construction	4.2	5.7	– 1.1	4.6
BRAC	0.6	0.6	– 0.2	0.4
Subtotal	4.8	6.3	– 1.3	5.0
Family Housing	4.2	4.2	– 0.2	4.0
Total	9.0	² 10.5	– 1.5	9.0

¹ Does not include \$565 million requested in the Defense Emergency Response Fund (DERF). Of this request, \$540 million was appropriated in Military Construction accounts, partly accounting for the high fiscal year 2003 enacted total.

² Includes \$157.6 million for Chemical Demilitarization construction. The fiscal year 2004 request of \$119.8 million for this construction is funded in the Chemical Agents and Munitions Destruction, Army account, which is in the DOD Appropriations request under the Other DOD Programs title.

Complementing this \$9.0 billion request is \$1.0 billion for restoration and modernization (R&M) funded from Operation and Maintenance (O&M), Military Personnel, and Working Capital Funds accounts. The Department is also requesting \$6.4 billion for facilities sustainment. Although we had to make difficult choices because of escalating demands resulting from the war on terrorism, especially within the O&M title, we were able to fund 94 percent of the Military Services' facilities maintenance requirements. That is slightly higher than our 93 percent achievement last year and significantly higher than in fiscal year 2000, when the Department met only 78 percent of the Services' requirements.

Fiscal year 2004 funding is sufficient to construct new facilities that are absolutely critical, most notably for new weapon systems being fielded. Our new construction funding—and emphasis on Sustainment, Restoration, and Modernization (SRM)—reflects a multiyear management plan to revitalize DOD facilities. A critical component of our plan is the congressionally approved 2005 BRAC round, which we hope will achieve a needed 20–25 percent reduction in DOD infrastructure. With a successful BRAC round, our planned funding through fiscal year 2008 should be sufficient to achieve—by that date—Secretary Rumsfeld's strong goals for facilities recapitalization.

The fiscal year 2004 request keeps the Department on track to eliminate inadequate family housing by 2007—except that the Air Force will not reach that goal at four stateside installations until 2008 and at its overseas bases until 2009.

The Department's brightest housing story—not reflected in our raw budget numbers—is the ongoing, substantial privatization of family housing units. As of February 2003, 18 privatization projects have been awarded. Last year we estimated that DOD investment in privatization projects was leveraged at about eight to one. This year, based on our most recent analysis of awarded projects, we estimate that leverage factor to be ten-to-one. Applying this 10:1 leverage factor, this year's \$346 million investment should yield nearly \$3.5 billion in top-quality housing.

Let me summarize our privatization progress, as projected through fiscal year 2004:

- Prior to fiscal year 2003, we provided 26,166 privatized units to our military families—based on an investment of \$276 million.
- For fiscal year 2003, we are on track to provide at least 30,200 privatized units—based on an investment of \$240 million—and perhaps more than 38,000 units.
- For fiscal year 2004, we expect to provide at a minimum an additional 36,262 privatized units at 22 military bases—based on an investment of \$346 million, almost all of it from prior-year funding. Again, my colleagues view this as a conservative estimate.
- Thus by the end of fiscal year 2004, we expected to have provided at least 92,600 high quality privatized units—based on a total investment of \$862 million.

Let me repeat, these projections for fiscal year 2003 and 2004 privatization are conservative. In fact, the office of the Deputy Under Secretary of Defense (Installations and Environment) believes the Department can do more, and my staff will support efforts to do so.

Looking ahead, our fiscal year 2004 budget request for privatization totals \$174.9 million for 10 new privatization projects totaling 12,204 units. We plan to execute these projects in fiscal year 2004. However, if there are delays we will carry funds into the next fiscal year, when more privatization opportunities will become available.

In sum, privatization is enabling the Department to multiply the benefits of its budget dollars and get more military families into top quality accommodations much sooner than would otherwise be possible.

MILITARY CONSTRUCTION ACCOUNTS

The following are key elements of our \$5.0 billion fiscal year 2004 request for Military Construction accounts:

Active Forces and Defense-Wide.—The \$4.1 billion budgeted for Active Forces and Defense-Wide programs is targeted towards improving readiness, quality-of-life, DOD work places; restoring the most seriously degraded facilities; and providing facilities to support new weapons systems. The request includes \$1.2 billion for barracks projects; \$1.1 billion for operational and training facilities; \$518.9 million for maintenance and production facilities; \$229.7 million for community facilities; \$161.7 million for medical facilities; \$99.4 million for utility facilities; \$86.2 million for supply facilities; \$82.2 million for administrative facilities, and \$73.0 million for research and development facilities.

Guard and Reserve Facilities.—The \$369.6 million requested in fiscal year 2004 for the Reserve Components is balanced both to provide the necessary facilities to support current and new missions and to replace aging facilities that are no longer economical to repair. The request is \$318.3 million less than the fiscal year 2003 enacted level, but \$72.3 million higher than the fiscal year 2003 request of \$297.3 million. The fiscal year 2004 program includes 53 major construction projects as well as planning and design work and minor construction. Most projects are training centers, maintenance facilities, and operational facilities in support of the Reserve Components' mission.

Quality-of-Life.—A significant portion of the military construction program—\$1.2 billion—will be for new or improved barracks for unaccompanied military personnel. This will fund 46 projects to construct or modernize barracks and to provide approximately 13,000 new or improved living spaces. The Army, Navy and Air Force are continuing to build to the "1 + 1" design (one soldier to a room with a shared bathroom) for personnel permanently assigned to a base. The Marine Corps is building to the "2 + 0" design (two E1-E3s to a room, each room with its own bathroom) in an effort to improve living conditions of Marines sooner than if they followed the 1 + 1 design standard. In addition, the fiscal year 2004 program will allow the Department to construct or modernize six schools for dependents, seven physical fitness centers, one child development center, and one community support center.

Overseas Construction.—In keeping with congressional direction, new construction in overseas areas is being requested only where construction requirements are of high priority, when absolutely essential to U.S. overseas basing needs, and after all burden-sharing opportunities have been explored and found to be unworkable. The fiscal year 2004 program provides \$703.7 million for specific overseas projects that meet these criteria. Of the \$703.7 million, \$128.7 million is for Korea, \$288.1 million for Germany, \$155.0 million for Italy, \$55.6 million for other European sites, and \$76.3 million for various locations overseas. We are currently conducting a critical review of fiscal year 2003 and 2004 projects in the European Command and Korea and have asked the new Combatant Commanders in those theaters to determine if projects previously requested continue to be supportable. At the appropriate time, we will brief you on the outcome of this review and may request a budget amendment to address the fiscal year 2003 projects and reprioritize the fiscal year 2004 projects.

Medical Projects.—Consistent with the Department's emphasis on quality-of-life improvements and readiness, the fiscal year 2004 budget reflects the high priority placed on health care. It requests \$161.7 million for seven medical projects, including \$71.6 million for the fifth phase of a \$215 million replacement hospital at Ft. Wainwright, Alaska; \$21.5 million for a hospital addition at the U.S. Air Force Academy, Colorado; \$6.4 million for a dental clinic replacement in Connecticut; \$15.7 million for a medical/dental clinic renovation in Washington, D.C.; \$9.0 million for a hospital energy plant addition at Walter Reed Medical Center in Wash-

ington, D.C.; \$12.6 million for a dental clinic addition in Grafenwohr, Germany; and \$24.9 million for a dental clinic replacement at Anderson AFB, Guam.

Chemical Demilitarization Construction.—The Department continues to make steady progress in its chemical demilitarization efforts. To that end, the fiscal year 2004 budget includes \$119.8 million for the construction of chemical demilitarization facilities. This funding is not in the \$5 billion Military Construction request because the Department has consolidated all funding for the chemical demilitarization program, including construction, into a single account—conforming with the fiscal year 2003 National Defense Authorization Act. The single account is Chemical Agents and Munitions Destruction, Army—which is in the DOD Appropriations request under the Other DOD Programs title.

Energy Programs.—This Administration is committed to energy conservation. Reflecting that commitment, the budget includes approximately \$70 million in fiscal year 2004 for projects that will result in energy savings and support long-standing goals to reduce energy demand. Last year the Congress appropriated \$34.5 million.

Minor Construction/Planning and Design.—The request contains \$75.5 million in fiscal year 2004 for minor construction, alterations, and modifications to existing facilities. These funds are essential to meet unforeseen construction requirements that can impair the health, safety, and readiness of our forces. In addition, we are requesting \$386.6 million for planning and design. These funds are urgently needed to complete the design of fiscal year 2005 projects and initiate design of fiscal year 2006 projects, and we seek your support for this request so we can proceed with these construction requirements.

BASE REALIGNMENT AND CLOSURE (BRAC)

In the past, the BRAC process has been a major tool for reducing our domestic base structure. Between 1988 and 1995, four BRAC Commissions proposed the closure or realignment of 152 major installations and 235 smaller ones. Implementation of the last round of the four approved BRACs was completed on July 13, 2001. Once all funding is complete, the Department will have invested about \$22.2 billion and realized savings of about \$37.7 billion for total net savings of about \$15.5 billion (about \$17 billion when inflated) over the implementation period from fiscal year 1990 to fiscal year 2001. Total annual savings after fiscal year 2002 are projected to be about \$6 billion. For fiscal year 2003, the BRAC request was \$545.1 million—for environmental restoration and caretaker costs for bases closed under these previous rounds. The fiscal year 2004 request is \$370.4 million, a decrease of \$173.7 million. This funding decrease indicates that bases continue to be cleaned efficiently to environmental standards, thereby speeding the transfer of property to redevelopment authorities.

The fiscal year 2004 budget assumes that the additional round of base closures and realignment in 2005 will occur, as authorized in the fiscal year 2002 National Defense Authorization Act. The Department hopes that the round will achieve at least a 20–25 percent reduction in military infrastructure and savings of approximately \$6.5 billion per year. Funds to begin implementation of the 2005 BRAC recommendations are currently programmed for fiscal year 2006.

NATO SECURITY INVESTMENT PROGRAM

The NATO Security Investment Program (NSIP) request totals \$169.3 million in fiscal year 2004. This is the U.S. share (approximately 24.7 percent) of the acquisition of NATO common use systems and equipment; construction, upgrade, and restoration of operational facilities; and other related programs and projects required in support of agreed NATO strategic concepts and military strategy. Anticipated recoupments from previously financed U.S. projects and available prior year funds of \$14.4 million results in a total fiscal year 2004 program of \$183.7 million. This request is the minimum essential U.S. contribution for NATO's efforts. It will support both our strategic security and our economic interest in the European Theater.

FAMILY HOUSING

Budget authority for fiscal year 2004 Family Housing totals \$4.0 billion—down from \$4.2 billion requested in fiscal year 2003. This decrease is partly a result of our shrinking inventory of government-owned housing due to privatization. This budget will enable us to construct, improve, privatize, operate, maintain, and lease family housing units. It will enable the Department to continue its aggressive effort begun last year to eliminate inadequate housing. The government-owned units average about 35 years in age. These DOD-owned and leased units house approximately one-third of our military families.

Our proposed increases in the Basic Allowance for Housing (BAH) will result in improved quality of housing for our personnel. Through BAH increases, the fiscal year 2004 budget will reduce out-of-pocket costs for personnel living off-base from 7.5 percent now to 3.5 percent in fiscal year 2004, and funding will phase out these costs completely by 2005. Prior to fiscal year 2001, service members had to absorb 18.8 percent of these housing costs.

Family Housing Construction.—The major emphasis of the Family Housing Construction Program is to replace units that are uneconomical to repair or renovate and to upgrade the remaining units. We are requesting \$1.2 billion in fiscal year 2004 to build, replace, improve, or privatize 19,950 family housing units. This fiscal year 2004 request is \$85.7 million lower than the amount enacted for fiscal year 2003, due to the President's initiative to privatize housing for our troops and families.

Family Housing Operations.—The Department's fiscal year 2004 family housing operation and maintenance request totals \$2.3 billion, and the leasing request amounts to \$526 million. Our family housing operations budget will ensure that houses in our inventory are in adequate condition for occupancy by our military families. The family housing portion of the operation and maintenance account funds a range of services and expenses necessary to support the DoD-owned and leased housing units. For example, the operation account funds items such as housing administration and management, basic support services, referral services, furnishings, and utilities, while the maintenance account funds routine maintenance and major repairs. The family housing leasing account provides housing at both domestic and foreign locations when the local economy cannot provide adequate support and when additional assets are needed to satisfy a housing shortfall.

Family Housing Privatization.—The fiscal year 1996 National Defense Authorization Act provided innovative authorities that enable the Department to partner with the private sector to revitalize our housing inventory. These tools—loan and rental guarantees, direct loans and investments, differential lease payments, and the conveyance or leasing of land and facilities—have enabled the Department to tap private sector expertise and capital to provide quality housing more quickly than would be possible through traditional construction methods. Using the funds Congress appropriated directly into the Family Housing Improvement Fund (FHIF) or funds for construction projects that were later transferred into the FHIF, the Department is continuing its vigorous privatization program, as detailed earlier in this statement.

CONCLUSION

In closing, I thank you for this opportunity to describe Department of Defense plans to sustain and revitalize its facilities. The President's fiscal year 2004 budget will enhance the quality of life of our service members and their families, strongly support current requirements and missions, and enable the needed long-term streamlining and recapitalization of DOD facilities. I urge your approval of our request. Our department and I are ready to provide whatever details you may need to make these important decisions. Thank you.

Senator HUTCHISON. I am very pleased to hear you say that, Dr. Zakheim, because I think we need to have a more current assessment, and if then following a strategic plan you would be coming for reprogramming, I would certainly be pleased that you are more current for sure, so we will explore that a little more.

Mr. DuBois.

STATEMENT OF RAYMOND F. DUBOIS

Mr. DuBois. Thank you, Madam Chairman, Senator Feinstein, Senator Stevens, Senator Johnson—Madam Chairman, Senator Feinstein, Senator Johnson.

I am honored to be here today again with my good friend Dov Zakheim to support him. He is the numbers guy. I will try to answer the programmatic and policy questions as best I can, and I will generously turn for the numbers questions to Dr. Zakheim.

But the opportunity to discuss the President's 2004 budget in the military construction arena is extremely important to the two of us, as well as it is to Secretary Rumsfeld. Some of you have heard his

testimony here on the Hill in the prior weeks, and he has addressed the issue of transforming our force structure; he has addressed the issue of transforming the way we do business to meet the new security challenges in the 21st Century.

He also has made it clear that in order to achieve the transformation of both force structure and business operations in the Pentagon and the Department of Defense, we also have to pay attention to transforming our infrastructure.

Now, similarly to the Department writ large, transforming the infrastructure is not an easy task. It is a very large portfolio, 620,000 facilities valued at over \$600 billion, 46,000 square miles of real estate, in excess of the size of the State of Pennsylvania, I might add. We have managed in that enormous real estate, over—we do manage over 300 threatened and endangered species, many, many important cultural resources, including 68 registered national historic landmarks and over 14,000 properties currently listed on, or eligible for, the National Register of Historic Places.

Now, since Secretary Rumsfeld returned to the Pentagon after 25 years, he and I and others have adopted a different view of how we manage our portfolio, our installation and environment portfolio. It is, after all, more than just military construction, albeit—I know we are testifying in front of the Military Construction Subcommittee. I think it is important to understand the context within which we operate and how we try to manage this portfolio.

Besides, of course, family housing, you have utilities and energy management, you have safety and occupational health funding, you have environmental funding, both cleanup and conservation and research and development. We have contributions from other appropriations accounts, such as the military personnel account, host nation support, nonappropriated funds, working capital fund, the operation and maintenance accounts and, as I mentioned, the R&D accounts.

All of these budget requests are in support of the total portfolio, which is in excess of \$20 billion, and if one were to add the base operations accounts, you are closer to \$40 billion. In short, as I suggested, one should not judge quality of life investments that the President is asking for solely on the basis of military construction requests.

Now, the President and Secretary Rumsfeld at the outset of this Administration identified quite publicly military housing as a top priority. Sustaining that quality of life element is crucial, as we have found out, as has been proven time and time again, to recruitment and retention and the readiness of our military and, to that end, we are committed to providing quality housing. But quality housing, again, is not just military construction, albeit it is very important to sustain that particular appropriation, but one must always include how we are appropriating to increase our basic allowance for housing and also, again a MILCON-related issue, as Dr. Zakheim referred, how we are supporting the leverage factor in housing privatization.

Now, just as a quick aside, the BAH, or basic allowance for housing, is an important fiscal year 2004 budget request because it continues to lower out of pocket expenses, out of pocket housing costs for members living off base from 7.5 percent in 2003 to 3.5 percent

in 2004, and by 2005, the typical member living in the private sector will have zero out of pocket housing expenses.

Now, we believe our housing privatization efforts have gained traction. The calculus here, if you will, is the curve, the level of the curve is increasing. This is very important. As Dr. Zakheim implied, with the privatization awards through fiscal 2003 and by the end of fiscal 2004, the cumulative total within the Department will be in excess of 100,000 units privatized.

Now, as I indicated, military construction is a critical tool to resolving our large inadequate housing problem, and in this budget we are requesting \$4 billion in new budget authority for family housing construction and O&M. This funding will enable us to continue O&M and modernizing our family housing, helping us to meet the goal which the Secretary and the President moved up 3 years to 2007.

But family housing is only one aspect of our housing requirement. Bachelor housing, or unaccompanied housing, also deserves our attention. In the 2004 budget, we have included a request to fund, fund to build or renovate over 12,000 what we call bed spaces, self-explanatory. The Services are making significant progress toward meeting, or have already met that other nasty issue pertaining to old housing in the bachelor environment, that was gang latrines.

The Services in addition are currently preparing barracks master plans similar to the family housing master plan which the Congress required for managing their inventory, and I encourage you to ask the succeeding panel, the three Assistant Service Secretaries, for their views in this regard. We strongly, at the OSD level, the Defense Department level, support barracks privatization, and we are encouraging the Services to consider privatization as an alternative to improve unaccompanied housing.

The sustainment and recapitalization accounts are also crucial. We have focused on improving the work environment through the proper sustainment of our facilities and recapitalizing them. We have seen through the installations readiness report, similar to unit readiness reports, that the quality of the infrastructure directly affects those units' readiness.

Full or near full sustainment, as Dr. Zakheim indicated, improves performance and reduces life cycle cost. We must maximize the return on capital investments, new construction, and therefore repairing and replacing facilities once they have deteriorated becomes for us, and for you in the Congress, a much more expensive proposition.

Sustainment alone, however, is not enough. Even well sustained facilities eventually wear out or become obsolete, and yes, Madam Chairman, we have a number of facilities in that condition, so in addition to sustainment we must restore and modernize. Some of this recapitalization is critical and cannot wait. Our request for \$3.4 billion for restoration and modernization maintains our commitment to improving the work environment while weighing the requirements against other departmental priorities.

In closing, I think it is important that we recognize that the defense facilities strategic plan and our installation management approach we believe provides a framework that enables us to focus

on our overreaching goal, which is taking care of our folks, taking care of our facilities, and enhancing our business processes. Members of this subcommittee, under the chairmanship of both Senator Feinstein and now Senator Hutchison again, have been absolutely instrumental in refocusing attention on appropriate funding for recapitalizing our infrastructure and sustaining our quality of life improvements.

PREPARED STATEMENT

Secretary Rumsfeld and Secretary Zakheim and I appreciate, sincerely appreciate the strong support from this Military Construction Subcommittee, and we look forward to working with you as we transform that infrastructure.

Thank you, Madam Chairman.

[The statement follows:]

PREPARED STATEMENT OF RAYMOND F. DuBOIS

Mr. Chairman and distinguished members of this Subcommittee, I appreciate the opportunity to discuss the President's Budget request for fiscal year 2004 and the plan of the Department of Defense for improving its facilities. The Department is transforming its force structure to meet new security challenges and transforming the way it does business. In Installations and Environment, this translates into a renewed emphasis on taking care of our people, providing facilities to support the warfighter by eliminating facilities we no longer need and improving those that we do, and modernizing our business practices—all while protecting the environment and those assets for which we have stewardship responsibility.

To prevail in the Global War on Terrorism and to prepare for future threats to American security, the Secretary of Defense has argued forcefully that we must transform the military. Our military capabilities must become more lethal, agile, and prepared for surprise. This transformation was under way before the attacks on September 11th. But, let us be clear, transformation is about more than new weapon systems, doctrinal innovation, and the employment of technology; it also is about changing our approach to the fundamental business practices and infrastructure of the Department of Defense.

The Department currently manages more than 620,000 facilities, valued at around \$600 billion, and over 46,000 square miles of real estate. Within that portfolio of real estate and facilities, we manage threatened and endangered species, diverse geological features, and important historical resources, including 68 registered National Historic Landmarks and over 14,000 properties currently listed on, or eligible for, the National Register of Historic Places.

The Defense Facilities Strategic Plan is our roadmap for managing this portfolio and outlines our long-term plan—healthy, productive installations and facilities that are available when and where needed with capabilities to support current and future military requirements. In recent years, we have developed models to more accurately determine our requirements and a sound management plan for getting our facilities back on track.

Today, I will address our accomplishments and future plans for restoring readiness to our facilities by taking care of our people, taking care of what we own, improving our business practices, and transforming our bases and infrastructure.

THE ROAD TO RECOVERY

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. Over many years, these “platforms” have deteriorated. For instance, each year the Major Commands of the Military Services rate the readiness of their facilities by category. In the 2001 Installations Readiness Report (IRR), the Component Commanders—the force providers—collectively rated 68 percent of facilities categories C-3 (have serious deficiencies) or C-4 (do not support mission requirements), a slight improvement from the 69 percent rate in 2000. The 2002 IRR is roughly the same as 2001. Investments made since fiscal year 2002 will take several years before the affects are apparent. We are in the process of reversing the decay, but much remains to be done. From fiscal years 2002 to 2004, we will have

put over \$28 billion in the sustainment and revitalization of our facilities, and we are beginning to see the results.

The installations management approach of the Department led us to a different way to view our installations and environmental portfolio. This portfolio is more than simply military construction and family housing. It also includes environmental funding and other contributions from appropriations such as military personnel, host nation support, non-appropriated funds and working capital funds, in addition to operations and maintenance (O&M). This funding sustains our facilities through day-to-day maintenance and contributes to our restoration and modernization program. The fiscal year 2004 budget request includes over \$19 billion in fiscal year 2004 to support our entire portfolio.

The Facilities Sustainment program funds the normal and scheduled maintenance and repairs for the inventory, using operations and maintenance funds primarily, supplemented by other sources. Sustainment preserves the inventory and allows it to reach its expected service life. For the O&M-funded sustainment requirement, we are sustaining our facilities at 94 percent of commercial benchmarks, slightly over the 93 percent requested last year. We plan to achieve full sustainment not later than fiscal year 2008.

Our Facilities Restoration and Modernization program repairs or replaces damaged or obsolete facilities and implements new or higher standards where necessary. The Restoration and Modernization program applies both military construction and operations and maintenance appropriations to recapitalize our facilities and housing.

Our fiscal year 2004 funding request allows us to achieve a recapitalization rate of 148 years for the Military Departments, down from 149 years in fiscal year 2003, meaning the Department renovates or replaces its facilities an average of every 148 years. We now include the Defense Logistics Agency, DOD Education Activity and Tricare Medical Activity in the calculations, resulting in a corporate rate of 136 years for fiscal year 2004. Our goal remains a 67-year recapitalization rate, consistent with commercial practices, and our current program would achieve that level in fiscal year 2008.

In the near term, obsolete facilities pose risks to mission effectiveness, safety, quality of life, productivity of the workforce, and cost efficiencies, but these risks are mitigated to some degree by eliminating facilities through Base Realignment and Closure (BRAC), facilities demolition programs, and an aggressive acceleration of recapitalization rates in the future years defense program.

Facilities revitalization will take time. However, the indicators are trending in the right direction, showing that we are indeed making progress. With continuing attention to our Defense Facilities Strategic Plan and current planning guidance, we can achieve our goal.

COMPARISON OF MILITARY CONSTRUCTION AND FAMILY HOUSING REQUESTS

[President's budget in millions of dollars—budget authority]

	Fiscal year	
	2003 request	2004 request
Military Construction	\$4,054	\$4,480
NATO Security Investment Program	168	169
Base Realignment and Closure	545	370
Family Housing Construction/Improvements	1,341	1,237
Family Housing Operations & Maintenance	2,877	2,780
Homeowners Assistance	0	0
Family Housing Improvement Fund	2	0.3
Total	8,987	9,036

TAKING CARE OF OUR PEOPLE

Our priority is to support the warfighter, ensure superior living and working conditions and enhance the safety of the force and quality of the environment. At the outset of this Administration, the President and Secretary Rumsfeld identified military housing as a top priority for the Department. Sustaining the quality of life of our people is crucial to recruiting, retention and readiness. To that end, the Department is committed to providing quality housing using the established three prong approach—increased basic allowance for housing (BAH), increased housing privatization, and sustained military construction for housing.

In January 2001, the Department had about 180,000 inadequate family housing units. Today, through housing privatization and our military construction program, we have reduced that number to roughly 163,000. This number will continue to come down as we pursue the Secretary's goal of eliminating inadequate housing by 2007.

We remain committed to reducing—and then eliminating—the out-of-pocket housing costs for the average military member through changes in the basic allowance for housing, a key component of the Department's approach to quality housing. The fiscal year 2004 budget request includes necessary funding to continue lowering out-of-pocket housing costs for members living off-base from 7.5 percent in 2003 to 3.5 percent in 2004. By 2005, the typical member living in the private sector will have zero out-of-pocket housing expenses. Eliminating out-of-pocket expenses is good for military personnel, but also serves to strengthen the financial profile of the housing privatization program by providing members the ability to pay appropriate market rents.

Privatizing military housing is a priority for the President and the Secretary and is an integral part of the Administration's Management Plan. Our housing privatization program is crucial to providing a decent quality of life for our service members.

We believe our housing privatization efforts have gained "traction" and are achieving success. As of February 2003, we have awarded 17 projects, which include 26,100 military family housing units. We also have two awards in the final stages—Marine Corps Air Station Beaufort/Marine Corps Recruitment Depot Parris Island, South Carolina; and Kirtland AFB, New Mexico—which we expect to award next month. We project more than 20 more privatization awards each in fiscal years 2003 and 2004—bringing our cumulative total to about 102,000 units privatized.

Projects at five installations have their renovations and construction completed: Naval Air Station Corpus Christi/Naval Air Station Kingsville, Texas, Naval Station Everett Phases I and II, Robins Air Force Base, Georgia, Lackland Air Force Base, Texas, and Dyess Air Force Base, Texas. During fiscal year 2004, we expect several other bases to have their renovations and construction completed or close to completion, including those at Fort Carson, Colorado and Naval Complex New Orleans, Louisiana.

Our policy requires that privatization projects yield at least three times the amount of housing as traditional military construction for the same amount of appropriated dollars. Recent projects have demonstrated that leveraging is normally much higher. The 17 projects awarded thus far reflect an average leverage ratio of over 10 to 1. Tapping this demonstrated leveraging potential through housing privatization has permitted the Department, in partnership with the private sector, to provide housing for about \$264 million of military construction funding that would otherwise have required over \$2.7 billion for those 17 projects if the traditional military construction approach was utilized.

More important than the raw numbers is the reaction of uniformed personnel and their families to the housing developed under the initiative. It is overwhelmingly positive based on the high quality product produced by the projects.

Military construction is another tool for resolving inadequate military housing. In fiscal year 2004, we are requesting \$4.0 billion in new budget authority for family housing construction and operations and maintenance. This funding will enable us to continue operating and maintaining the Department's family housing as well as meeting the goal to eliminate inadequate housing by 2007—3 years earlier than previously planned.

We also are improving housing for our unaccompanied service members through increases in bachelor housing funding. The Department's fiscal year 2004 budget request includes funding that would build or renovate over 12,000 bed spaces. The Services are making significant progress toward meeting, or have already met, the Department's previous goal for eliminating gang latrine conditions for permanent party unaccompanied members. Additionally, the Services are currently preparing Barracks Master Plans, similar to the Family Housing Master Plan, for managing their inventory and outlining their plans for eliminating inadequate permanent party barracks by 2007.

As we gain momentum in privatizing family housing, we also are exploring and encouraging the possibility of privatizing barracks that support our unaccompanied service members. The Department strongly supports barracks privatization and has attempted to overcome barriers that impede our ability to execute a program.

The Secretary of the Navy was authorized by the National Defense Authorization Act for fiscal year 2003 to execute a pilot program for barracks privatization that includes authority for the payment of partial basic allowance for housing. The Navy considers barracks privatization a key part of their "Homeport Ashore Initiative".

We have discussed with the Navy some of their plans in this area, and we expect to review a pilot proposal later this year.

We recognize that a key element in maintaining the support of the Congress and of the private sector is the ability to define adequately the housing requirement. The Department's longstanding policy is to rely primarily on the private sector for its housing needs. Currently, two-thirds of military families reside in private sector housing, and that number will increase as we privatize the existing inventory of housing units owned by the Military Departments. Only when the private market demonstrates that it cannot provide sufficient levels or quality of housing should we consider the construction, operation, and maintenance of government-owned housing.

An improved housing requirements determination process, recently approved by the Deputy Secretary, combined with increased privatization, is allowing us to focus resources on maintaining the housing for which we have a verified need rather than wasting those resources duplicating private sector capabilities. The improved housing requirement process is being used by the Department to better determine the number of family housing units needed on installations to accommodate military families. It provides a solid basis for investing in housing for which there is a verified need—whether through direct investment with appropriated funds or through a privatization project.

By aligning the housing requirements determination process more closely with the analysis utilized to determine basic allowance for housing rates, the Department is better positioned to make sound investment decisions necessary to meet the Secretary's goal to eliminate inadequate housing by 2007. Further, as more military families opt to reside in the private sector as housing out-of-pocket expenses decrease for the average member, the Services on-base housing requirement should generally also decline. This migration should permit the Services to better apply scarce resources to those housing units they truly need to retain.

TAKING CARE OF WHAT WE OWN

Sustaining, Restoring and Modernizing Facilities

The Department's program for modernizing military housing is well underway. We are also focused upon improving the work environment through proper facilities sustainment and recapitalization. As we have seen through the Installations' Readiness Report, the quality of our infrastructure directly affects readiness. Our first priority is to fully sustain our facilities, and we have made significant progress in this area. Full sustainment improves performance and reduces life cycle costs, maximizing the return on our capital investments. Repairing and replacing facilities once they have deteriorated is more expensive. Our recent investments in sustainment and recapitalization, along with continued investment over time, will restore readiness, stabilize and reduce the average age of our physical plant, reduce operating costs and maximize our return on investment.

Despite the challenges, we have preserved funding for facilities sustainment and restoration and modernization. The Department is requesting \$6.4 billion in fiscal year 2004 for sustainment. The budget funds sustainment at 94 percent of standard benchmarks. That is not an average of the Military Departments—it is the floor we established for all the Military Departments, an improvement over last year, and we have a plan to achieve full sustainment by 2008.

But sustainment alone is not enough. Even well-sustained facilities eventually wear out or become obsolete, and we have a lot of facilities in that condition now. So, in addition to sustainment, we must also restore and modernize facilities. Some of this recapitalization is critical and cannot wait. Our fiscal year 2004 funding request of \$3.4 billion for restoration and modernization maintains our commitment to improving the work environment while weighing the requirements against other Departmental priorities.

We measure the rate of restoring and modernizing against an average expected service life of our inventories, which we calculate at 67 years. The fiscal year 2004 Military Department recapitalization rate is about 148 years, compared with 149 years for fiscal year 2003. With the Defense Agencies included, our corporate rate for fiscal year 2004 is down to 136 years, an improvement over last year's request. Our program funds the 67-year rate in fiscal year 2008, and between now and then we plan to follow a smooth glide path to that level. This past year, we thoroughly reviewed and standardized our Facilities Recapitalization Metric, so we can track and report on our progress toward the goal with confidence.

Improved Facilities Footprint Management

We continue to explore methods for reducing our footprint and better utilizing existing facilities. Demolition is a valuable tool for eliminating excess and obsolete facilities. From fiscal years 1998 through 2002, the Services demolished and disposed of over 75 million square feet of unnecessary, deteriorated facilities, resulting in significant cost avoidance in sustainment and restoration and modernization expenses to the Department. We expect to exceed our goal of demolishing 80.1 million square feet by the end of 2003, and we are requesting about \$80 million in fiscal year 2004 to carry on this successful program.

While we use demolition for excess facilities, the enhanced-use leasing program enables us to make better use of underutilized facilities. As we transform the way we do business, the Department remains committed to promoting enhanced-use leasing where viable. This type of lease activity allows us to transform underutilized buildings and facilities, with private sector participation, into productive facilities. Examples of these opportunities include, but are not limited to, the creation of new or joint-use opportunities for office space, warehouses, hotels/temporary quarters, vehicle test tracks, wind tunnels, energy generation plants, recreational playgrounds, and sports venues. Additional benefits can accrue by accepting base operating support or demolition services as in-kind consideration; thereby, reducing the appropriations needed to fund those activities. Finally, enhanced-use leasing provides opportunities to make better use of historic facilities and improve their preservation as both cash and in-kind consideration may be used for those purposes. The Army is a leader in this regard, with pilot projects being discussed at Fort Sam Houston and Walter Reed Army Medical Center.

Improving Energy Management

As we sustain, restore and modernize facilities, part of our focus is to reduce our energy consumption and associated costs. To accomplish this, the Department is developing a comprehensive energy strategy that will continue to optimize utility management by conserving energy and water usage, improve energy flexibility by increasing renewable energy usage and taking advantage of restructured energy commodity markets as opportunities present themselves and modernize our infrastructure by privatizing our deteriorated and outdated utilities infrastructure where economically feasible.

With approximately 2.2 billion square feet of facilities, the Department is the single largest energy user in the Nation. Conserving energy will save the Department funds that can be better invested in readiness, facilities sustainment, and quality of life.

Our efforts to conserve energy are paying off. In fiscal year 2002, military installations reduced consumption by 3.1 percent, resulting in a 6 percent decrease in the cost of energy commodities from the previous year. With a 25.5 percent reduction in fiscal year 2002 from a 1985 baseline, the Department is on track to achieve the 2010 energy reduction goal for buildings of 35 percent per square foot.

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. Energy conservation projects make business sense, historically obtaining about \$4 in life-cycle savings for every dollar invested. The fiscal year 2004 budget contains \$69.5 million for the Energy Conservation Investment Program (ECIP) to implement energy saving measures at our facilities. This is a 39 percent increase from fiscal year 2003 budget request of \$50 million.

The Department will also continue to pursue renewable energy technologies such as fuel cells, geothermal, wind, solar, and purchase electricity from these environmentally-friendly renewable sources when it is life-cycle cost-effective. In fiscal year 2002, military installations used 4.5 trillion British Thermal Units of renewable energy, doubling the amount from the previous year. The pursuit of renewable energy technologies is critical to the Department's and Nation's efforts in achieving energy flexibility.

A key part of our energy program is our utilities management efforts, focused on modernizing systems through utilities privatization. By incorporating lessons learned and industry feedback, the Department has strengthened efforts to take advantage of private sector innovations, efficiencies and financing. We have over 2,600 systems with a plant replacement value of approximately \$50 billion. Thirty-eight (38) systems have been privatized using the utilities privatization authority in current law. Another 337 systems were privatized using other authorities, and privatization solicitations are ongoing for over 850 utility systems.

The Services plan to request privatization proposals for the remaining 450 systems over the next 2 years. We are on track to complete privatization decisions on

all the available water, sewage, electric and gas utility systems by September 2005. Congressional support for this effort in fiscal year 2004 is essential to maintain the procurement momentum and industry interest, as well as maximize the benefits of modernizing the Department's utility infrastructure.

Improving Environmental Management

The Department continues to be leaders in environmental management. We are proud of our environmental program at our military installations throughout the world, and we are committed to pursuing a comprehensive environmental program.

ENVIRONMENTAL PROGRAM—SUMMARY OF REQUEST

(President's budget in millions of dollars—budget authority)

	Fiscal year	
	2003 request	2004 request
Cleanup	\$1,278	\$1,273
BRAC Environmental ¹	519	412
Compliance	1,701	1,603
Pollution Prevention	247	173
Conservation	152	153
Technology	205	191
Total	4,102	3,805

¹ Funding levels reflect total requirement (TOA).

In fiscal year 2004, we are requesting \$3.8 billion for environmental programs. This includes \$1.3 billion for cleanup, \$0.4 billion for BRAC environmental, \$1.6 billion for compliance; about \$0.2 billion for pollution prevention, and about \$0.2 billion for conservation.

By the end of fiscal year 2002, we reduced new environmental violations by 77 percent from the 1992 baseline. The Department continues to reduce the percent of enforcement actions received per inspection, with roughly one enforcement action per 12.5 inspections, down from one for every three inspections in 1994. We have also improved our treatment of wastewater and the provision of drinking water for those systems we control.

We reduced the amount of hazardous waste we generate by over 64 percent since 1992, and we are avoiding disposal costs by diverting non-hazardous solid waste from landfills by recycling and other approved methods. These pollution prevention techniques continue to save the Department needed funds as well as reduce pollution. As an example, the Department saved about \$95 million in disposal costs in 2001. We have increased the number of alternative fueled vehicles that we use in order to reduce the demand for petroleum, and we continue to reduce the number and amount of toxic chemicals we release through our industrial processes and training operations.

The Department's commitment to its restoration program remains strong as we reduce risk and restore property for future generations. We are exploring ways to improve and accelerate cleanup with our regulatory and community partners. Achieving site closure and ensuring long-term remedies are challenges we face. Conducting environmental restoration activities at each site of the installations in the program requires accurate planning, funding, and execution of plan. The Department must plan its activities years in advance to ensure that adequate funding is available and used efficiently.

The Defense Environmental Restoration Program goals assist the Components in planning their programs and achieving funding for activities. We achieved our goal to reduce 50 percent of high risk sites at active installations by the end of fiscal year 2002 and are on track to achieve 100 percent by the end of fiscal year 2007. At BRAC installations, final remedy for 90 percent of the sites was in place by the end of fiscal year 2001, and we anticipate completion by the end of fiscal year 2005.

We also are working to mitigate unexploded ordnance (UXO) on our military ranges. Our operational ranges are designed to train and make combat-ready our Nation's warfighters and prepare them as best as we can for combat. UXO on ranges is a result of our military preparedness training activities. However, we are actively seeking ways to minimize the amount of UXO on our operational test and training ranges. The Department is developing policies on the periodic clearance of UXO for personnel safety and to ensure chemical constituents do not contaminate groundwater.

For the areas other than operational ranges which have a UXO challenge—our Formerly Used Defense Sites, BRAC installations, and closed ranges on active installations—we are currently developing the reports requested by Congress in the National Defense Authorization Act for fiscal year 2002. We will have an inventory of our munitions response sites, cost estimates, a comprehensive plan, and will define the current technology baseline with a roadmap for future action.

In addition, we are developing new technologies and procedures through the Environmental Security Technology Certification Program and the Strategic Environmental Research and Development Program. These, along with the Army and Navy's Environmental Quality Technology Program, have enabled us to make tremendous strides for realizing our goals of reducing cost, completing projects sooner and sustaining the safety of our communities.

As you may know, the Defense Science Board (DSB) assessed the UXO issue in 1998. Last year, the Under Secretary of Defense for Acquisition, Technology and Logistics commissioned a new DSB Task Force to look at this entire issue. Their report is due for completion this summer, and we look forward to acting on their recommendations.

Beyond the dollars, we have implemented a new environmental management systems (EMS) policy as a part of the Administration's emphasis that enables us to train and operate more effectively and efficiently, while reducing our impact on the environment. Through this "systematic approach," we can continually improve both our mission performance and our environmental management. We are implementing this across all military missions, activities and functions to modernize the way we manage the environment entrusted us by the American people, and we are on-track to achieve the EMS goal established in Executive Order 13148. We hope to reach the level where our mission activities are so well managed from an environmental perspective that our environmental impacts would be virtually eliminated and remove our liabilities from long-term compliance bills. EMS is the systematic approach to achieve this goal and resolve the perceived conflict between mission and environmental stewardship.

We also look to our stakeholders and government agencies to help us better identify our environmental management issues. On February 5th, we hosted a defense environmental forum at the National Defense University. At the meeting, recognized leaders from Federal, tribal, state and local governments, the private sector, academia, the scientific and research community, and other non-governmental organizations exchanged insights on pressing environmental issues facing the Department. Our objective was to identify and diagnose the major issues associated with the twin imperatives of military readiness and environmental protection. This new initiative will improve our communication with stakeholders and enable us to more effectively manage our mission and environmental challenges.

Another significant environmental accomplishment is in the area of natural resources. The Department has been managing natural resources for a long time—we currently manage more than 25 million acres. In October of 2002, we issued a new policy for "Integrated Natural Resource Management Plans", or "INRMPS", used by the Department to protect natural resources on our installations. Previous guidance emphasized early coordination with all stakeholders, the U.S. Fish and Wildlife Service and appropriate state agencies to ensure that we meet the conservation requirements of the Sikes Act and focus on the preservation and maintenance of healthy and fully functional ecosystems. The new guidance emphasizes coordination requirements, reporting requirements, implementation requirements, and other miscellaneous requirements. The miscellaneous requirements highlight the need to ensure that we manage our assets in accordance with the INRMPS to ensure that there is no net loss in the capability of military installation lands to support the military mission of the installation, in this case test and training opportunities, as well as preserving the natural resources entrusted to us.

We have completed integrated natural resource management plans at the vast majority of bases. We also are pursuing the completion of integrated cultural resource management plans at our installations to ensure that we identify and preserve historical treasures. This will allow us to test and train to maintain a ready military force without fear of endangering our heritage. We acknowledge there are still some very complex and difficult challenges, but we are making progress.

PRESERVING RANGES AND TRAINING AREAS

The Department takes seriously the fact that an important part of our national defense mission is to defend and preserve the natural environment entrusted to us. Our personnel take understandable pride in their environmental record—a record with documented examples of impressive management of critical habitats and en-

dangered species. However, the impacts on readiness must be considered when applying environmental regulations to military-unique training and testing activities. The ever-growing problem of “encroachment” on our military training ranges is an issue for us here at home, as well as at our overseas training locations.

We are addressing the effects that encroachment pose to our ability to “train as we fight.” This effort, known as the Readiness and Range Preservation Initiative, is the Department’s broad-based effort to find solutions to a variety of pressures on our test and training lands.

This past year, Congress enacted two legislative provisions that allow us to cooperate more effectively with local and state governments, as well as private entities, to plan for smart growth surrounding our training ranges. These provisions allow us to work toward preserving habitat for imperiled species and to limit development to land uses that are compatible with our training and testing activities. Congress also provided the Department a temporary exemption from the Migratory Bird Treaty Act for the incidental taking of migratory birds during military readiness activities. These were three of the eight provisions the Department sought approval on as part of our Readiness and Range Preservation Initiative in the National Defense Authorization Act for fiscal year 2003.

Today, we are developing a long-term process to address encroachment by creating a multi-year, comprehensive program to sustain training and testing. This program will pursue not only legislative clarification but also regulatory and administrative changes, internal policy and procedure adjustments, and an active stakeholder engagement strategy.

The Administration will seek legislative clarification where laws are being applied beyond their original legislative intent. We believe that modest legislative reforms are needed to ensure the preparedness of this Nation’s Armed Forces, and we will continue to work with Congress to seek enactment of legislation to address these concerns.

We are in the process of evaluating all of the circumstances that create problems for our test and training ranges. Some of these may be solved with administrative or regulatory changes. We are working with the Military Services, other Federal agencies, tribes, states and local communities to find ways to better balance military, community and environmental needs.

The Department also is developing a suite of internal policy and procedure adjustments, the capstone of which is a new Department of Defense Directive recently signed by the Deputy Secretary to ensure long-range, sustainable approaches to range management. In addition, we intend to strengthen and empower management structures to deal with range issues. We also have taken a pro-active role to protect bases from urbanization effects by working with local planning and zoning organizations and other stakeholders.

The actions taken by Congress last year will greatly assist in this process by allowing us to work toward preserving habitat for imperiled species and to limit development to land uses that are compatible with our training and testing activities. The Services will identify opportunities to utilize these new authorities. We plan to convene a workshop early this year with key land conservation organizations and representatives from state and local communities to develop an implementing Memorandum of Understanding and sample cooperative agreements that can be utilized under the new authorities.

The Department also is planning to address the long-term sustainment process by reaching out to and involving other stakeholders. We need to improve the understanding of readiness needs among affected groups such as state and local governments, and non-governmental organizations. We must establish dialogue and form partnerships with these groups to reach our common goals by focusing on areas of common interest. This will enable us to take a proactive stance against encroachment and protect our bases into the future.

IMPROVING BUSINESS PRACTICES

Adopting a Common Approach to Managing Real Property

We are undertaking an aggressive initiative to make management of our real property more efficient and effective. This project is called the Real Property Enterprise Solution (RPES), and is part of the larger Financial Management Modernization Program.

Our vision is to improve the accuracy, reliability, timeliness, and usefulness of real property information necessary by all levels of decision-making to support the Department’s overall mission, resources, accounting, accountability and reporting requirements. We will accomplish our vision through development and implementation of a standard, Defense-wide real property enterprise architecture resulting in:

standard business practices and processes, standard categorization, definitions and terminology and a standard system (or systems).

We are teaming with the Office of the Under Secretary of Defense (Comptroller) to develop and update our plans. We are 80 percent finished with our enterprise architecture for real property. An enterprise architecture catalogs the current real property activities and leads to identification of the optimal business processes and technical standards, with a transition plan showing how to get from the current to the optimal state, recognizing any business constraints. By the end of this calendar year, we plan to complete the market research and solution assessment and expect field a pilot system or systems in calendar year 2005 for a significant portion of the real property business area.

As part of the reform of the Department's business practices, we developed the Facilities Sustainment Model (FSM) and the Facilities Recapitalization Metric (FRM). The Facilities Sustainment Model and the Facilities Recapitalization Metric, based on standard commercial processes, improve the way we inventory and account for facilities and more clearly defines our facilities sustainment and recapitalization requirements. The Services have used FSM to define their sustainment requirements since fiscal year 2003, and the Defense Agencies were included for fiscal year 2004.

This past summer we thoroughly reviewed and standardized the FRM, so we can track and report on our progress toward our recapitalization goals with confidence. The revised metric is now used throughout the Department to calibrate the rate at which we restore and modernize facilities and to ensure that all elements of the Department are moving forward toward our corporate goals. With these two new tools, we have finally established a common requirements generation process and a sound method for forecasting funding requirements.

In developing these models, we also changed the program element (PE) structure for fiscal year 2002 budget execution, doing away with the real property maintenance PEs, and creating sustainment and restoration/modernization (recapitalization) PEs. These newly defined program elements align our financial management and accounting cost elements with this new, transformed management structure and permit tying dollars and budgets to performance.

Reducing Cycle Time

An imperative within the acquisition community is to reduce cycle time while also reducing total ownership costs. In the Installations and Environment community, we viewed this as a challenge to improve business processes, enabling resources—both money and people—to be better used elsewhere.

We established an integrated product team (IPT), with the Services and Defense Agencies, to identify alternatives to reduce cycle time for military construction. Facility construction typically takes about 5 to 8 years from requirements determination to beneficial occupancy. We researched and adapted private sector practices, where possible, but in some cases we may need legislative change. We will urge your consideration of such proposals should they be necessary.

Focusing on Core Competencies

As we consider approaches to better utilize our personnel, competitive sourcing provides a methodology for focusing on our core capabilities. The Department will obtain needed products or services from the private sector where it makes sense. We support the Competitive Sourcing Initiative in the President's Management Agenda. To meet the target initiated by the Office of Management and Budget, the Department has initiated six pioneer projects as alternatives to A-76. The Army's "Third Wave" is an example of our new aggressive approach to identify the best way to do business. We will also announce an additional 10,000 traditional A-76 initiatives this fiscal year. The Services will submit their plans to meet the President's management initiative objectives through the use of A-76 and alternatives in their fiscal year 2005 Program Objectives Memoranda submissions.

Consistent with our approach of focusing on our core competencies, the Department believes our security guard functions could be better accomplished by contractors, freeing our military and civilians to focus on other tasks that will enable us to fight and win wars. We remain supportive of repealing the restriction in 10 U.S.C. 2465 that prohibits the Department from contracting for security guards. The current provision inhibits the Department's ability to quickly increase or decrease the number of security guards, as threat conditions warrant. This provision would provide increased flexibility as the Department continues to enhance anti-terrorism/force protection measures.

TRANSFORMING BASES AND INFRASTRUCTURE

One of the most effective tools we have to transform the military is through the BRAC process. From 1988 through 1995, approximately 387 closure or realignment actions were approved, and the Department has completed each action within its respective statutory deadline. We have rationalized much of our infrastructure through the previous BRACs—but much more needs to be done. We believe the Department has anywhere from 20 to 25 percent excess capacity in its facilities. By removing that excess capacity we hope to save several billion dollars annually. For instance, prior BRAC actions have resulted in net savings to the Department—to the taxpayer—of approximately \$17 billion, with annual recurring savings of approximately \$6 billion.

Continuing to operate and maintain facilities we no longer need diverts scarce resources that could be better applied to higher priority programs—like improving readiness, modernization and quality of life for our Service members. We must utilize 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, 2001, the imperative to convert excess base capacity into warfighting ability is enhanced, not diminished.

However, achieving savings is not the only reason to realign and close bases. The more important reason is to enable us to attain 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.

Congress authorized a Base Realignment and Closure in 2005 to accomplish this “base transformation”. BRAC 2005 should be the means by which we reconfigure our current infrastructure into one in which operational capacity maximizes both warfighting capability and efficiency. Through BRAC, we will eliminate excess capacity that drains our scarce resources from defense capability.

The process will not be simply a process to reduce capacity in a status-quo configuration, but rather, as the foundation to transformation, it will allow us the opportunity to examine a wide range of options for stationing and supporting forces and functions to make transformation what it truly should be—a “re-tooling” of the base structure to advance our combat effectiveness and make efficient use of our resources. A primary objective of BRAC 2005 process is to examine and implement opportunities for greater joint activity.

Our installations transformation is not limited to the United States. We also are assessing our facilities overseas to determine the proper size and mix. Since 1990, the Department of Defense has returned or reduced operations at about 1,000 overseas sites, resulting in a 60 percent reduction in our overseas infrastructure and a 66 percent reduction in Europe, in particular, and we continue to review overseas basing requirements of the Combatant Commanders and examine opportunities for joint use of facilities and land by the Services, consolidation of infrastructure, and enhanced training.

CONCLUSION

Our facilities continue to recover, and we are seeing the results of investments made over the last several years. The Defense Facilities Strategic Plan and our installations management approach has provided a framework that enables us to focus on our overarching goals: taking care of our people, taking care of our facilities and enhancing our business processes. We have made significant progress toward providing quality housing for our service members, and we are now focused on improving the work environment.

BRAC 2005 is our most important initiative to help us accomplish this. By consolidating, realigning and reducing unneeded infrastructure, the Department can focus investments on maintaining and recapitalizing what we actually require, resulting in ready facilities for the warfighters while more prudently using the taxpayer’s money.

As we prepare to rationalize our base structure, we also are addressing encroachment issues that impact our ability to effectively utilize our test and training ranges. The Readiness and Range Preservation Initiative is identifying solutions to these challenges. We have developed a plan of action and are proceeding with implementation. A key element of the plan is our proposed legislation that combines military readiness with environmental stewardship.

Our Real Property Enterprise System (RPES) efforts will result in much improved and standardized business practices while enhancing our financial stewardship. Market research and solution assessment should be complete by the end of this fis-

cal year with pilot fielding of a new system(s) or modification to existing systems to follow.

In closing, Mr. Chairman, I sincerely thank you for this opportunity to outline our successes in military facilities and review our plans for the future. We appreciate your strong support of our military construction program, and I look forward to working with you as we transform our infrastructure.

Senator HUTCHISON. Thank you. As noted before, our domestic MILCON budget is decreasing, our overseas MILCON is increasing, and I would particularly note that much has changed since the previous long range planning for our overseas basing, and in particular I would say the timing of the large increase in this budget for overseas construction in Germany and Korea is questionable, based on the changes just in the last 6 months in our strategic needs.

In this budget you are asking for \$288 million for Germany alone, out of a total of \$532 million for Europe, and for Korea \$173 million at the same time we are certainly in a questioning mode on the number of troops we would have in Korea for the long term, and with General Jones, the Supreme Commander of NATO, actually having a proposal in public that we would be lessening the number of troops that we would have in Germany in favor of some more eastern countries. So my question is, why do you have all of this for Germany, Europe, Korea, when we do not have a clear understanding of a master plan?

Dr. ZAKHEIM. Let me start, and then Ray can add to that.

In the first place, we have got a situation where we are really—we are already modernizing in Germany and Korea. There are sufficient bases in Germany. There is a plan that is a legacy of the previous commander in Korea. We also have a further complication, and here this is something I personally was involved in. I led the negotiation with the Koreans to get them to contribute 50 percent of, in effect, host nation costs. We got a 35 percent increase in that negotiation, and it was very tough, I can tell you.

So what we have, therefore, is a situation where we have not yet heard the details of what General Jones has outlined the framework of, and I think what he has done is reflect the Secretary's views, and the views that many of the senior leadership in the Department have that the changing strategic environment clearly calls for a changed infrastructure footprint in Europe. But until such time as we have got the plan, as we have evaluated, as we have discussed it with you, we do not have it yet, and we are moving ahead with modernization.

Now, we have done one thing. We have put a freeze on 2003 construction projects in Europe, other than Ramstein, because I think there is a consensus, and I think General Jones may have actually said this in one of the articles that he was quoted in, that Ramstein was central no matter how you sliced this one, given what we do there and its strategic location and so on. But beyond that, we have actually currently put a freeze until we hear back from both General Jones and General LaPorte and Admiral Fargo, the Pacific Commander, as to where they are headed. So we have, in fact, anticipated your concern. You are looking at 2004. We have already put freeze on for 2003.

Senator HUTCHISON. That just begs the question, how would you feel about a freeze in 2004 so you know the long range commit-

ments would be in place before we would start spending hundreds of millions of dollars?

Dr. ZAKHEIM. I would hope we would have some answers to you from the combatant commanders before you actually put the freeze on. I mean, picture it this way. Suppose you put a freeze on in 2004 and it turns out there are some things that General Jones, even in this review, General Jones, General LaPorte feel they do need, then we find ourselves sort of twisted in a new kind of knot.

Senator HUTCHISON. So what is the timetable, then?

Dr. ZAKHEIM. Well, we have asked them in effect to come back to us in, I guess it was a total of 90 days, and we put this request out to them about one-half a month ago, so we are about 2½ months away, and I think Ray DuBois and I are committed, I know we are committed to discussing this with you once we have heard from them and reviewed it with the Secretary.

We know that you have an appropriations timetable, and you have to meet your timetable. We are going to do everything we can to ensure that there is consistency between what you are trying to do and what we are trying to do, because I do not think there is much disagreement here.

Senator HUTCHISON. Well, I have to say I am pleased that there seems to be a bit of a turn toward looking at what we are doing overseas, and also relating it to what we are going to need in America in 2005 so you do not close a base you are going to need to bring troops from overseas back home to; so it seems we are on a course, but I do think the timing is going to be important, because I do not want to mark up a bill that is obsolete the day we mark it up.

Dr. ZAKHEIM. Well, we certainly understand that, but I think in fairness I have to point out that I started discussing the need for a relook at our European facilities with then Secretary-designate Rumsfeld. On September 11, 2001 Ray DuBois and I were in Germany, having been sent there by Secretary Rumsfeld to examine this issue. As you can imagine, things changed when we were forced to come home, and a lot has gone on since then. But the Secretary has for quite some time prior to September 11 felt that there was something that needed to be done about our overseas footprint, and so we are acting on it. As I said, we will do everything we can not to leave you out on some limb marking something up and then discovering that it is OBE. I do not think that is fair to you and, frankly, it is not fair to us, either.

Senator HUTCHISON. I think that is right. Let me add, I have visited bases overseas just as you have, and I hear constantly about the limiting effects of not being able to have sufficient flying space to stay in training, not having an artillery range to stay in training, and so I hope that is a consideration when you are doing the big picture, that if you are going to have training constraints in some of these countries, that would be a factor in your decision, not the only factor, but a factor, so that if you are going to have to bring people home to train—Vieques would be another example where we build up a base, we have an agreement with the host country, and then all of a sudden that blows up and we are going to have to find another place to train our people coming in sea landings.

So I hope that is part of the discussion in the Department of Defense as you are going to make these recommendations both for BRAC in America and BRAC overseas.

Dr. ZAKHEIM. It is certainly a factor. I would like to ask Ray DuBois to add to that, although I think I have to point out that the host nation for Vieques is us.

Senator HUTCHISON. Well, it is but it is not.

Dr. ZAKHEIM. Of course. Of course.

Senator HUTCHISON. I mean, it is not us who is protesting.

Dr. ZAKHEIM. It was complex. Anyway, Ray, would you like to——

Mr. DUBOIS. Madam Chairman, notwithstanding my remark about being reticent to discuss numbers, I think it is important to recognize relative numbers insofar as our MILCON request in 2004 shows an increase for the U.S. MILCON and a decrease, year over year request, for overseas. So in a sense we are making certain adjustments, but I also think we have to look at the legacy of underfunding for our overseas facilities that we inherited, quite frankly, when we came on board in January of 2001.

The other issue that I think it is important to recognize, with respect in particular to your suggestion of a moratorium on overseas construction, and that is, the Secretary of Defense, as Dr. Zakheim has indicated, has asked the combatant commanders for their views to reprioritize and recommend where reprioritizations make most sense, because the 2003 construction projects currently in the pipeline were in point of fact planned for 2, 2½ years ago, and may not reflect the realities and the requirements of today.

In addition, we would think that if reprioritization is a good thing to do, based on the combatant commanders' recommendations, the service Secretary and Service Chiefs' concurrences, that reprogramming those dollars into other areas is very important. That would be applicable not only to 2003, but 2004, and therefore by placing a moratorium on 2004, you would prevent an appropriate reprogramming, with Congress' approval, to those, today's immediate requirements, vice those requirements that may have looked very attractive in the planning stages 2½ years ago.

Senator HUTCHISON. Well, let me just say that certainly we want to work in the best possible way for our congressional responsibility and oversight, but we need a lot more of a strategic plan before we pass a 2004 budget than just to pass something in a big vacuum and then come in with a huge reprogramming request. I just do not think that is the proper way to go.

And secondly I would just say, and then I am going to stop—I do have some more questions, but I want to give my colleagues a chance, but I do want to say I do not think just depending on the CINCs' combatant commander views is the job of the Department of Defense, because a CINC may be looking at their sphere, but they may not be looking at the big picture for the strategy of where our troops are going to be needed for the future. So I do hope that there is an overview that will be put forward that does not just say the commander in Korea believes that you need this in Korea, without thinking about what is needed in the Middle East, or in Turkey, or in Italy, or Spain, or wherever. I just hope that just talking to the commanders——

Mr. DUBOIS. Madam Chairman, if we were to look at an area of operational responsibility by a combatant commander in isolation, that would be a mistake. The Secretary has discussed at some length with the combatant commanders and the Joint Chiefs of Staff as recently as 2½ weeks ago here in Washington at the Combatant Commanders Conference the importance of an integrated global presence and basing strategy, and there was considerable discussion around that, but there was not any disagreement that, in point of fact, needed to happen.

Dr. ZAKHEIM. Let me add to that. Let me add to that, Madam Chairman. First of all, as somebody who has known Jim Jones for about 28 years, I can tell you he is about the least narrowly focused person I have ever met, but his command, as you know, now extends into Central Asia, and it extends into Africa, and so this is a man whose command is global, and what we are talking about, of course—

Senator HUTCHISON. And NATO is a little different, too.

Dr. ZAKHEIM. But again, he is the European Commander, and for instance, Israel and Lebanon are part of his command, and Turkey, of course, is part of his command within NATO, and so his concern is as someone who has to focus, as he is as we speak, on a massive crisis in his southeast sector. He is fully aware of the implications of the new States that have come out from under the Soviet shadow and so on, and their potential, and as a Marine, quite frankly, he is also aware of the importance of littoral capabilities.

As to General LaPorte, I do not know him as well, but this man is a really creative fellow, and he has brought a very different look to what is needed in Korea. In addition, he is working with Admiral Fargo, again someone I have known for a couple of decades, and Admiral Fargo's scope basically touches up against Admiral Jones'.

I mean, literally, when Admiral Fargo is responsible for India and Admiral Jones is—and Zari, and then—well, I guess they do not touch exactly, but Central Asia and India, they come pretty close, and China, actually—no, so they do. So you have got two combatant commanders with huge areas of responsibility. You therefore can understand the exact kind of concern you have got, and a very creative combatant commander in Korea.

Now, add that to what Ray just told you, that the Secretary has made it very, very clear that we have to have the exact kind of strategic perspective you are talking about, and I think you can be very, very confident in their recommendations.

Senator HUTCHISON. Thank you. Senator Feinstein.

Senator FEINSTEIN. Thank you, Madam Chairman.

I want to follow up along the lines—let me begin with my bottom line. I think it really is necessary that we sit down and have some kind of strategic conversations on where this is all going, and over what period of time, and how much the cost is estimated to be, and I will tell you why.

Before last year's hearing General Meigs came in and talked to me about Efficient Basing South, so I went to Vicenza, and went to Camp Ederle, and went with him and saw his plans for Efficient Basing South.

Now, this year we have gotten another plan, efficient basing in another direction. We put \$34.8 million into Efficient Basing South

last year. You might make a note, because I am going to go on for a bit. I want to know essentially whether this Efficient Basing South plan is going to be continued to be carried out.

Secondly, I guess if they are going to leave Germany we do not have to worry about whether we build a new commander's house or remodel the old house, so we might save some money there. We should know about that.

The second thing is, in December, Senator Hutchison has had some interest, and I have had a longstanding interest in the Korean situation, so I was fortunate enough to spend the day with General LaPorte. I saw Yongsan. I saw his desire to move out of Yongsan. Yongsan is a strategic piece of property in the heart of Seoul. It was also Japanese headquarters, which makes it a piece of land with some distinct sensitivity to South Koreans, and, was there in early December, just before the election, and there was a great deal of anti-American sentiment about our military there.

And we put substantial moneys into the budget to do some renewal, and I saw some of the privately contracted housing and the facilities that we helped fund, which was wonderful to see, something really coming out of what we do here.

Now, Secretary Rumsfeld has recently expressed support for reducing the United States footprint in Korea, and specifically mentioned moving U.S. forces away from the Seoul area and the DMZ. Now, the total MilCon request this year for Korea, as I understand it, is \$173 million, of which \$45 million is for family housing at Osan.

Now, this is \$63 million less than last year's level, but again, Korea's outyears construction needs approach \$1 billion, so I think that this subcommittee really needs to know what the long term thinking is so that we can feel that this is not going to change with every change of command, that there is going to be something that everybody has bought into and is going to continue to fund in the years to come.

I must tell you, I feel very uncertain about this, particularly from the Efficient Basing South, and you know, going to Northern Italy, and meeting the people, and seeing what they want to do, and buying into it, so the first part of my question, is Efficient Basing South going to go ahead?

Dr. ZAKHEIM. Well, again, we have been discussing Germany and Efficient Basing South is far more consistent with what I think is the overall direction of where we are likely to head. I have not heard, and either Ray can kick me, alongside me, or my staff can kick me from behind, I have not heard anyone questioning what we are trying to do in Italy. In fact, it is highly consistent.

Senator FEINSTEIN. No, do not mistake, I did not say anybody was questioning it. I am a supporter of it. Nobody is questioning it. I worry that it will change next year.

Dr. ZAKHEIM. I have no indication of that. Look, I cannot speak for what General Jones is going to do. I cannot prejudge it, but on its face it seems to me, and I think this is why it was undertaken in the first place, was because it was consistent with this redirection and relook at where we are likely to be.

Senator FEINSTEIN. But bottom line, we do not know whether Efficient Basing South is going to continue.

Dr. ZAKHEIM. Bottom line, right now, it is continuing, and we cannot prejudge what General Jones is going to do, but let me say, I would be highly surprised if he were to question that particular program.

Senator FEINSTEIN. He is coming in, so I will have a chance to ask him that. I will, and perhaps we can all share.

Dr. ZAKHEIM. I have no indications that that is the direction he is going, to somehow chop and change on that one.

Now, on Korea, you make two points that I otherwise would have made. One is, General LaPorte is concerned about Yongsan. I was there a few months before you were, and I had the same reaction you did, which, one reaction that I always have when I am there is, we are stuck in the middle of Seoul. The other reaction, which was a good one, was, at least we are taking care of the folks who are living there.

Now, as long as there are folks living there, we have got to do something for them, and whatever the plan General LaPorte comes up with, I would be very surprised if we just uprooted ourselves and left immediately.

Senator FEINSTEIN. My understanding is that what there would be is a land trade.

Dr. ZAKHEIM. That is correct.

Senator FEINSTEIN. And I guess what I am asking is, could you give us the status of that land trade?

Dr. ZAKHEIM. Well, I will get you some more for the record. Again, General LaPorte is coming back to us, as General Jones is, within the next couple of months, and so we will probably have a much firmer answer by then, but I can get you something before then.

[The information follows:]

The Republic of Korea (ROK) desires the return of lands in Seoul and in 1990 signed an Agreement-In-Principle and Memorandum of Understanding for relocation of U.S. forces from Seoul including the majority of Yongsan Main and South Posts. ROK agreed to grant U.S. Forces, Korea (USFK) new land in the Osan-Pyeongtaek area and completely fund the move. On June 12, 1993, ROK informed USFK that ROK had decided to cancel the plan to purchase real estate near Osan Air Base due to strong local opposition thus halting the relocation efforts. ROK is now showing renewed interest in the relocation.

The relocation of U.S. forces from Seoul is currently on hold due to ROK opposition of the details of the relocation plan, and there is no anticipated Yongsan land trade in the near future, although long-term planning for the relocation continues. USFK conducted a Yongsan relocation requirements survey in summer of 2002. An initial master plan to relocate the U.S. forces from Yongsan is under development and will be completed by May 2003.

Senator FEINSTEIN. If we are going to leave the base there is no sense in putting a lot into it.

Mr. DUBOIS. Senator Feinstein, just to look at Korea first, and then I will go back to Italy, the fact that the symbolism, as you have pointed out, of Yongsan headquarters far exceeds its square footage, its footprint, if you will, has not escaped the Secretary of Defense in this context, and as you have correctly referred, he has made comments about that. The speed with which one could reconfigure our presence—presence equals end strength as well as positioning—in South Korea is not something you do in a year.

The Secretary did send to Korea recently Deputy Assistant Secretary of Defense Richard Lawless to talk to General LaPorte—and

I encourage you to talk to General LaPorte when he is here next week. He is going to see me on Monday—in this regard. I am interested in what he has learned, because the long term thinking is exactly what the Secretary of Defense has insisted that LaPorte and Fargo put on the table, not just 2003 and 2004, but 10 years plus out.

As far as Efficient Basing South is concerned, and what we are really talking about here, of course, is Vicenza and Aviano, and also Naples and the naval stations that we have now, and this is important to note, because it was significant military construction that went into Sigonella, significant military construction appropriated by this subcommittee that went into the building of that new housing area for the Navy near Naples, and I encourage you to visit it. If you have not, it is fantastic.

In fact, when I visited, the wonderful comment made to me was, the assignments folks in the Pentagon who always used to be prevailed upon, do not assign me to Naples, now the assignments people want to go to Naples. This is a positive thing, and yes, it does reflect where I think the Secretary is going in the longer term.

Now, should we or should we not repair a four star general officer's house in Stuttgart? I will defer that for the moment.

Dr. ZAKHEIM. I did not even address it.

Senator FEINSTEIN. We will defer it, then.

You know, I think what the General in charge at Vicenza has done, and I really want to say this to you, is really quite remarkable. He said when 9/11 happened the carabinieri just automatically came and surrounded the base to offer protection, and this General had established such good contacts, and this base is right in the town, such good connections with the leadership, with the community, that there was just solid support for the base, and that really made me feel good, and obviously very concerned about the men and women serving at that base and their opportunities, and it was really a very heartwarming thing to see.

Now, it was also clear to me that General LaPorte—I mean, I think he is a 10. He is a great human being, and I suspect a very good tactical commander. At the same time, the problems there are really problems that take some serious, I think, long term thinking. And because we are putting so much money into Korea, particularly in the outyears, I think that both of us really need to know what that long term thinking is and how what we do can best serve it, because I think everybody wants the same thing, to do the land trade, to get out of Central Seoul, to have less of a footprint, but still be available for any protection that might be necessary, and I would suspect that that might be agreeable on everybody's part.

But how we do this I think is going to be very difficult, because the costs are going to be quite substantial, and so I am eager, and I saw Osan, and I saw some of the housing that we had done, the new housing and the recreational center, and I was really very proud.

Mr. DUBOIS. Senator, I think it may be less difficult than we think, and I am speaking for myself now, but as Deputy Under Secretary for Installations and Environment, having been to Korea a number of times since I became Deputy Under Secretary, the tough negotiations that Dov Zakheim entered into and was successful in

accomplishing with the South Korean Government for host nation support must be part of our calculus here, because we do not want to damage that relationship, especially in terms of their commitment to co-invest with us on behalf of our military forces. We want to make sure, however, as you pointed out, that it is done in the right place.

Dr. ZAKHEIM. That is exactly right. We have to be sure that the agreement we got—let us be honest here, the Japanese pay a substantial portion of host nation support. The Europeans do not. The Koreans were closer to the bottom of the table. We have moved them up to 50 percent. We do not want to lose that, and so that is another factor in this, and Leon LaPorte is a really bright guy; he's—

Senator HUTCHISON. Are you talking about Korea moving up to 50, or are you talking about Europe moving up to 50?

Dr. ZAKHEIM. Well, let me tell you, if I had my druthers Europe is going to move up to 50. It is going to be harder to do. Meanwhile, I have got Korea.

Senator FEINSTEIN. You are at 35 now, right?

Dr. ZAKHEIM. Not even that high. I think if you look closely at the European numbers, it is less than that, and that is a major concern. We have got to wait for the time when we renegotiate. How do you renegotiate until you know what your plan is? I mean, what is the point, for example, to go back to the Germans, who do not kick in anything like the Koreans do, and say, well, let us renegotiate, when we do not even know what it is going to be like in Germany.

So we have got to be careful. We have got different external factors here, in addition to just the actual facilities.

Senator FEINSTEIN. I was just going to make one last point so I could turn it back to the chairman. Environmental remediation, and maybe I have a bias, because we have 30 closed bases, and maybe I have a bias because McClellan Air Force Base had a nuclear reactor on it and we have to clean it up, and I was really struck by the hit that environmental remediation took.

At the same time, I do want to say to you that I understand considerable progress is being made at Bayview-Hunters Point, and I want to thank you for that. I think I reported at last year's hearing that they had a fire that burned underground for 2 weeks before anybody knew it was burning underground, and I am very pleased that the Navy has done what they said they were going to do, and I gather things are on schedule and on target there. However, I have just a list from the Air Force of what they could use to clean up just Kelly and McClellan, and one other base, and it is \$64 million additional dollars this year.

The military has an obligation to remove the contamination from these bases.

Dr. ZAKHEIM. Well, let me first say that I remember your concern last year and I am glad that we took care of that one facility. That is important. Now I do want to turn it over to probably the guy who knows more about this than anybody else in the Department, Ray DuBois.

Mr. DUBOIS. The environmental remediation of BRAC'd property from the four prior BRAC's has been and continues to be a chal-

lenge, but it is a challenge in several ways, Senator. Number 1, we still have significant BRAC'd properties yet to be disposed of, and those BRAC'd properties are not disposed of in no small measure because of competing local environmental interests and competing local economic interests. One side may want to use the property for one use, the other faction may want to use it for another use.

One of the reasons that we have been unable, and have not asked for in many cases money for X or Y, has been—and granted this does not apply necessarily to McClellan and Kelly, but even if we had the money we could not execute it because the locals have not decided what the land use will be. It is just an aspect of it.

We have spent, since the first BRAC in 1988 and the BRACs in 1991, 1993, and 1995, up to about 40 percent of all BRAC environmental remediation, and this is not surprising, given the number of bases which were impacted in the State of California, in the State of California. It is not as if the State of California has been pro rata less than other places.

Now, we also have, I think, an issue, and you will have to address this specifically to the three Service Secretaries who will follow us, and I thank you for raising and noticing what the Navy has done not just in terms of disposing of property in California also, but also in terms of meeting their environmental obligations, but all three Military Departments recognize their environmental obligations.

You may, either in this forum or another forum, ask the question, then why would we necessarily ask for less in terms of BRAC environmental remediation funding this year than last? Two factors apply. One factor is, we have less environmental remediation to do, because we have been able to—not in terms of cost to complete, but in terms of what we have accomplished just in the past 2 fiscal years.

I think the other issue is, and again I encourage you to ask Secretary Johnson, as he is a witness today. He is also Acting Secretary of the Navy, so he has got a few jobs, but as Assistant Secretary of the Navy for Installations and Environment, he has been a tremendous asset to the total DOD disposal philosophy, because he has worked hard with local communities to actually auction off properties that heretofore have been held from disposal.

As you may know, under the law, those dollars go into the so-called BRAC account, and they can only be used for environmental remediation, so in the case of the Navy, they have asked for less dollars this year than last, but they now, if they get the receipts that are under contract, they will have a considerable amount of money in that BRAC account to spend, and those dollars do not need to be reappropriated.

It is an interesting kind of inside the beltway, if you will——

Senator FEINSTEIN. We will check those accounts.

Mr. DUBOIS. Yes, ma'am.

Senator FEINSTEIN. Thank you.

Thank you, Madam Chairman.

Senator HUTCHISON. Thank you. I just have a few more questions. I want to finish on the—I had a few questions on the host nation support issue. I am under the impression that Europe pays less than 10 percent.

Dr. ZAKHEIM. No. The numbers are closer to the mid 20s to low 30s. I do not know where you get that number from.

Senator HUTCHISON. I am not talking NATO. We have 25 percent in NATO, but in Europe itself, I am told under 10 percent. Host nation.

[The information follows:]

The Land Partnership Program (LPP) was signed in March 2002 and ratified by the Korean government in November 2002. It is now being executed though no land has been exchanged. However, host nation funded projects have been started at enduring locations associated with LPP. The location of U.S. Forces Korea installations in the LPP are currently under review based on the requirement by the Secretary of Defense that geographic combatant commanders prepare an integrated presence and basing strategy by July 1, 2003. The LPP has a provision to modify the installations specified if needed. THE PACOM Commander must also evaluate the fiscal year 2003 and 2004 Military Construction programs for Korea and provide the Secretary of Defense with his requirement by April 19, 2003.

Dr. ZAKHEIM. Host nations? That does not ring a bell. I have seen one or two countries, but actually not in Europe, that for a variety of reasons give, I think one gives 8 percent or something. That is a Middle Eastern country, and there are all kinds of reasons for that.

[The information follows:]

THE PERCENTAGE EUROPE PAYS IN HOST NATION SUPPORT

For the purposes of this response, "host nation support" is defined as bilateral cost sharing contributions, in which the cost sharing is "between the United States and an ally or partner nation that either hosts U.S. troops and/or prepositioned equipment, or plans to do so in a time of crisis". According to the June 2002 "Report on Allied Contributions to the Common Defense"—A Report to the United States Congress by the Secretary of Defense, research revealed that our European allies—on average—contributed over 23 percent of the costs associated with the stationing of U.S. forces during the year 2000 (most recent collection of data).

The following European countries were considered in the collection of bilateral cost sharing contributors (listed in order from greatest U.S. cost offset percentage to least): Norway (67 percent), Luxembourg (51 percent), Spain (50 percent), Italy (37 percent), Belgium (35 percent), Greece (29 percent), Germany (21 percent), United Kingdom (17 percent), Hungary (10 percent), and Turkey (3 percent). In monetary terms, Germany was the largest contributor (\$1,211 million) and Italy ranked as the second largest contributor (\$364 million).

Dr. ZAKHEIM. I would love to see those numbers, and we will get you an answer for the record, because my recollection country by country is, that it is somewhere between 25 and 35 for each of those.

[The information follows:]

The information provided below represents bilateral cost sharing between the United States and our European allies that host U.S. troops and/or prepositioned equipment.

The Department of Defense distinguishes between two different types of cost sharing: the direct payment of certain U.S. stationing costs by the host nation (i.e., on-budget host nation country expenditures), and indirect cost deferrals or waivers of taxes, fees, rents, and other charges (i.e., off-budget, forgone revenues).

The most recent year for which data are available is 2001, which is also what will be reported in the 2003 Report to Congress on Allied Contributions to the Common Defense.

[U.S. dollars in millions]

	Direct	Indirect	A Total	B U.S. sta- tioning costs	A + B Total sta- tioning costs	A/(A + B) Percentage cost sharing
Denmark	\$0.0	\$0.1	\$0.1	\$66.2	\$66.3	0.1

[U.S. dollars in millions]

	Direct	Indirect	A Total	B U.S. sta- tioning costs	A + B Total sta- tioning costs	A/(A + B) Percentage cost sharing
Germany	8.2	853.4	861.7	3,197.2	4,058.9	21.2
Greece	0.5	17.3	17.7	24.4	42.2	42.1
Italy	2.9	356.4	359.3	554.1	913.4	39.3
Luxembourg	1.1	18.7	19.8	6.0	25.8	76.8
Norway	10.3	0.0	10.3	0.6	10.9	94.5
Portugal	1.7	2.4	4.1	72.1	76.2	5.4
Spain	0.0	119.6	119.6	99.0	218.6	54.7
Turkey	0.0	13.6	13.6	112.1	125.7	10.8
United Kingdom	20.1	113.8	133.9	733.1	867.0	15.4
Total	44.8	1,495.2	1,540.0	4,864.9	6,405.0	24.0

Note: Belgium has not been included as complete and accurate stationing cost information is not currently available. Hungary is also not included; however, it does provide support to U.S. troops temporarily stationed there for operations in the Balkans.

Senator HUTCHISON. But you do intend to renegotiate once we determine what our long term strategy is?

Dr. ZAKHEIM. As each agreement comes up for review, absolutely.

Senator HUTCHISON. Are they going to come up for review this year?

Dr. ZAKHEIM. I do not know if the German one comes up this year, but obviously once there is a decision to make any changes at all, then all of these issues have to be addressed, and this would be an opportunity for us to revisit with the Germans exactly who is paying for what.

Senator HUTCHISON. Well, I think you and I are on the same wavelength here, but certainly if we are going to—I am still looking at the right way to approach a new strategy coming forward in the very near future, and I certainly think that would be the opportunity to see how committed a country is to our being there for their economy and their protection.

Dr. ZAKHEIM. Let me be very clear, Madam Chairman, without Congress's help on Korea, and Congress articulated—there was I believe a Sense of the Congress Resolution about how much they thought Korea should be paying, without that kind of pressure, it would have been much harder for us to get what we got, and I encourage you to continue to push this line. It is very important to us, too.

Senator HUTCHISON. Thank you. We will.

A couple of other things. It is my understanding from your testimony that you will come back to us for anything you think you are not going to need for the 2003 appropriations for reprogramming requests.

Dr. ZAKHEIM. Yes.

Senator HUTCHISON. That is important, of course, to our committee, that we stay in the loop when we are talking about this.

Dr. ZAKHEIM. Absolutely.

Senator HUTCHISON. And I applaud your looking at 2003, as well as our working together on 2004.

The programming this year was less for the Guard and Reserve components than the amount that we enacted last year. My question is, with our dependence on Guard and Reserves, why is that the case?

Dr. ZAKHEIM. I am probably going to give you the same answer that I gave you last year when you asked a similar question. That is, we have to look at all our priorities, and we have to come up with some kind of balance. So the metric we have used is, "are the moneys that we are spending on Guard and Reserve facilities roughly—is it roughly the same percentage of the overall account." We have been at about the same percentage for the last 6 years.

Senator HUTCHISON. Do you feel that we are basically fully utilizing the facilities and upgrading them as needed for our bigger dependence on them?

Dr. ZAKHEIM. There is no doubt that we could do better. There is no doubt that we could do better, and there is also no doubt that the Reserves and the Guard are making a phenomenal contribution.

You have traveled overseas. Particularly, go to the Middle East, and my goodness—I have friends that are out there, and I have got one friend around the corner from me with three children who just spent the year serving, and then a second year, so we all know how difficult it is for Guard and Reserve. But again, it is always a balance, and we try to come up with the best possible number under the circumstances and, as I say, we use that metric of a percentage rate.

Ray, would you like to add to that?

Mr. DUBOIS. Well, just to embellish, if I might, briefly, fiscal year 2003 requests—requests—\$297.3 million. Fiscal year 2004 requests \$369 million, and that is a significant jump in the requests, not in terms of what was enacted.

The issue, though that I think that is important is the percentage issue. In terms of total milcon vice Guard and Reserve, we went from 3 percent total MILCON to 4 percent. Now, mathematically that is a 33 percent increase, quote-quote.

Senator HUTCHISON. Yes. MILCON is coming down—

Mr. DUBOIS. But I know what you are going to say, and I can understand why you are going to say it.

Senator HUTCHISON. Well, just—point made. Watch out for the Guard and Reserves and make sure that what we are asking them to do is commensurate with what we are doing in the budget.

A last question. This is a fine point, but the funding to construct the chem demil facilities has always been in the past in the military construction portion of the budget. However, this year you are asking that this go in the defense budget, and I would like to ask why.

Dr. ZAKHEIM. The reason is straightforward. The law, which came with the Homeland Security Act, instructed us, and I in fact—I can even give you the section, chapter and verse. Section 1511(d) of the Homeland Security Act says, upon the transfer of an agency to the Department of Homeland Security, the personnel, assets and obligations held by or available in connection with the agency shall be transferred to the Secretary for appropriate allocation.

What basically we were told, we were told first of all to transfer money out, and second of all we were also told that we were supposed to certify that the—and the Congress told us this, that we were supposed to certify that the money for chem demil would be

put in an OSD-wide account, and what we have got is the Army as executive agent, and it is being called chemical demilitarization, comma, Army, as a separate account.

And I think I was reading off of the wrong sheet of music on the homeland security. I see a lot of people looking puzzled, but the \$119 million was, we were told by the Congress to do that as well.

ADDITIONAL COMMITTEE QUESTIONS

Senator HUTCHISON. You were told by Congress to do that?

Dr. ZAKHEIM. Yes. I believe so.

Senator HUTCHISON. Well, we will check into that, because it is our position that that should continue to be in military construction for the continuity of oversight.

Dr. ZAKHEIM. That was the fiscal year 2003 authorization Act.

Senator HUTCHISON. Okay. We will look at that again.

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

QUESTIONS SUBMITTED TO HON. DOV S. ZAKHEIM

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

FAMILY HOUSING PRIVATIZATION

Question. I applaud your efforts with regards to family housing privatization. I noticed in your statement that the privatization leverage—that is the ratio of what we put into the deal versus what we get out—is 10 to 1. How did you calculate that ratio?

Answer. The leverage is determined by dividing traditional construction cost by the scored cost of the privatization project. For example, if we were to build houses using the traditional method, it would cost us say \$200 million. However, by privatizing those houses, it would cost us only \$20 million. Therefore, we would get a 10 to 1 leverage.

Question. How many units do you plan to privatize in fiscal year 2003 and 2004?

Answer. We plan to privatize approximately 30,000 units in fiscal year 2003 and 36,000 units in fiscal year 2004. However, the Services are much more aggressive/optimistic in their projections. Their estimates show privatizing over 38,000 units in fiscal year 2003, compared to our more conservative estimate of 30,000. In fiscal year 2004, our estimates are similar, about 36,000 units.

ADEQUACY OF BUDGET REQUEST

Question. Two years ago you both testified that after many years of neglect, the department intended to start investing in infrastructure. Your proposed budget barely funds new mission initiatives, let alone replacing aging facilities. What is the DOD position on revitalizing facilities?

Answer. We have three investment priorities. Our first priority is to sustain our existing facilities, our second priority is to recapitalize (both restore and modernize) our existing facilities and the third priority is to acquire new footprint and dispose of old facilities as appropriate. The fiscal year 2004 budget funds facilities sustainment at 94 percent of our requirement. The fiscal year 2004 recapitalization rate was held at about the same rate as fiscal year 2003, but is on track to meet our 67 year recapitalization goal by fiscal year 2008.

Question. Why is the 2004 military construction request lower than the amount enacted for military construction last year?

Answer. The fiscal year 2004 President's Budget request for military construction is slightly higher than the 2003 enacted amount when the Defense Emergency Response Fund projects and congressional adds are excluded.

The 2004 request funds our highest priorities for improving quality of life and resolving critical readiness shortfalls. For quality of life, the military construction request sustains funding for family and bachelor housing and increases the number of housing units privatized. We also preserved funding for recapitalization. We increased funding for facilities sustainment, raising the corporate sustainment rate

from 93 to 94 percent, which will help to preserve our facilities and reduce the need for future, more costly revitalizations.

Question. What is the backlog of department of defense projects for military construction?

Answer. The Department of Defense does not maintain a list of backlog projects.

Question. With the proposed funding in the 2004 budget for MILCON, how does that impact the department's overall recapitalization rate? How does that compare to the last 2 years?

Answer. The fiscal year 2004 recapitalization rate is 148 years for the four Services and 136 years for the combination of the four Services and three of the Defense Agencies. This is about the same as the fiscal year 2003 recapitalization rate and higher than the fiscal year 2002 recapitalization rate. Prior to fiscal year 2002, the Department's requests to Congress kept the recap rates hovering around 200 years. The Department is currently on track to meet our 67 year recapitalization goal by fiscal year 2008.

Question. What is the department's strategy to reach the secretary's proposed recapitalization rate of 67 years? When will that happen?

Answer. In the near term, it is our strategy to fund only the most critical restoration and modernization projects. The Department will achieve its goal of a 67 year recapitalization rate by fiscal year 2008; however, through the disposition of facilities in the BRAC 2005 process, we may achieve the 67 year target sooner.

Question. Why have you programmed less for the Guard and Reserve components than the amount that was enacted last year?

Answer. The most urgent MILCON requirements of the Department are included in the President's Budget without prejudice to Active nor Guard components. The Guard and Reserve compete equally with the Active Components according to their Facilities Investment Plans and overall Service priorities. While the MilCon amount in the President's budget this year is less than was enacted in fiscal year 2003, including congressionally added projects, the Department increased MILCON funding for the Army National Guard by 65.7 percent over the fiscal year 2003 President's Budget, and it increased the Air National Guard funding by 13.0 percent.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

BRAC

Question. I understand the department is already getting organized to begin the BRAC process for the 2005 round. What have you done to date and how are you approaching this differently than past rounds of BRAC?

Answer. Reducing the Department's excess capacity in a single 2005 round will require extraordinary effort, given that the goal is true infrastructure rationalization rather than the simple reduction of excess in a status quo configuration typical of prior BRAC efforts. The Secretary signed out a BRAC "kickoff" memorandum in November 2002 that provides the analytical construct for conducting the 2005 BRAC analyses. In this memorandum the Secretary established two senior groups to oversee and operate the BRAC 2005 process. The Infrastructure Executive Committee (IEC) chaired by the Deputy Secretary of Defense and composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joints Chiefs of Staff and the Under Secretary of Defense (Acquisition, Technology and Logistics) is the policy making and oversight body for the entire BRAC 2005 process. The subordinate Infrastructure Steering Group (ISG), chaired by the USD(AT&L) and composed of the Vice Chairman of the Joint Chiefs of Staff, the Military Department Assistant Secretaries for installations and environment, the Service Vice Chiefs, and the Deputy Under Secretary of Defense (Installations & Environment), will oversee joint cross-service analyses of common business oriented functions and ensure the integration of that process with the Military Department and Defense Agency specific analyses of all other functions. The Secretary went on to indicate that a primary objective of BRAC 2005 is to examine and implement opportunities for greater joint activity. Accordingly, he divided the BRAC 2005 analysis into two categories of functions. Joint cross-service teams will analyze the common business-oriented support functions and report their results through the ISG to the IEC. The Military Departments will analyze all service unique functions and report their results directly to the IEC. The Military Departments are responsible for ensuring that their recommendations are fully consistent with the joint cross-service teams' recommendations.

The BRAC process outlined in the Defense Base Closure and Realignment Act of 1990, Public Law 101-510, as amended, that governed the three previous BRAC

rounds also governs the 2005 round, although Congress did amend that statute when it comes to the 2005 round.

The first such amendment concerns the role of military value in the selection process. In previous rounds, as DOD policy, the military value criteria took priority over the other criteria. However, in BRAC 2005, there is now a statutory requirement that military value be the primary consideration, reflecting the special emphasis military value should have during all analyses. Additionally, the authorizing legislation provides some other special considerations that the Department must address when developing its selection criteria.

Congress also amended the BRAC statute to require the Secretary to provide Congress with a separate report prior to the Secretary's recommendations on closures and realignments. In this report, which is due to Congress along with the budget documents for fiscal year 2005 (about February 2004), the Secretary must include, among other things, the 20 year force structure plan of probable threats, a comprehensive inventory of installations, a discussion of excess capacity categories, and a certification by the Secretary that a BRAC round in 2005 is necessary.

In addition to statutory changes, there are BRAC process changes which the Secretary directed in his kickoff memorandum. As discussed above, rather than considering all functions on a service-centric basis, the Secretary directed that all common business oriented support functions will be analyzed by Joint Cross-Service Groups, under the supervision of the ISG. The ISG will recommend to the IEC the specific functions to receive joint analysis and the metrics for that analysis for the Secretary's approval. Outputs from the Joint Cross Service Groups, after being endorsed by the management oversight groups, will be considered as recommendations for review and approval by the Secretary. During previous BRAC rounds, Joint Cross-Service Groups developed "alternatives" for consideration by the Services.

Question. What lesson will you learn in the next round?

Answer. After the Department submitted its closure and realignment recommendations to the BRAC Commission in 1995, the General Accounting Office (GAO) provided a thorough review of the Department's BRAC 1995 process. In its report, the GAO acknowledged that "DOD's 1995 BRAC process was generally sound and well documented and should result in substantial savings." However, there were areas that GAO found could be improved upon. For instance, while the GAO found that "OSD attempted to play a stronger role in BRAC 1995," there was "limited success in Cross-Servicing." We agree with the GAO's assessment with respect to the cross-service group outcomes. The Secretary's November 15, 2002, "kick-off" memorandum to the Department strengthened the Joint Cross-Service Groups by empowering them to develop recommendations for the Secretary. In BRAC 1995, these groups were only empowered to develop "alternatives" for consideration by the Services.

Question. What do you estimate the cost will be to conduct BRAC beginning in 2006 through 2008?

Answer. In the April 1998 "Report of the Department of Defense on Base Realignment and Closure," the Department estimated that it has about 23 percent excess base capacity. That report also noted that its analysis was not appropriate for selecting individual bases for realignment or closure, and to do so, the Department would need to use the detailed base-by-base analyses of a BRAC process.

The Department assumes that the historical costs and savings from BRAC rounds 1993 and 1995 would serve as a good baseline upon which to plan for BRAC 2005 costs and savings. These rounds collectively reduced the base infrastructure by approximately 12 percent. If BRAC 2005 is to approach a notional 20 percent reduction in base infrastructure, then the associated costs and savings over its 6 year implementation period can be inflated and interpolated from the BRAC 1993/1995 baseline. Based on this analysis, we believe that between fiscal year 2006 and fiscal year 2008, a reasonable estimate for implementing a BRAC round that eliminates approximately 20 percent excess capacity is about \$19 billion. These costs are offset by estimated savings of almost \$9 billion. Our estimates have also projected that this investment in reshaping our infrastructure should result in approximately \$8 billion in annual recurring savings after 2011.

OVERALL MILCON BUDGET

Question. Why does the amount allocated for overseas MILCON projects continue to grow every year, while the amount proposed for domestic bases decrease?

Answer. We are not putting inordinate emphasis on overseas areas. However, the Services have been making some large investments in certain areas over the last several years. For instance the Navy is recapitalizing facilities at Naval Air Station Sigonella, Italy. The Navy is also building up the Navy Central Command in Bah-

rain, which is the command center for all Naval operations in the CENTCOM AOR and several joint force units. The Army is investing in the Efficient Basing East initiative, which will consolidate troops in Grafenwoehr, Germany. The Army is also improving family housing and barracks in Korea. Further, a large part of our overseas costs are must-pay family housing operation and maintenance bills.

Question. What is the status of your review to look at the overseas bases?

Answer. The Department is working on a global study to see if the Department can close/realign bases overseas. The Department has to provide the study to the Secretary by mid-June.

Question. When will that information be provided to the congress?

Answer. We will submit the study to the Secretary by mid-June. If he approves the study, and if he releases it, we will provide it to the Congress shortly thereafter.

Question. Will it potentially change the budget request for Germany and Korea? What about the projects that were appropriated in 2003?

Answer. If the Department moves projects in Germany and Korea, we will probably do a Budget Amendment prior to markup. For fiscal year 2003, we will either use section 2803 of 10 U.S.C. if the projects are below the \$30 million threshold. If they are above the \$30 million threshold, we will request rescission of the projects in question and will request that the Congress reappropriate them at a different location.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

EUROPE

Question. Given the freeze on military construction in Europe—how will this hold effect the Efficient-Basing South Initiative?

Answer. It really depends on the outcome of the study but I believe the Efficient Basing South will not be affected.

Question. Would your office provide the Committee with the level of host nation funding provided for construction projects, by country, over the last several years? And, could you give examples of where we are, and are not, getting a fair shake?

Answer. We renegotiated the Special Measures Agreement with the Republic of Korea (ROK). As a result, ROK-funded construction for United States forces in Korea increased by over 35 percent. The Government of Japan provides us with about \$680 million per year in construction under the Japanese Facility Improvement Program (JFIP).

—The Korean Host Nation Funded Construction program is comprised of 2 parts:

—The ROK Funded Construction program (ROKFC) supports quality-of-life and other non-readiness type construction

—The Combined Defense Improvement Program (CDIP) constructs combat readiness facilities.

—The programs are funded on a calendar year (CY) basis as follows:

(In millions of dollars)

	Calendar Year			
	2001	2002	2003	2004
ROKFC	95.0	138.4	156.1	170.0
CDIP	47.0	54.2	59.8	66.6
TOTAL	142.0	192.6	215.9	236.6

—The Japanese Facility Improvement Program is funded at 80 billion yen per year (approximately \$680 million at the current exchange rate of 117 yen/dollar) and constructs both readiness and non-readiness facilities.

—We also have the Land Partnership Program with the Koreans where we return land and facilities at one location and they provide us land where we are consolidating and provide us increased use of ROK training ranges.

—We also have a host nation support agreements with various NATO countries where we turn back facilities and get either a monetary return or payment in kind (PIK). For instance, we received \$181.6 Million in cash and \$852.8 Million in PIK from the Federal Republic of Germany (FRG).

—Lastly, we have an agreement with NATO where we contribute approximately 24 percent of war time facilities being constructed. While this seems to be a large percentage, the other countries contribute a larger portion of their GNP than we do.

BRAC

Question. The fiscal year 2004 budget request for BRAC environmental cleanup represents a 34 percent reduction from fiscal year 2003. The Navy BRAC account took a 62 percent hit, and the Army BRAC account took a 57 percent hit. Yet the outstanding bill for environmental cleanup at closed or realigned bases exceeds \$3.5 billion.

In your prepared testimony, you cite efficiencies in base clean up and speedier transfers of property as the reasons for the decrease in the BRAC budget request. But cutting the budget is not helping to reduce the \$3.5 billion dollar backlog, and we will be able to complete the program if the Defense Department keeps squeezing the BRAC cleanup budget. What are your projections for the out years—are you planning increases or further decreases in the BRAC environmental remediation budget?

Answer. The fiscal year 2004 budget request for the total fiscal year 2004 BRAC program (including environmental and caretaker costs) represents a 34 percent reduction from fiscal year 2003. When considering BRAC environmental costs only, the planned value of the fiscal year 2004 program (\$412.0 million) represents a 24 percent reduction from fiscal year 2003 (\$540.2 million). A significant portion of the difference is attributed to revenues anticipated from land sales of base closure properties, thus reducing the fiscal year 2004 budget request.

The President's Budget includes \$275.7 million to address the Department's known BRAC environmental requirements in fiscal year 2005. This level could increase as we approach the budget year and requirements are better defined. A substantial level of total BRAC environmental requirements will remain beyond the current FYDP due to the fact that many of the BRAC sites are still in the study phase and that a greater range of contaminants may be considered in the cleanup process leading to transfer of properties to communities. The Department recognizes the inherent advantages of transferring properties as soon as possible and fully funds cleanup of all properties with identified schedules for transfer.

KOREA

Question. I traveled to Korea this past December and had some good discussions with General LaPorte. I was impressed with the Land Partnership Plan, although I recognize that it is a very ambitious initiative that requires a great deal of support and cooperation from the South Korean government.

What is the status of the Yongsan land swap?

Answer. The Land Partnership Program (LPP) was signed in March 2002 and ratified by the Korean government in November 2002. It is now being executed though no land has been exchanged. However, host nation funded projects have been started at locations associated with LPP. The location of U.S. Forces Korea installations in the LPP are currently under review based on the requirement by the Secretary of Defense that geographic combatant commanders prepare an integrated presence and basing strategy by July 1, 2003. The LPP has a provision to modify the installations specified if needed. THE PACOM Commander must also evaluate the fiscal year 2003 and 2004 Military Construction programs for Korea and provide the Secretary of Defense with his assessment.

 QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

EUROPE

Question. All the best weapons in the world will be rendered useless if our military personnel and their families are not afforded a good quality of life. When asked, our military personnel consistently say that family housing is one of the most important quality of life issues that they face. I understand that the Department of Defense is in the middle of a multi-year effort to replace 163,00 inadequate family housing units. If this is a top priority, why does the President's budget include a \$200 million cut for family housing? Could the services use additional funds to speed-up the timeline for replacing inadequate housing units?

Answer. The Department did not cut the budget for family housing. The family housing request decreased by \$200 million because a large portion of family housing is being privatized. Since family housing is privatized, it is private housing owned by the developer and as such, Congress does not appropriate money into the family housing accounts. Instead, the Department requests, and the Congress appropriates, funds into the military personnel accounts.

The Services are privatizing units as fast as they can. In answer to your question, I do not think the Services can use any additional funds to privatize units since they are on a timeline to eliminate inadequate housing by fiscal year 2007.

Question. The National Guard and Reserve are being asked to play an increasingly important role in our national security. In South Dakota, 21 percent of our National Guard and Reserve units have been called to active duty in support of the war on terrorism. As we rely on these units more, I believe we need to provide a corresponding investment in their facilities and infrastructure. With this in mind, I was surprised that the President's budget did not include any funds for the South Dakota Army or Air National Guard. Why did the President's budget include a cut in military construction funding for the Army and Air National Guard? Would increased military construction funding for the Army and Air National Guard improve their readiness and ability to contribute to the war on terrorism?

Answer. There are four Guard projects in the fiscal year 2004-fiscal year 2009 Future Years Defense Program (FYDP) for South Dakota; although, the fiscal year 2004 President's Budget does not include any MilCon projects for the South Dakota Guard and Reserve. More than \$36 million was appropriated for South Dakota Guard and Reserve MilCon between fiscal year 2001 and fiscal year 2003. The most urgent MilCon requirements of the Department are included in the President's Budget, and the Guard and Reserve compete equally with the Active Components. While the MilCon amount in the President's budget this year is less than was enacted in fiscal year 2003, including congressionally added projects, the Department increased MilCon funding for the Army National Guard by 65.7 percent over the fiscal year 2003 President's Budget, and it increased the Air National Guard funding by 13.0 percent.

Question. Recent reports in the media indicate the Department of Defense has begun to look at downsizing the U.S. military presence in Germany, including U.S. bases. There have also been reports that Secretary Rumsfeld has ordered all construction projects to be re-examined in order to avoid making upgrades at facilities that may be closed. Has the Department of Defense done any analysis on the cost of closing U.S. bases in Germany? Has the Department of Defense done any analysis on the cost of moving these bases to Central or Eastern Europe?

Answer. Yes. As I mentioned previously, the Department is conducting a study that will be completed by mid-June on moving bases out of Germany.

QUESTIONS SUBMITTED TO RAYMOND F. DUBOIS, JR.

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

FAMILY HOUSING PRIVATIZATION

Question. I applaud your efforts with regards to family housing privatization. I noticed in your statement that the privatization leverage—that is the ratio of what we put into the deal versus what we get out—is 10 to 1. How did you calculate that ratio?

Answer. Our policy requires that privatization yield at least three times the amount of housing that would be provided using traditional military construction. The projects awarded thus far leverage upfront appropriations by a ratio of 10:1. This ratio is derived by dividing the estimated cumulative cost of an identical MILCON projects (\$2.9 billion) by the actual cost in appropriated dollars of the awarded privatization projects (\$290 million). This financial calculation reflects the program's short-term effectiveness in fixing our inadequate housing. We also calculate and compare the long-term (50-year) costs of MILCON and privatization, taking into account the members' housing allowances. The long-term economic analysis indicates that privatization is 5–10 percent less expensive than MILCON.

Question. How many units do you plan to privatize in fiscal year 2003 and 2004?

Answer. Our current projections are that the Services will privatize over 38,000 family housing units during fiscal year 2003 and over 36,000 family housing units during fiscal year 2004. As of March 2003, we have awarded 18 projects with 27,884 family housing units privatized. We plan to privatize about 102,000 family housing units by the end of fiscal year 2004. This large increase is primarily due to the Services gaining traction in their housing privatization efforts, and the Army's whole base projects planned for award in fiscal year 2003 and fiscal year 2004.

ADEQUACY OF THE BUDGET REQUEST

Question. Two years ago you both testified that after many years of neglect, the Department intended to start investigating the infrastructure. Your proposed budg-

et barely funds new mission initiatives, let alone replacing aging facilities. What is the DOD position on revitalizing facilities?

Answer. We have three investment priorities. Our first priority is to sustain our existing facilities, our second priority is to recapitalize (both restore and modernize) our existing facilities and the third priority is to acquire new footprint and dispose of old facilities as appropriate. The fiscal year 2004 budget funds facilities sustainment at 94 percent of our requirement. The fiscal year 2004 recapitalization rate was held at about the same rate as fiscal year 2003, but is on track to meet our 67-year recapitalization goal by fiscal year 2008.

Question. Why is the 2004 military construction request lower than the amount enacted for military construction last year?

Answer. The fiscal year 2004 President's Budget request for military construction is slightly higher than the 2003 enacted amount when the Defense Emergency Response Fund projects and congressional adds are excluded.

The 2004 request funds our highest priorities for improving quality of life and resolving critical readiness shortfalls. For quality of life, the military construction request sustains funding for family and bachelor housing and increases the number of housing units privatized. We also preserved funding for recapitalization. We increased funding for facilities sustainment, raising the corporate sustainment rate from 93 to 94 percent, which will help to preserve our facilities and reduce the need for future, more costly revitalizations.

Question. What is the backlog of Department of Defense projects for military construction?

Answer. The Department of Defense does not maintain a list of backlog projects.

Question. With the proposed funding in the 2004 budget for MILCON, how does that impact the Department's overall recapitalization rate? How does that compare to the last 2 years?

Answer. The fiscal year 2004 recapitalization rate is 148 years for the four Services and 136 years for the combination of the four Services and three of the Defense Agencies. This is about the same as the fiscal year 2003 recapitalization rate and higher than the fiscal year 2002 recapitalization rate. Prior to fiscal year 2002, the Department's requests to Congress kept the recap rates hovering around 200 years. The Department is currently on track to meet our 67-year recapitalization goal by fiscal year 2008.

Question. What is the Department's strategy to reach the Secretary's proposed recapitalization rate of 67 years? When will that happen?

Answer. In the near term, it is our strategy to fund only the most critical restoration and modernization projects. The Department will achieve its goal of a 67-year recapitalization rate by fiscal year 2008.

Question. Why have you programmed less for the Guard and Reserve components than the amount that was enacted last year?

Answer. The most urgent MilCon requirements of the Department are included in the President's Budget with prejudice to Active or Reserve components. The Guard and Reserve compete equally with the Active Components according to their Facilities Investment Plans and overall Service priorities. While the MilCon amount in the President's budget this year is less than was enacted in fiscal year 2003, including congressionally added projects, the Department increased MilCon funding for the Army National Guard by 65.7 percent over the fiscal year 2003 President's Budget, and it increased the Air National Guard funding by 13.0 percent.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

BASE REALIGNMENT AND CLOSURE (BRAC)

Question. I understand the Department is already getting organized to begin the BRAC process for the 2005 round. What have you done to date and how are you approaching this differently than the past rounds of BRAC?

Answer. Reducing the Department's excess capacity in a single 2005 round will require extraordinary effort, given that the goal is true infrastructure rationalization rather than the simple reduction of excess in a status quo configuration typical of prior BRAC efforts. The Secretary signed out a BRAC "kickoff" memorandum in November 2002 that provides the analytical construct for conducting the 2005 BRAC analyses. In this memorandum the Secretary established two senior groups to oversee and operate the BRAC 2005 process. The Infrastructure Executive Committee (IEC) chaired by the Deputy Secretary of Defense and composed of the Secretaries of the Military Departments and their Chiefs of Services, the Chairman of the Joints Chiefs of Staff and the Under Secretary of Defense (Acquisition, Technology

and Logistics) is the policy making and oversight body for the entire BRAC 2005 process. The subordinate Infrastructure Steering Group (ISG), chaired by the USD(AT&L) and composed of the Vice Chairman of the Joint Chiefs of Staff, the Military Department Assistant Secretaries for installations and environment, the Service Vice Chiefs, and the Deputy Under Secretary of Defense (Installations & Environment), will oversee joint cross-service analyses of common business oriented functions and ensure the integration of that process with the Military Department and Defense Agency specific analyses of all other functions. The Secretary went on to indicate that a primary objective of BRAC 2005 is to examine and implement opportunities for greater joint activity. Accordingly, he divided the BRAC 2005 analysis into two categories of functions. Joint cross-service teams will analyze the common business-oriented support functions and report their results through the ISG to the IEC. The Military Departments will analyze all service unique functions and report their results directly to the IEC. The Military Departments are responsible for ensuring that their recommendations are fully consistent with the joint cross-service teams' recommendations.

The BRAC process outlined in the Defense Base Closure and Realignment Act of 1990, Public Law 101-510, as amended, that governed the three previous BRAC rounds also governs the 2005 round, although Congress did amend that statute when it comes to the 2005 round.

The first such amendment concerns the role of military value in the selection process. In previous rounds, as DOD policy, the military value criteria took priority over the other criteria. However, in BRAC 2005, there is now a statutory requirement that military value be the primary consideration, reflecting the special emphasis military value should have during all analyses. Additionally, the authorizing legislation provides some other special considerations that the Department must address when developing its selection criteria.

Congress also amended the BRAC statute to require the Secretary to provide Congress with a separate report prior to the Secretary's recommendations on closures and realignments. In this report, which is due to Congress along with the budget documents for fiscal year 2005 (about February 2004), the Secretary must include, among other things, the 20 year force structure plan of probable threats, a comprehensive inventory of installations, a discussion of excess capacity categories, and a certification by the Secretary that a BRAC round in 2005 is necessary.

In addition to statutory changes, there are BRAC process changes which the Secretary directed in his kickoff memorandum. As discussed above, rather than considering all functions on a service-centric basis, the Secretary directed that all common business oriented support functions will be analyzed by Joint Cross-Service Groups, under the supervision of the ISG. The ISG will recommend to the IEC the specific functions to receive joint analysis and the metrics for that analysis for the Secretary's approval. Outputs from the Joint Cross Service Groups, after being endorsed by the management oversight groups, will be considered as recommendations for review and approval by the Secretary. During previous BRAC rounds, Joint Cross-Service Groups developed "alternatives" for consideration by the Services.

Question. What lessons learned will you apply in the next round?

Answer. After the Department submitted its closure and realignment recommendations to the BRAC Commission in 1995, the General Accounting Office (GAO) provided a thorough review of the Department's BRAC 95 process. In its report, the GAO acknowledged that "DOD's 1995 BRAC process was generally sound and well documented and should result in substantial savings." However, there were areas that GAO found could be improved upon. For instance, while the GAO found that "OSD attempted to play a stronger role in BRAC 1995," there was "limited success in Cross-Servicing." We agree with the GAO's assessment with respect to the cross-service group outcomes. The Secretary's November 15, 2002, "kick-off" memorandum to the Department strengthened the Joint Cross-Service Groups by empowering them to develop recommendations for the Secretary. In BRAC 1995, these groups were only empowered to develop "alternatives" for consideration by the Services.

Question. What do you estimate the cost to be to conduct BRAC beginning in 2006 through 2008?

Answer. In the April 1998 "Report of the Department of Defense on Base Realignment and Closure," the Department estimated that it has about 23 percent excess base capacity. That report also noted that its analysis was not appropriate for selecting individual bases for realignment or closure, and to do so, the Department would need to use the detailed base-by-base analyses of a BRAC process.

The Department assumes that the historical costs and savings from BRAC rounds 1993 and 1995 would serve as a good baseline upon which to plan for BRAC 2005 costs and savings. These rounds collectively reduced the base infrastructure by ap-

proximately 12 percent. If BRAC 2005 is to approach a notional 20 percent reduction in base infrastructure, then the associated costs and savings over its 6 year implementation period can be inflated and interpolated from the BRAC 1993/1995 baseline. Based on this analysis, we believe that between fiscal year 2006 and fiscal year 2008, a reasonable estimate for implementing a BRAC round that eliminates approximately 20 percent excess capacity is about \$19 billion. These costs are offset by estimated savings of almost \$9 billion. Our estimates have also projected that this investment in reshaping our infrastructure should result in approximately \$8 billion in annual recurring savings after 2011.

OVERALL MILCON REQUEST

Question. Why does the amount allocated for overseas MILCON projects continue to grow every year, while the amount proposed for domestic bases decreases?

Answer. Approximately 25 percent of our forces are stationed overseas. The fiscal year 2004 MilCon bill requests \$754 million for overseas areas and \$3.6 billion for U.S./territories, reflecting a 17 percent foreign and 83 percent U.S./territories split. This is actually a reduction in overseas investment from fiscal year 2003, when our request reflected a 21 percent foreign and 79 percent U.S./territories split.

BASE REALIGNMENT AND CLOSURE (BRAC)

Question. What is the status of your review to look at overseas bases?

Answer. The Secretary asked the Chairman of the Joint Chiefs of Staff to direct geographic combatant commanders to develop overseas basing master plans in Aug 2001. The Deputy Secretary notified Congress in April 2002 that additional time was needed to review/consolidate the Joint Staff's input with other ongoing overseas studies. He indicated that a response would result in early 2003. Currently, the Under Secretary of Defense for Policy and the Joint Staff are studying various aspects of overseas presence. Once these studies are complete, it will provide the foundation upon which we can then determine what infrastructure is needed (and where) to support these forces.

Note: In his March 20, 2003, memorandum, "Integrated global Presence and Basing Strategy," the Secretary provided additional direction on overseas programs. He directed the geographic Combatant Commanders to provide, within 30 days, their priorities regarding the fiscal year 2003 and fiscal year 2004 military construction programs. The Secretary also directed the Under Secretary of Defense for Policy and the Chairman, Joint Chiefs of Staff, to develop a comprehensive and integrated presence and basing strategy that looks out 10 years.

Question. When will that information be provided to Congress?

Answer. I will be working with the Under Secretary of Defense for Policy and Joint Staff to compile and assess these various overseas studies, including the overseas basing study. A comprehensive review of all efforts is anticipated to be completed by the end of the summer with a report to Congress in the fall. The Department will keep you informed of unforeseen obstacles that would delay this effort.

Question. Will it potentially change the budget request for Germany and Korea? What about the projects that were appropriated in 2003?

Answer. The Department has not made any decisions regarding closing or relocating bases in Germany or Korea. We are still awaiting the results of several studies that will help us determine what forces are needed overseas and what infrastructure is required to support these forces. The Secretary asked the Combatant Commanders to evaluate projects that are in the fiscal year 2003 and fiscal year 2004 budget requests and get back to us as to which projects they need and do not need. For the projects that are determined unnecessary at this time, the funds will either be reprogrammed using the emergency authority, or will seek an adjustment to the authorization and appropriation bill.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

EUROPE

Question. Given the freeze on military construction in Europe—how will this hold affect the Efficient-Basing South Initiative?

Answer. I cannot prejudge General Jones's review. However, Efficient Basing South, which adds a second airborne battalion to the 173rd Airborne Brigade in Vicenza, Italy, will provide U.S. European Command with enhanced forced entry capabilities and increased flexibility. These capabilities are not inconsistent with the precepts underpinning this overseas base structure review.

The final company of the battalion, C Company, was activated on 16 March 2003, 6 months ahead of the original timeline. In support of this initiative, Congress approved fiscal year 2003 military construction funding of \$31 million for a barracks complex and \$3.7 million for a Child Development Center.

Question. Would your office provide the Committee with the level of host nation funding provided for construction projects, by country, over the last several years? And, could you give examples of where we are, and are not, getting a fair shake?

Answer. Host nation funding is accomplished through the NATO Security Investment Program as well as payment-in-kind construction provided as compensation for U.S.-funded improvements at facilities being returned to the host nation.

The NATO Security Investment Program has funded about \$1.7 billion in projects since 1989 for runway improvements, utilities, missile maintenance, hanger doors, piers, ammunition facilities, roads and pavements, and support to the Balkans. About \$532 million is being provided for projects currently in progress:

[In millions of dollars]

Aviano Beddown	166
Ramstein Upgrades	150
Mildenhall Upgrades	49
Spangdahlem Upgrades	16
Fairford Upgrades	99
Lakenheath Upgrades	46
Patriot Site Upgrades	6

Host nation funding is also provided through payment-in-kind construction, given in lieu of cash payments for U.S. capital investments at facilities being returned to host nations. To date, the United States has received payment-in-kind worth \$36 million from the United Kingdom, \$240,000 from Iceland, and about \$316 million from Germany, which is expected to provide another \$34 million in the future. In addition, in exchange for returning Rhein-Main Air Base to Germany, the German Government provided \$425 million worth of construction projects to replicate and enhance Air Force mission capabilities at Ramstein and Spangdahlem Air Bases.

We are generally satisfied with our progress in obtaining payment-in-kind commitments from our NATO allies.

QUESTIONS SUBMITTED BY SENATOR TIM JOHNSON

HOUSING

Question. All the best weapons in the world will be rendered useless if our military personnel and their families are not afforded a good quality of life. When asked, our military personnel consistently say that family housing is one of the most important quality of life issues that they face. I understand that the Department of Defense is in the middle of a multi-year effort to replace the 163,000 inadequate family housing units. If this is a top priority, why does the President's budget include a \$200 million cut for family housing? Could the services use additional funds to speed-up the timeline for replacing inadequate housing units?

Answer. The Department remains committed to improving the living conditions of our military personnel and their families. As we continue to increase housing privatization, coupled with the increased Basic Allowance for Housing (BAH), the Department's requirement for on-base housing decreases. This, in turn, reduces the need for direct investment to maintain inadequate housing. Both initiatives enhance the Department's efforts to eliminate inadequate housing by 2007 and provide military families the opportunities to secure suitable and affordable housing in the community.

ADEQUACY OF THE BUDGET REQUEST

Question. The National Guard and Reserve are being asked to play an increasingly important role in our national security. In South Dakota, 21 percent of our National Guard and Reserve units have been called to active duty in support of the war on terrorism. As we rely on these units more, I believe we need to provide a corresponding investment in their facilities and infrastructure. With this in mind, I was surprised that the President's budget did not include any funds for the South Dakota Army or Air National Guard. Why did the President's budget include a cut in military construction funding for the Army and Air National Guard? Would in-

creased military construction funding for the Army and Air National Guard improve their readiness and ability to contribute to the war on terrorism?

Answer. MilCon requirements of the Department included in the President's Budget reflect important priorities in infrastructure improvements to meet current mission. The Guard and Reserve compete equally with the Active Components in this regard. While military construction funding in the President's Budget this year is less than was enacted by Congress for fiscal year 2003, the Department increased MilCon funding for the Army National Guard by 65.7 percent over the fiscal year 2003 President's Budget, and increased the Air National Guard funding by 13.0 percent.

EUROPE

Question. Recent reports in the media indicate the Department of Defense has begun to look at downsizing the U.S. military presence in Germany, including U.S. bases. There have also been reports that Secretary Rumsfeld has ordered all construction projects to be re-examined in order to avoid making upgrades at facilities that may be closed. Has the Department of Defense done any analysis on the cost of closing U.S. bases in Germany? Has the Department of Defense done any analysis on the cost of moving these bases to Central or Eastern Europe?

Answer. In August 2001, the Secretary of Defense directed all combatant commanders to review overseas basing requirements and examine opportunities for joint use of facilities and land by the Services, consolidation of infrastructure, and enhanced training. While that particular task is completed, the Department is continuing to examine our overseas basing and presence within the context of a global strategy. Specifically, combatant commanders have been asked to provide priorities regarding their fiscal year 2003 and fiscal year 2004 military construction programs by April 20. To complement that effort, the Department is developing a comprehensive and integrated presence and basing strategy looking out 10 years. We anticipate that effort to be completed by July 1, 2003.

While no decisions have been made on our future base structure in Germany, the Department is in the process of analyzing all aspects of potential basing changes. These would include the cost of any base closures as well as the cost of moving bases to other forward locations.

DEPARTMENT OF THE NAVY

**STATEMENT OF HON. H.T. JOHNSON, ASSISTANT SECRETARY OF THE
NAVY, INSTALLATIONS AND ENVIRONMENT (ALSO ACTING SEC-
RETARY OF THE NAVY)**

Senator HUTCHISON. Thank you very much, and we would just call the next panel to come forward, please. Dr. Mario Fiori, Assistant Secretary of the Army for Installations and Environment; Mr. H.T. Johnson, Acting Secretary of the Navy and Assistant Secretary for Installations and Environment, and Mr. Nelson Gibbs, Assistant Secretary of the Air Force for Installations, Environment, and Logistics, and I am going to take a 2-minute break and be right back.

Senator FEINSTEIN. Senator Hutchison asked if we could keep going, so Mr. Johnson, since you were so nice with Bayview-Hunters Point, I will call on you first to make any remarks you may care to make to the subcommittee.

Mr. JOHNSON. Thank you very much, and you are very gracious. We have a long ways to go on Hunters Point, but we are as committed as you are.

I am H.T. Johnson. As you mentioned, I am appearing this afternoon as Assistant Secretary for Installations and Environment. We have some comments, if you will put those in the record.

All of our services are faced with difficult financial decisions and a difficult environment with terrorism. We need very badly to keep up our readiness of our facilities and our ships, the acquisition accounts and everything, and we are trying our best to find the right balance.

This afternoon, as we talk, you will see that some areas in the MILCON and the other activities are lower than we would like, but we are trying to find the correct balance. Housing is still a very high priority for us. Bachelors in the Navy and Marine Corps have a higher need than the family housing. We have been very successful with family housing, and we would like to take that success over to the bachelor housing.

We have committed \$269 million to bachelor quarters. We have been trying for the last couple of years to bring our sailors who are on board ships ashore when they are in their home port. To do that, we are building bachelor quarters at San Diego and also at Norfolk. We will build these at the agreed-to standards, one plus one, but initially we will have two sailors in each room. It is certainly better accommodations than they would have on board the ships.

The family housing is on track. We are doing very, very well in family housing. The Navy has doubled its privatization effort, and the Marine Corps will approach 95 percent of the housing being public-private venture type operations.

The basic allowance for housing increase has made it easier for military families to find housing in the local economy. We have also found in some of our early surveys that there is less demand for on-base housing. We are very pleased to have announced just last week a new PPV at Beaufort and Parris Island for 1,700 units. This is a very large one, second only to San Diego, where we had a much larger one. We now have 8,300 homes in the public-private venture, and we plan over 17,000 at 10 Navy and Marine Corps bases.

We have urged the Members to focus on the goal of eliminating inadequate housing, and not necessarily on the money. I have a handout, if you would pass it to the Senators, that shows—it is this one. When you look at our family housing, you need to look at the top line. You will notice a difference between the dark blue and the lighter blue. The lighter blue is the public-private venture.

As we go to the right, you will see that, as I mentioned earlier, the Marine Corps will be 95 percent public-private, so once we go into the public-private, we will not require additional military construction. That becomes a self-fulfilling entitlement. At various times during the agreed-to period we will refurbish the housing, we will rebuild it at certain times, but all that comes from the housing allowances. In other words, that goes in to pay for that, so as you look towards the off-side there, our military construction for family housing will go down almost to nothing. If we were to privatize all of it, it would go to zero.

In our milcon we have \$1.2 billion, and we have an unusually large amount on bachelor housing. I talked about counterterrorism. We also plan to buy Blount Island down in Jacksonville. This has long been the home port for our Marine Corps prepositioning ships. We have looked at the explosive arc and find that we need to buy that as well as get agreements from the other tenants in that area.

We are also supporting new weapons systems, the F/A-18 E&F outlying field, the JSF joint strike fighter test facility, and the test facilities for the next generation fighters. We have worked hard to maintain a high level of funding for our sustainment. Sustainment, of course, is the first line of taking care of our new facilities and our old.

We have not been as successful in funding the proper levels for restoration and modernization. The goal is to do 67 years. In the Marine Corps we have decreased this year from 156 to 88. The Navy has actually gone up a little bit from 116 to 140 years in the budget year. By the end of the FYDP we do get down to the 67. This is an area where we would like to do very much more, but we will manage the risk there in taking care of the quality of life facilities for our sailors and marines.

We appreciate the specific interest of you and Mrs. Feinstein also on prior BRAC cleanups. As Ray DuBois mentioned, we are working very, very hard to clean up the bases and also to get them off of our rolls. We have had difficulty in doing the cleanup and passing them back to the communities. As Mr. DuBois mentioned, we in the Navy have been very successful in selling property, and those funds go into the BRAC cleanup and will help us accelerate. That is a very good news story for us, but also for the communities in which we are selling the property.

The Navy is consolidating shore infrastructure management leadership, if you will, under one level, one leader. This will eliminate successive levels, where these funds often are used for other things. The whole purpose was to ensure that funds that you provide for us for facilities are in fact used for that purpose.

I would also like to talk just briefly about environmental programs. I recognize that is not necessarily the focus of this hearing, but it is very much a part of all that we do. We are making a good effort on our environmental activities. Last year, the Congress gave us a Migratory Bird Treaty Act change. We are working with the Department of Interior to implement that act as you gave it to us.

We are also this year going to come back with activities that we came with last year. One is the Endangered Species Act, using the INRMP's, integrated natural resources management plan, as opposed to having individual endangered species considerations.

Another area that is very important to our services is the Marine Mammal Protection Act, and we have gained agreement with Department of Commerce to come forward on the proper definitions, and we will bring that to you a little bit later.

PREPARED STATEMENT

We always look for the proper balance, not only between environmental stewardship but also what is best to serve our sailors, soldiers, airmen, marines, and Coast Guardsmen. We are as dedicated to that as you are, and we thank you for your strong support of all of these men and women who serve our Nation.

[The statement follows:]

PREPARED STATEMENT OF H.T. JOHNSON

Madam Chairman and members of the Committee, I am H.T. Johnson. While I have recently been designated as the Acting Secretary of the Navy, I am also the Assistant Secretary of the Navy (Installations and Environment), and it is in this latter capacity that I appear before you today to provide an overview of the Department of the Navy's shore infrastructure programs and environmental efforts.

Fiscal Year 2004 Budget Overview

Before his recent departure to the Department of Homeland Security, Secretary of the Navy Gordon England articulated several overarching Department of Navy goals for the fiscal year 2004 budget:

- Successfully prosecuting the global war on terrorism while sustaining our current readiness;
- Recapitalizing and transforming our Navy and Marine Corps to meet the challenges of the future;
- Fully networking our forces at sea and ashore to operate seamlessly in a joint environment;
- Continuing to invest in our Sailors and Marines; and
- Sustaining the quality of our operational training.

I believe the fiscal year 2004 Department of Navy's budget request meets all of these goals and represents a successful balance between funds needed to operate, recapitalize and transform our fleet assets with funds needed to do the same for our shore installations. Allow me to provide you with an overview of our budget, with further details to follow later in this statement.

Fiscal Year 2004 Budget Overview

Our fiscal year 2004 Military Construction, Family Housing, and Sustainment, Restoration and Modernization (SRM) request of \$4.2 billion is \$764 million below the fiscal year 2003 enacted amount, but generally on par with our fiscal year 2003 budget request. Looking at the individual components, the fiscal year 2004 Military Construction, (MCON) Navy (active + reserve) request is a very robust \$1.16 billion, similar to the fiscal year 2003 request. I note that the fiscal year 2003 enacted

amount includes \$236M in one-time combating terrorism projects that were part of the fiscal year 2003 Supplemental request. These projects met the criteria for military construction and were included in the fiscal year 2003 MCON appropriation.

We have reduced our fiscal year 2004 Family Housing, Navy request by 17 percent compared to the fiscal year 2003 enacted amount or 16 percent compared to our fiscal year 2003 request. However, expanded use of our housing privatization authorities, and increases to the Basic Allowance for Housing (BAH), which makes housing in the community more affordable, allow us to still meet the Department of Defense goal of eliminating inadequate homes by fiscal year 2007. Sustainment, Restoration and Modernization (SRM) funding¹ is down 15 percent compared to the enacted level, a reflection of overall affordability within the Secretary's priorities. Compared to our fiscal year 2003 request, the fiscal year 2004 request represents a 1.5 percent reduction.

Our fiscal year 2004 request for environmental programs totals \$1.0 billion, a reduction of about \$200 million from the fiscal year 2003 enacted level and a 12 percent reduction from our fiscal year 2003 request. Much of the reduction is due to the completion of cleanup on the island of Kaho'olawe, a former Naval bombing range in Hawaii. Title X required the Navy to conduct a 10-year cleanup, which will end on 11 November 2003. We are working to transition full control of the island to the State of Hawaii.

The decline in Technology investments is due to the completion of environmental research to retrofit non-ozone depleting equipment. This equipment is now being installed on ships. Our must-fund environmental cleanup requirements for bases closed under the Bases Realignment and Closure rounds in 1988, 1991, 1993, 1995, which I will refer to as Prior BRAC², are less in fiscal year 2004 than in fiscal year 2003, while cleanup at active bases is unchanged from fiscal year 2003.

Environmental Quality (EQ) includes funds for compliance with existing environmental standards, pollution prevention, and conservation of natural and historic resources on Navy and Marine Corps Bases. Approximately half of these funds are for routine functions such as personnel salaries, environmental permits and fees, environmental sampling and laboratory analyses, and hazardous waste disposal costs, while the rest are for one-time projects. The decline in environmental quality funds is due to the completion of one-time pollution prevention projects and a reduction in equipment purchases.

HOUSING

We have made a special effort in this budget to maintain progress on improving the quality of housing for our Sailors and Marines.

Family Housing

Our family housing strategy consists of a prioritized triad:

Reliance on the Private Sector.—In accordance with longstanding Department of Defense and DoN policy, we rely first on the local community to provide housing for our Sailors, Marines, and their families. Approximately three out of four Navy and Marine Corps families receive a Basic Allowance for Housing (BAH) and own or rent homes in the community. Our bases have housing referral offices to help newly arriving families find suitable homes in the community.

Public/Private Ventures (PPVs).—With the strong support from this Committee 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.

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

The Department remains on track to eliminate the inadequate family housing units we own by fiscal year 2007, in large measure because we have increased our emphasis on privatization. We will be able to eliminate almost two-thirds of our inadequate inventory through the use of public/private ventures. As of 1 February, we have awarded eight projects totaling almost 6,600 units. During fiscal years 2003

¹ Refers only to the Operations and Maintenance portion of SRM.

² Prior BRAC amounts shown in the graphic are only for environmental cost, and exclude \$12 million in fiscal year 2003 and \$11 million in fiscal year 2004 for caretaker costs. These caretaker costs are a portion of the Prior BRAC budget request. The fiscal year 2004 budget request includes \$68 million in expected land sale revenue to be applied to cleanup Prior-BRAC locations.

and 2004, we plan to award projects totaling over 17,000 homes at ten Navy and Marine Corps locations. This will allow us to improve our housing stock and provide more homes to Sailors, Marines and their families much faster than if we relied solely on traditional military construction.

Another important factor is the continuing initiative to improve the basic allowance for housing (BAH). With higher BAH, our members are finding suitable, affordable housing in the private sector. This, in turn, reduces the need for military housing, thus allowing us to divest ourselves of excess, inadequate units in our inventory.

Bachelor Housing

Our budget request of \$269 million for Bachelor Quarters construction projects continues the emphasis on improving living conditions for our unaccompanied Sailors and Marines. There are three challenges:

Provide Homes Ashore for our Shipboard Sailors.—There are approximately 18,100 Sailors worldwide who are required to live aboard ship even while in homeport. This requirement is less than reported last year because of a recent change to Navy policy allowing unaccompanied E4s to live off base. This new policy is tied to the fiscal year 2001 National Defense Authorization Act that authorized the payment of BAH to E4s without dependents who are assigned to sea duty. The Navy continues to project that it will be able to achieve its “homeport ashore” initiative by fiscal year 2008 by housing two members per room. Our fiscal year 2004 budget includes two “homeport ashore” projects. One represents the second increment of a Norfolk, VA project that will provide a total of 500 spaces. The second project would construct 500 spaces for shipboard Sailors at San Diego, CA.

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. The Navy will achieve these barracks construction standards by fiscal year 2013; the Marine Corps by fiscal year 2012.

Eliminate gang heads.—The Navy and Marine Corps remain on track to eliminate inadequate barracks with gang heads³ for permanent party personnel. The Navy will achieve this goal by fiscal year 2007; the Marines by fiscal year 2005.

We appreciate the support from the Congress in our efforts to extend the principles of privatization to our critical bachelor housing needs. We envision that privatization will prove to be as successful in accelerating improvements in living conditions for our single Sailors and Marines as it has been for family housing. We are developing pilot unaccompanied housing privatization projects for Hampton Roads, Camp Pendleton, and San Diego. We hope to be able to brief you on our concepts for these projects before the end of this fiscal year.

Military Construction Projects

In addition to the \$269 million in Bachelor Housing projects, our fiscal year 2004 military construction program includes \$361 million in Operational and Training facilities such as waterfront and airfield projects, and \$44 million in compliance projects. There is \$32 million for counter-terrorism (CT) projects; additional CT costs are included as a portion of the total project where appropriate.

This budget includes \$473 million in “new footprint” projects, representing an unusually large 41 percent of the military construction program. While many barracks and CT projects are new-footprint, there are several other important projects that will support the transformation to new weapon systems of the future.

- \$116 million to complete the purchase of the Blount Island facility and safety buffer in Jacksonville, Florida. Blount Island is the maintenance site for the Marine Corps’ Maritime Pre-positioning Force. The purchase of this site, along with a surrounding safety buffer, will ensure the long-term viability of this strategic national asset.
- \$28 million to support the first phase of an outlying field for East-Coast basing of the F/A-18 E/F Super Hornets. Selection of a specific basing of this aircraft is pending completion of an Environmental Impact Statement (EIS). The EIS is scheduled for completion this summer.
- \$24 million to construct a Joint Strike Fighter test facility.

³Gang heads remain acceptable for recruits and trainees.

—\$21 million to construct a facility to develop the next generation shipboard aircraft launching system to be used on the new aircraft carrier CVN21.

Facilities Sustainment, Restoration and Modernization (SRM)

The Department of Defense uses models to calculate life cycle facility maintenance and repair costs. These models use industry wide standard costs for various types of buildings. Sustainment funds in the Operations and Maintenance accounts maintain shore facilities and infrastructure in good working order and preclude its premature degradation. Both the Navy and Marine Corps increased sustainment funding in fiscal year 2004, with the Navy improving to 93 percent of the full sustainment requirement, and the Marine Corps staying at or very near the Department of Defense goal of full sustainment.

Restoration and Modernization provides for the major recapitalization of our facilities using Military Construction and Operations and Maintenance funds. While both the Navy and Marine Corps achieve the Department of Defense goal of a 67 year recapitalization rate by fiscal year 2008, one year later than expressed last year, the fiscal year 2004 recap rate increases to 140 years for Navy while improving to 88 years for the Marine Corps. The Navy will manage the near term investment in facilities recapitalization to limit degradation of operational and quality of life facilities.

While additional funds would certainly improve the situation, it is unrealistic to believe that we will simply “buy” our way to attain these facility goals. We must seek and implement greater efficiency in our infrastructure

INFRASTRUCTURE EFFICIENCIES

Prior BRAC

The BRAC rounds of 1988, 1991, 1993 and 1995 have been a major tool in reducing our domestic base structure and generating savings. The Department closed and must dispose a total of ninety (90) bases, and has achieved a steady state savings of \$2.7 billion per year. All that remains is to complete the environmental cleanup, with an estimated cost of \$785 million, and property disposal.

We have completed disposal of sixty-four bases to date; eight more bases are planned in fiscal year 2003, five in fiscal year 2004. Legislation was enacted last year that will allow the Navy to transfer nearly all of the former Naval Air Station Adak, Alaska to the Department of Interior, who will in turn exchange this property for other wildlife refuge property owned by The Aleut Corporation. The United States will then retain title to wildlife refuge property previously designated for transfer to the Aleuts under the Alaska Native Claims Settlement Act. We are working the final details for the transfer and hope to complete the property exchange later this year. That transfer, along with the planned disposals this fiscal year, should leave us with less than 12,000 acres still to dispose.

I am proud of the hard work and innovation that the Navy and Marine Corps team have displayed in working with environmental regulators to expedite property cleanup and support local redevelopment efforts to speed reuse. Congress provided the necessary legislative authority to allow the Navy to pursue early transfer opportunities. With the concurrence of environmental regulators and the State Governor, we transfer the deed to the property while environmental cleanup continues, or pass mutually agreed cleanup funds to the developer who becomes responsible for doing the cleanup. We have used this authority many times, including the transfer of 1,300 acres at Mare Island Naval Shipyard last year.

The spirit of innovation continues. Taking a cue from the popular commercial uses of the Internet, we worked closely with General Services Administration (GSA) to use its web site to auction two hundred thirty-five (235) acres of highly desirable property at the former Marine Corps Air Station Tustin in California. We have deposited \$51 million from this sale, with settlement for the balance this spring. Existing statutes require that all BRAC leasing and land sale revenue be deposited into the Prior BRAC account to meet caretaker and environmental cleanup needs. We will increasingly rely on BRAC land sale revenue to accelerate the remaining BRAC cleanup efforts. I am very pleased with using the GSA web site to auction real estate. It can attract a very wide audience of potential bidders, ensure that the government receives the maximum value for the property, and can help the community quickly resolve reuse needs. We will pursue more BRAC property sales using the GSA web site.

BRAC 2005

The fiscal year 2002 National Defense Authorization Act amended the 1990 Defense Base Closure and Realignment Act to authorize another round of BRAC in 2005. We will apply the BRAC process to examine and implement opportunities for

greater joint use of facilities, thus eliminating excess physical capacity, and to integrate DoN infrastructure with defense strategy. Continuing to operate and maintain facilities we simply no longer need is unfair to the taxpayer and diverts resources that would be better applied to recapitalize the operating forces (ships, aircraft and equipment) for the future.

The BRAC statute sets out a very fair process.

- All bases are treated equally;
- All recommendations based on 20 year force structure plan, infrastructure inventory and published selection criteria;
- Statutory selection criteria include:
 - Preserve training areas for maneuver by ground, naval, or air forces;
 - Preserve military installations in the United States as staging areas for the use of the Armed Forces in homeland defense missions;
 - Preserve military installations throughout a diversity of climate and terrain in the United States for training purposes;
 - Consider the impact on joint war fighting, training, readiness, contingency, mobilization, and future total force requirements at both existing and potential receiving locations to support operations and training.
- All data certified as accurate and complete and provided to the Commission and Congress.

We are working closely with the Office of the Secretary of Defense and the other Military Departments to develop opportunities for joint basing that would further eliminate excess infrastructure among the Services.

Commander, Navy Installation Command

The Navy will consolidate the management of its shore establishment on 1 October 2003 from eight installation claimants across sixteen (16) regional commanders to a single Navy Installation Command. This consolidation will achieve economies of scale, increase efficiency, and reduce headquarters staffs while also standardizing policies, procedures, and service levels across all Navy installations, much as the Marine Corps now enjoys. We estimate that the benefits of this streamlining will save the Navy \$1.6 billion over the FYDP.

There is still much work to be done to implement this change. The Navy must still define the personnel impacts, finalize the reporting relationships, and identify the appropriate funding transfers. I believe this effort will result in a more focused, leaner organization that will improve services to the Fleet.

Utility Privatization

We are proceeding with plans to privatize utility systems (water, wastewater, gas, electric) where it is economically feasible and does not pose a security threat. Utility privatization is an integral part of our efforts to improve our utility infrastructure. The Secretary of Defense issued new utility privatization guidance last fall that requires the Services to complete a source selection decision on each system by September 2005. We are on track to do so for the 662 Navy and Marine Corps systems under consideration for privatization.

Strategic Sourcing

Strategic sourcing uses commercial business practices such as process re-engineering, divestiture of non-core functions, elimination of obsolete services, and public/private competitions under Office of Management and Budget A-76 guidelines to improve efficiency. We expect to achieve \$1.6 billion in annual steady State savings in fiscal year 2005 from strategic sourcing initiatives.

Our fiscal year 2004 budget includes A-76 competitions for 2,000 positions. OMB has been trying to bring about much needed process changes for conducting these competitions. We will incorporate these process changes, as well as some of our own initiatives, to speed the process while still ensuring a fair playing field between in-house and private sector interests. We are also supporting the Secretary of Defense's Business Investment Council efforts to identify non-core functions for divestiture. The Navy has identified the manufacturing of eyewear for military personnel as a pioneer project for divestiture.

Naval Safety Program

Although safety is foremost a personnel program to avoid accidental human injury or death, the private sector has also recognized safety programs for their contribution to the bottom line in avoiding damage to expensive equipment or facilities, inadvertent loss of highly skilled personnel, and long-term injury compensation costs. We have established a senior executive in my office, the first in Department of Defense, to help foster a new Naval safety vision for the future. A Safety Task Force has been meeting to consider the relationships between safety staffs and funding

mechanisms. We have engaged Navy and Marine Corps installation commanders to recognize and work to reduce the incidence of civilian man-hours lost due to injury even as we participate in a Department of Defense-sponsored Employee Work Safety Demonstration project at four bases. We plan to provide basic Operational Risk Management training to all new Sailors and Marines, with more advanced training to senior personnel.

We are also pursuing safety improvements for the more visible aviation mishaps, for which past experience shows that 85 percent are in part attributable to human errors. We plan to try a new technique that would store critical flight performance data and allow the pilot to later replay a realistic animation of the flight.

ENVIRONMENTAL PROGRAMS

Encroachment

The military readiness of our forces is the highest priority of the Department of the Navy. Unfortunately, sustaining military readiness is becoming increasingly difficult because over time a host of factors, including urban sprawl, increasing regulation, litigation, and our own accommodations, although reasonable when viewed in isolation, have cumulatively diminished the Department of the Navy's ability to train and test systems effectively. Military bases and ranges represent some of the few remaining undeveloped large tracts, and are being looked at more and more by Federal and State regulators as a solution for difficult and costly conservation efforts. For example, initial proposals for critical habitat designations would have included about 56 percent of Marine Corps Base, Camp Pendleton, California. The Marine Corps and the U.S. Fish and Wildlife Service worked together in an effort to devise an approach that would satisfy the needs of both agencies. As a result of these efforts, the Secretary of the Interior determined that the speculative benefits of critical habitat designation were outweighed by military training needs at Camp Pendleton. This determination led to the designation of only 5 percent of Camp Pendleton's lands as critical habitat. However, a lawsuit challenging the U.S. Fish and Wildlife Service final rule quickly followed. As a result, U.S. Fish and Wildlife Service withdrew the designation. A new critical habitat designation is still pending.

We—the Congress, Federal and State regulators, and the military services—must identify a reasonable balance between the competing national priorities of military readiness and environmental stewardship. The Department of the Navy, in conjunction with the Department of Defense, has begun working with some regulatory agencies to identify changes in regulations and agency policies that can help restore the appropriate balance. However, many environmental laws do not always lend themselves to such changes because when enacted, no one considered their applicability to the military readiness activities of today.

The need for legislative change was demonstrated again recently when the use of a new defensive sensor known as SURTASS LFA, which was developed to deal with the threat of quiet diesel submarines now being deployed by potential adversaries, was recently restricted by a court order. The Navy had undertaken an unprecedented research program to ensure that marine mammals would not be injured, and worked closely with the National Marine Fisheries Service to develop mitigation measures so that marine mammals would not be injured. The Navy concluded that based on tests and analysis conducted by an independent panel of scientists, which was subjected to peer review and approved through a public rule making process by the National Marine Fisheries Service—the Federal regulatory agency tasked with protection and preservation of marine mammals, the system would have little impact upon marine mammals. Yet a Federal judge determined that the Marine Mammal Protection Act (MMPA) would not allow the Navy to deploy the defensive sensor in question in the manner the Navy had determined was needed. In the court's view, there were serious issues raised with regard to whether National Marine Fisheries Service had used a proper mechanism to identify the "specified geographic region" required under the MMPA to issue a "small take" authorization for the Navy's deployment of the sensors. The court ordered the Navy to confer with plaintiffs over possible restrictions on deployment of SURTASS LFA until the final hearing on the merits of the case currently scheduled for June 2003. Following these discussions, the court issued a preliminary injunction restricting the Navy's use to an area in the western Pacific between Japan and Guam.

The military services have been criticized by some for seeking legislative relief without first using national defense exemptions or Presidential waivers built into environmental laws. Although many of the laws contain some provision for the President to waive compliance with a specific requirement, these waivers are of limited scope and duration. Some laws have no provision for an exemption or require an adverse decision by a court before the exemption can be pursued. For example,

the MMPA contains no waiver provision, even for actions that are absolutely necessary for national defense. Many environmental laws, when enacted, did not consider their impact on military readiness activities. The exemptions or waivers that do exist were not intended to serve as routine management tools; they were designed to provide short term fixes for unanticipated or emergency situations.

Last year, the Department of Defense recommended legislative changes to address specific areas of environmental laws that had the greatest adverse impact on sustaining military readiness. Congress provided some relief in one critical area—the applicability of the Migratory Bird Treaty Act (MBTA) to military readiness activities. We are working with the Department of Interior to craft a mutually acceptable proposed rule consistent with report language accompanying the fiscal year 2003 National Defense Authorization Act authorizing take of migratory birds for military readiness activities, and a Memorandum of Understanding to promote migratory bird conservation, as required by executive Order 13186, for non-readiness related military actions.

The other five involved proposed changes to the MMPA, Endangered Species Act (ESA), Clean Air Act (CAA), Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), and the Resource Conservation and Recovery (RCRA) Act were not made. The Department of the Navy is particularly concerned with MMPA and ESA, and the need remains for a legislative solution. For example, the Department of Navy uses special management plans called Integrated Natural Resource Management Plans (INRMPs), pursuant to the Sikes Act, to protect habitat on military installations. A Federal district court in Arizona, however, recently decided the substitution of special management plans for critical habitat designation is impermissible under the ESA. In this case, which involved forest management plans, the court determined that the special management considerations could not substitute for the designation of critical habitat. The Department of Navy is concerned this reasoning could be relied upon by other Federal courts when reviewing INRMPs. The U.S. Fish and Wildlife Service is using other administrative options in an attempt to exclude installations with approved INRMPs from critical habitat designations, but more certainty would be provided by legislative actions.

In addition to the decision concerning restricting deployment of the SURTASS LFA system I mentioned earlier, two other recent decisions by different Federal district courts stopped scientific research after the court determined that the National Marine Fisheries Service had improperly authorized harassment of marine mammals during research by the National Science Foundation off the coast of Mexico and a Navy funded project to study the effects of underwater sound on Grey Whales off the coast of California.

We recognize the importance of resource preservation. We are not looking for wholesale suspension of environmental laws as they apply to military readiness. We are not attempting to avoid the issues that American industries and businesses face regarding environmental compliance. We are not abandoning the outstanding stewardship over the lands entrusted to us or shrinking from environmental protection requirements. We are merely trying to restore balance where environmental requirements adversely affect uniquely military activities—activities that are necessary to prepare Sailors and Marines to engage in combat and win.

Shipboard Environmental

The U.S. Navy is a recognized world leader in environmental stewardship at sea. In recent years the Navy has completed installation of pulpers, shredders and plastic waste processors on its surface ships. This ensures no plastic discharge to the world's oceans and provides environmentally benign disposal of other solid wastes, such as food, paper, cardboard, metal and glass. The Navy expects to have its submarine fleet fully outfitted with solid waste equipment by the end of 2005, well in advance of the 31 December 2008 Act to Prevent Pollution from Ships deadline. Next year, the Navy will begin to upgrade the solid waste equipment in the surface fleet. These upgrades will mean shipboard personnel will expend less time, energy and resources in processing solid waste.

The Navy continues to convert shipboard air-conditioning and refrigeration plants to ones that use non-ozone depleting, environmentally friendly refrigerants. As of today, over 75 percent of the fleet is CFC-free. Additionally, the Navy continues to upgrade the fleet's ability to safely and effectively handle hazardous materials by installing pollution prevention equipment on all our surface ships. We continue to work with the Environmental Protection Agency to set Uniform National Discharge Standards for all Armed Forces vessels, and in developing best management practices for preparing vessels for use as artificial reefs. These programs, along with others in the shipboard environmental program, reap enormous environmental and public relations benefits while maintaining the primary goal of allowing our ships

to operate anywhere in the world in a manner that complies with or exceeds domestic and international environmental laws and agreements.

Cleanup Program at Active Bases

For the second year in a row, the number of cleanups completed at active bases exceeded the planning target. While we still have work to do, almost seventy (70) percent of all sites now have remedies in place or responses complete. At the end of fiscal year 2002, 2,225 of the 3,668 sites at active installations have responses complete. We plan to continue this pace. By the end of fiscal year 2004 we plan to have about 2,500 sites completed at active bases.

Vieques Cleanup

On January 10, 2003, the Secretary of the Navy signed the letter of certification to Congress confirming that the U.S. Navy and Marine Corps will cease military training on the Vieques Inner Range by May 1, 2003. The Department of the Navy has identified training alternatives that will collectively provide equivalent or superior training to the options provided on the island of Vieques. The law requires the Navy to transfer Vieques to the Department of Interior. We have been working with Interior and the Environmental Protection Agency to do so.

We plan to conduct munitions clearance and any necessary cleanup in accordance with applicable laws. The clearance and cleanup will be done in a manner that is consistent with land use designated in the governing statute and where appropriate, minimizes disturbance of the natural environment. The designated land uses, once transferred to the Department of Interior, are wilderness area for the live impact area and a wildlife refuge for the remaining portions. We will be considering the need for land use controls to ensure long-term protectiveness as part of the remedial actions, including consideration of future land use plans. We have identified \$2 million in fiscal year 2004 funds from our Munitions Response Program line within the Environmental Restoration, Navy (ER, N) appropriation to begin munitions clearance efforts.

Environmental Range Management

The Navy and Marine Corps have initiated efforts to better understand and manage the environmental concerns on its ranges. The Navy has \$15.8 million in fiscal year 2004 to begin this effort at the Southern California, Fallon, Key West, and Gulf of Mexico range complexes. This environmental program addresses three major areas:

- Conduct living marine resource assessments, including ocean surveys of marine mammal population densities;
- Assess groundwater, surface water, soils conditions, natural resources and the environmental compliance status for each of the complex's land-based ranges and associated airspace;
- Integrate this information into complex-wide environmental planning in accordance with the National Environmental Policy Act, which will in turn drive Navy range complex management plans.

LEGISLATIVE PROPOSALS

I would like to call your attention to several legislative proposals of particular importance to the Department of Navy.

Readiness & Range Preservation Initiative

This legislative proposal is a top Department of Defense priority. It would provide legislative relief for military readiness activities under various environmental statutes. Of particular interest to the Department of the Navy are:

- Modifications to MMPA that would clarify the MMPA's definition of "harassment" as a biologically significant response, and resolve other procedural issues related to the MMPA.
- Modify the ESA to allow use of Integrated Natural Resources Management Plans now required under the Sikes Act to provide the special management considerations in lieu of the need to designate critical habitat on military lands.

Property Conveyance for Housing

We propose to extend to barracks existing authority that allows the transfer of land at locations closed under prior year BRAC actions for family housing. The Administration's request also includes a similar proposal that would allow the Services to transfer land at locations not related to BRAC for either housing, land suitable for siting housing, cash, or some combination of these. These proposals would provide additional tools that we could use to obtain housing for our Sailors and Marines and their families faster.

MILCON Streamlining

We propose several initiatives to streamline the administrative aspects of the military construction process. It typically takes 5 to 8 years from inception to completion for a military construction project. That's too long. Our proposal would increase the minor construction threshold to permit faster execution of smaller projects, and allow the use of the planning and design sub account to initiate early project design on design build projects. Such projects now include most of the design funds as part of the project cost, and thus must await line item authorization and appropriation of the project by the Congress to begin design work in earnest.

CONCLUSION

In conclusion, I would ask the members of this committee to not judge the merits of the Department of the Navy's installations and environmental program solely through a single lens comparison of this year's budget request vs. last year's enacted level. We continue progress on most fronts, and the decline in funding is generally due to reduced requirements or less costly alternatives.

We remain steadfast in resolving inadequate housing concerns. Consistent with Department of Defense and our own priorities, we will eliminate inadequate family housing by fiscal year 2007 through increased reliance on our privatization efforts and the help of BAH increases that it more likely for our members to find good, affordable housing in the community. We have maintained momentum to fix housing for our single Sailors and Marines, particularly with respect to getting our ship-board sailors a place ashore they can call home when their ship is in homeport. We hope to extend the benefits of family housing privatization to barracks with three pilot projects that are being developed. The very robust \$1.2 billion military construction request will revitalize existing facilities while acquiring those to support future weapon systems and readiness needs. We will apply the proceeds from selling Prior BRAC property to accelerate cleanup of remaining BRAC property. Facilities sustainment, restoration and modernization trends are positive, with the exception of the Navy recapitalization rate; regrettably, affordability required that we defer near term progress in using Operations and Maintenance, Navy funds to revitalize facilities.

We have fully funded all environmental commitments. The decline in environmental funds is tied to finishing the cleanup on Kaho'olawe, and the completion of several research and development projects and pollution prevention initiatives. Encroachment remains the primary environmental issue we must deal with. We will work with the Department of Interior to craft mutually acceptable solutions under MBTS. However, other environmental statutes, with ESA and MMPA of particular interest to the Department of Navy, remain to be resolved. We need to craft an appropriate balance between environmental stewardship and military readiness.

That concludes my statement. I appreciate the support of each member of this committee, and will try to respond to any comments or concerns you may have.

DEPARTMENT OF THE ARMY

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

Senator HUTCHISON. Thank you, Mr. Secretary.

Mr. Fiori.

Mr. FIORI. Madam Chairman, I am pleased to appear before you to review our fiscal year 2004 military construction program. We have provided a detailed written statement for the record. I would just like to briefly comment on the highlights of our program.

The Army's overall budget request for fiscal year 2004 supports the Army Vision, Transformation, Readiness, and People. It implements the strategic guidance to transform to a full spectrum force, while ensuring war-fighting readiness. It reflects a balanced base program that will allow the Army to remain trained and ready throughout fiscal 2004 while ensuring we fulfill 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. When we developed this year's budget, difficult decisions were made to optimize our resources in response to the global situation. The Army budget provides the best balance among all of our programs, including military construction.

Transformation is one facet of the Army Vision. The Army is fundamentally changing the way we fight and creating a force more responsive to the strategic requirements of the Nation. Our fiscal year 2004 budget includes facilities to support both the Active and Reserve components in this transition.

First, I would like to briefly tell you how we are transforming installation management. Recognizing the requirement to enhance support to the commanders and buttress Army transformation, the Secretary of the Army directed the reorganization of the Army's installation management structure. On October 1, 2002, the Army placed the management of Army installations under the Installation Management Agency. It is a new field operating agency reporting to the Assistant Chief of Staff for Installation Management, who in turn reports to me and to the Chief of Staff of the Army. A top down, regional alignment creates a corporate structure with the sole focus on efficient and effective management of all our installations. It frees up our mission commanders to concentrate on transformation and readiness. They will still have an influence on important installation decisions, but not the day-to-day headaches.

Second, in support of Army transformation, our budget contains \$329 million for 17 projects at four Active installations and an additional \$85 million for 31 Army National Guard projects.

Facilities requested cover the spectrum needed for effective operations and training, including ammunition supply point upgrades, mobilization facilities, training land acquisition, maintenance facili-

ties, ranges, information system facilities, barracks, and family housing. The Army National Guard Army Division Redesign Study facilities include readiness centers, maintenance shops, and training fire stations.

A second facet of the Army's Vision is Readiness. Army installations are our Nation's power projection platforms, and they provide critical support for the Army and joint operations. We have requested funding for key projects that specifically focus on readiness. These include live fire ranges, maintenance, test, deployment facilities, Army National Guard Readiness, and Army Reserve Centers. These critically needed projects constitute about \$266 million of our budget.

The third facet of the Army Vision is People. The Army continues its major campaign to modernize barracks to provide enlisted permanent party soldiers with quality living environments. The new complexes provide increased personal privacy and larger rooms with new furnishings. With the approval of our budget, 79 percent of our barracks requirements for permanent party soldiers will be funded. Additionally, we are including physical fitness centers and dining facilities to support soldier fitness and well being.

According to our surveys, adequate and affordable housing continues to be the major concern to soldiers and their families. We have waiting lists at all our major posts. With approval of the fiscal year 2004 budget, out of pocket expenses for soldiers living off post will be reduced to 3½ percent, as was previously mentioned by Messrs. Zakheim and DuBois. And by 2005, average out of pocket expenses should be reduced to zero.

This year's budget expands family housing privatization and increases improvements to existing housing to support our goal to provide adequate housing to all military families by 2007. Our privatization effort has been particularly successful. The current program of 28 projects will transition to privatized operations by the end of fiscal year 2006. These projects include almost 72,000 homes, more than 80 percent of our inventory in the United States. We have already transitioned four installations to developers.

At Fort Carson, for example, 1,823 existing homes were privatized in November 1999, and our partner developer will construct 840 more. So far, we have 618 homes, new homes, and 943 have been renovated. Families have moved into those homes, and the process has been very positive to date.

PREPARED STATEMENT

In closing, Madam Chairman, I sincerely thank you for the opportunity to outline our program. As I have visited Army installations, I have witnessed the progress that has already been made, and I attribute much of this success directly to the longstanding support of this Committee and your staff. We look forward to working with you as we transform our Army installations.

Thank you, ma'am.

[The statement follows:]

PREPARED STATEMENT OF MARIO P. FIORI

Madam Chairman and members of the subcommittee, it is a pleasure to appear before you to discuss the Active Army and Reserve Components' military construc-

tion budget request for fiscal year 2004. This request includes initiatives of considerable importance to The Army, as well as this Committee, and we appreciate the opportunity to report on them to you.

Our budget provides resources in our construction and family housing programs essential to support The Army's role in our National Military Strategy and our role in the Global War on Terrorism. The budget supports The Army's Vision and our Transformation strategy.

The program presented herein requests fiscal year 2004 appropriations and authorization of appropriations of \$1,536,010,000 for Military Construction, Army (MCA); \$1,399,917,000 for Army Family Housing (AFH); \$168,298,000 for Military Construction, Army National Guard (MCNG); and \$68,478,000 for Military Construction, Army Reserve (MCAR).

The Army has begun one of the most profound periods of transformation in its 227-year history. In 1999, we published The Army Vision—People, Readiness, and Transformation—that defined how we meet the Nation's military requirements today and into the future. After 3 years, we are on the road to implement the self-transformation that will allow us to continue to dominate conventional battlefields, but also provide the ability to deter and defeat adversaries who rely on surprise, deception and asymmetric warfare to achieve their objectives.

The attacks against our Nation and the ongoing Global War on Terrorism validated The Army's Vision and our Transformation. To meet the challenges of Army Transformation and to carry 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.

Installations are a key component in all three tenets of The Army Vision. They are the operational and service support centers where our soldiers and civilians work, live, and train; and from which we deploy, launch, and accomplish our missions. Our worldwide installations structure is inextricably linked to the Transformation of The Army and the successful fielding of the Objective Force.

Army installations, both Active and Reserve Component, must fully support our war fighting needs, while at the same time provide soldiers and their families with a quality of life that equals that of their peers in civilian communities. The Army Vision begins and ends talking about the well-being of people. Our installations are the hometowns to many of our people. To improve our installations, we realized we had to transform installation management to improve the way we operate and manage this important resource.

In support of the Transformation of Army installations, on October 1, 2002, The Army activated the Installation Management Agency (IMA). This activation symbolized a radical transformation in how The Army manages installations. Through the IMA, The Army has created a corporate structure for managing its installations. By shifting that responsibility from the 14 formerly land-holding major commands, the IMA seeks to enhance effectiveness in installation management, achieve regional efficiencies, eliminate the migration of installation support dollars, and provide consistent and equitable services and support.

Major Commanders can now focus solely on their primary missions. Though the major commands no longer have a primary responsibility for installation management, the support they receive from installations is a paramount mission of the IMA. The IMA exists to support and enable mission commanders. The senior mission commander on each installation is part of the rating chain for the garrison commander of that installation. The most senior commanders of the major commands, as well as the Director of the Army National Guard and the Chief of the Army Reserve, also sit on an Installation Management Board of Directors, providing oversight and guidance to the operations of the IMA.

The Army's transformation of installation management represents a significant paradigm shift in the way The Army manages installations. It represents a new commitment to installation management as a key component of Army Transformation. Mission readiness no longer competes with installation management tasks; and the soldier's well-being and quality of life on the installations does not compete with the mission. It will allow us to provide for our soldiers and their families and to 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 sustainment, restoration and modernization (SRM) using operations and maintenance (O&M) and military construction (MILCON) funding. The AFS addresses sustainment, recapitalization, quality, and quantity improvements so that The Army will have adequate facilities to support Transformation and our 21st Century missions.

The first objective 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 improved. Our budget request funds 93 percent of our requirements in fiscal year 2004. This level of funding may be sufficient to slow further deterioration of Army facilities. We use the Installation Status Report (ISR) to rate the condition of our facilities. A C-1 quality rating indicates facilities support mission accomplishment; a C-2 quality rating indicates facilities support the majority of assigned missions; a C-3 quality rating indicates facilities impair mission performance; and a C-4 rating indicates facilities that significantly impair mission performance. Currently, The Army's overall quality rating is C-3 (impairs mission performance). 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 objective of our strategy addresses improving recapitalization of our facilities to a 67-year cycle. This will ensure we have adequate facilities to keep pace with future force structure changes and weapons modernization programs. The focus is on The Army's most obsolete infrastructure, such as vehicle maintenance facilities, Army National Guard Readiness Centers, and Army Reserve Centers. Unfortunately, our budget resources limit our recapitalization rate to 144 years for fiscal year 2004.

The third objective is to raise The Army facilities from the current C-3 quality rating (impairs mission performance) to an overall C-2 quality rating (supports majority of assigned missions) by the end of 2010. This will be accomplished by bringing a focused set of facilities to C-1 (supports mission performance) during that timeframe. Since we cannot 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.

The fourth objective is to reduce 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. Ranges and training facilities are an example.

Modest MILCON investment will be made in fiscal year 2004 for these objectives. These four objectives will enable us to improve the health of Army real property and the ability to successfully support our worldwide missions and our soldiers. This year, our highest priority went to sustainment to achieve a 93 percent funding level.

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 (including overseas reductions), resulted in the disposal of over 400 million square feet worldwide from our fiscal year 1990 peak of 1,157,700,000 square feet. In fiscal year 2004, we plan to reduce an additional 2.7 million square feet. We continue our policy of demolishing at least one square foot for every square foot constructed.

MILITARY CONSTRUCTION, ARMY (MCA)

This year's MCA program focuses on The Army's Vision and four major categories of projects: people, readiness, transformation, and other worldwide support. I will explain each category in turn.

PEOPLE

Fifty percent of our MCA budget is dedicated to providing for the well-being of our soldiers, their families, and civilians. We are requesting 23 barracks (plus an additional one for transformation), a dining facility and 2 physical fitness centers. These projects will improve not only the well-being of our soldiers and families, but also the readiness of The Army. We are requesting \$776.2 million for these projects.

Whole Barracks Renewal Program.—The Army continues its major campaign to modernize barracks to provide enlisted permanent party soldiers with quality living environments. 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, \$737.9 million, as requested, 79 percent of our barracks requirement (including the transformation barracks), will be funded at the new standard for our permanent party soldiers. Between fiscal years 2005 and 2009, we plan to invest an additional \$3.5 billion in MCA and host nation funds. 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 the fact that these areas have been historically funded at lower levels than installations in the United States. A large portion of the remaining modernization effort—37 percent—is in overseas areas.

In fiscal year 2004, we are planning 23 barracks projects as part of our barracks modernization program, including 7 projects in Europe (one of which supports our Efficient Basing East initiative) and 3 projects in Korea. This will provide new or improved housing for at least 5,500 soldiers. The installations with the largest investment are Fort Bragg, North Carolina, with \$102 million (3 projects), and Schofield Barracks, Hawaii, with \$98 million (2 projects). At these installations, large soldier populations and inadequate barracks require sustained high investment to provide quality housing. Barracks projects are also requested for Fort Hood, Texas; Fort Riley, Kansas; Fort Campbell, Kentucky; Fort Lewis, Washington; Fort Richardson, Alaska; Fort Drum, New York; and Fort Stewart, Georgia. A barracks project supporting Transformation is also requested at Fort Wainwright, Alaska. Although we are requesting authorization for all phases of a multi-phase barracks complex at Fort Drum and Fort Bragg, we are only requesting the appropriation needed for the fiscal year 2004 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.

Community Facilities.—Our budget request includes a dining facility at Fort Meade, Maryland, for \$9.6 million. Also included are two physical fitness centers at Hohenfels, Germany (\$13.2 million) and Fort Stewart, Georgia (\$15.5 million) to improve soldier fitness and community wellness. The physical fitness center at Fort Stewart has been selected as a pilot project for the demonstration program for the reduction of long-term facility maintenance costs. We believe this demonstration program will decrease our maintenance expenses and increase the quality of our facilities. This project is one of three included in fiscal year 2004. An Army Reserve and a National Guard demonstration project are also included in the budget.

READINESS

In fiscal year 2004, there are 11 projects, \$153 million, to ensure The Army is deployable, trained, and ready to respond to meet its national security mission. The projects provide enhanced training and readiness via live fire ranges and simulators, maintenance and test facilities, and a deployment facility.

To improve soldier training, we are requesting \$45.8 million to construct five training and readiness projects. Our request includes Modified Record Fire Ranges at Schweinfurt, Germany; Fort Knox, Kentucky; and Fort Sill, Oklahoma; an instrumented Multipurpose Training Range Complex at Fort Benning, Georgia; and a live fire urban operations Shoot House at Fort Lewis, Washington. All five ranges will provide our soldiers with realistic, state-of-the-art live fire training.

A project to construct troop support facilities, including a physical fitness center and dining facility, and to renovate a headquarters facility and a postal facility at a cost of \$46 million will support the Efficient Basing, East, initiative at Grafenwoehr, Germany.

We are requesting three maintenance facilities for \$41 million to support Army missions.

Our request also includes \$5.5 million for a Vibration Dynamic Test facility at Redstone Arsenal, Alabama. This facility will enable The Army to test small rocket systems and components for reliability to ensure that equipment can withstand the rigors of military operations.

To support deployment of an airborne battalion ready task force, our request includes \$15.5 million for a Joint Deployment Facility in Aviano, Italy. This facility will be constructed on an Air Force Base and will provide support for deployments of the 173rd Airborne Brigade stationed in Vicenza, Italy. In addition, the facility will support other United States and NATO forces deploying through Aviano Air Base.

TRANSFORMATION

Our budget contains \$285.3 million for 16 projects at 4 installations that will support the deployment, training, unit operations, and equipment maintenance for Army Transformation. The projects include one barracks, one multi-purpose training range complex, one live fire urban operations Shoot House, upgrades to an existing Military Operations in Urban Terrain (MOUT) facility, two Mission Support Training Facilities (and the acquisition of additional lands in Hawaii to ensure our forces are properly trained), two Alert Holding Areas, expansion of a Deployment Staging Facility, an upgrade to an existing Ammunition Supply Point, a Pallet Processing Facility, an Information Systems Facility, Arms Storage, and an Aircraft Maintenance Hangar. The proposed projects in Hawaii will support the legacy force requirements that are currently not being met and future combat systems.

Following the Persian Gulf War, Congress charged the Department of Defense to determine strategic mobility requirements to support the revised national strategy of greater reliance on CONUS-based contingency forces and power projection capabilities. The Army established the Army Strategic Mobility Program (ASMP) in fiscal year 1994 that centered on the capability to deploy a five division contingency force with its associated support structure anywhere in the world within 75 days. We will successfully complete funding the program in fiscal year 2003. Over the 10-year period we funded approximately \$800 million in projects to support our strategic mobility.

The Army has reviewed the lessons learned from the successful ASMP and has analyzed current and future strategic environment; multiple, astute, and dynamic adversaries; and identified the need to deploy a brigade combat team anywhere in the world in 96 hours after liftoff, a division on the ground in 120 hours, and five divisions in theater in 30 days. To meet these goals, The Army has developed The Army Power Projection Program (AP3) beginning in fiscal year 2004. Five of the Transformation projects listed above support our new deployment requirements for a transformed Army and initiate the start of the AP3 program.

OTHER WORLDWIDE SUPPORT PROGRAMS

The fiscal year 2004 MCA budget includes \$100.7 million for planning and design (P&D). The fiscal year 2004 P&D request is a function of the construction programs for two fiscal years: 2005 and 2006. The requested amount will be used to complete design of fiscal year 2005 projects and initiate design of fiscal year 2006 projects. Without this level of funding, our ability to design future year projects will be impaired and this will ultimately impact delivery of critically needed facilities to our soldiers.

Host Nation Support (HNS) 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 design and construction to ensure facilities meet The Army's requirements and standards. Lack of oversight may result in an increase in design errors and construction deficiencies that might require United States dollars to rectify. Maintaining the funding level for this mission results in a payback where \$1 of United States funding gains \$44 worth of host nation construction. The fiscal year 2004 budget request for \$22 million will provide oversight for over \$950 million of construction in Japan, Korea, and Europe.

The fiscal year 2004 budget also contains \$20 million for unspecified minor construction. This funding level will allow us to address unforeseen, critical needs that cannot wait for the normal programming cycle.

ARMY FAMILY HOUSING

According to the Military Family Housing Standards Study done in April 2001, adequate and affordable housing continues to be a major concern to soldiers and their families. We have waiting lists at all of our major posts. Out-of-pocket expenses for soldiers living off post, though less than in prior years due to increases in Basic Allowance for Housing, will be reduced to 3.5 percent of the total cost of their housing with the approval of the Army fiscal year 2004 budget. By fiscal year 2005, we will meet our OSD goal to reduce our out-of-pocket expenses to zero. Maintaining and sustaining safe, attractive, and convenient housing for our soldiers and families is one of our continuing challenges. This year's budget expands privatization and increases improvements to existing housing. It supports the Secretary of Defense's goal to provide adequate housing to all military families by 2007.

Our fiscal year 2004 request for Army Family Housing is \$1,399,917,000. Table 1 summarizes each of the categories of the Army Family Housing program.

TABLE 1.—ARMY FAMILY HOUSING—FISCAL YEAR 2004

Facility Category	Dollars	Percent
New Construction	\$126,600	9
Post Acquisition Construction	197,803	14
Planning and Design	32,488	2
Operations	179,031	13
Utilities	167,332	12
Maintenance	432,605	31
Leasing	234,471	17
Privatization	29,587	2
Total	1,399,917	100

FAMILY HOUSING PRIVATIZATION

The Army continues to implement the Residential Communities Initiative (RCI) to create modern residential communities in the United States, using the military housing privatization authorities granted by the Congress. We are 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 family housing communities.

The current program of 28 projects will transition to privatized operations by the end of fiscal year 2006. These projects include over 71,000 homes, more than 80 percent of our family housing inventory in the United States. We already have transitioned 4 installations to privatized operations: Forts Carson, Hood, Lewis and Meade. These projects include over 15,700 housing units. Families have moved into new and renovated housing at those locations and our experience to date has been very positive.

We have selected development partners and are currently negotiating Community Development and Management Plans (50-year construction, operations, and financing plan) at 8 additional locations with over 23,000 units. Five of these projects (Fort Bragg, Fort Campbell, Presidio of Monterey, Fort Irwin/Moffett Army Airfield/Camp Parks, and Fort Hamilton) will transition to privatized operations in fiscal year 2003 and the remaining three (Fort Belvoir, Forts Eustis/Story/Monroe and Fort Stewart) will transition in fiscal year 2004. In addition to these projects, four other projects are in various stages of the procurement process (Walter Reed Army Medical Center, Fort Shafter/Schofield Barracks, Fort Polk and Fort Detrick). Twelve more projects are scheduled for the future (Fort Leonard Wood, Fort Sam Houston, Fort Bliss, Fort Drum, Fort Benning, Fort Rucker, Fort Gordon, Fort Knox, Fort Leonard Wood, Picatinny Arsenal, Carlisle Barracks, and Redstone Arsenal).

Our development partners expertise, experience, and resources are resulting in significant improvements in our family housing communities. The fiscal year 2004 budget request is necessary to support continued implementation of this quality of life program.

FAMILY HOUSING CONSTRUCTION

The total fiscal year 2004 request for construction is \$356.9 million. It continues the Whole Neighborhood Revitalization initiative approved by Congress in fiscal year 1992, and supported consistently since that time, and our Residential Communities Initiative program. These projects are based on life-cycle economic analyses and support the Department of Defense's goal funding the elimination of inadequate housing by 2007.

New Construction.—The fiscal year 2004 new construction program provides Whole Neighborhood Revitalization projects at 4 locations, 496 units for \$126.6 million. Replacement construction provides adequate facilities, built to local standards, where there is a continuing requirement for the housing and it is not economical to renovate the current housing. New (deficit elimination) construction provides additional housing to meet requirements. All of these projects are supported by housing surveys, which show that adequate and affordable units are not available in the local community.

Construction Improvements.—The Construction Improvements Program is an integral part of our housing revitalization program. In fiscal year 2004, we are requesting \$197.8 million for improvements to 6,883 existing units at 6 locations in the

United States and 5 locations in Europe. 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 2004 request. The requested amount of \$1.043 billion for fiscal year 2004 is approximately 74 percent of the total family housing budget. This budget provides for annual operations, municipal-type services, furnishings, maintenance and repair, utilities, leased family housing, demolition of surplus/uneconomical housing and funds supporting management of the Military Housing Privatization Initiative.

FAMILY HOUSING LEASING

The leasing program provides another way of adequately housing our military families. We are requesting \$234.5 million in fiscal year 2004 to fund over 14,300 housing units including existing Section 2835 (formerly known as 801 leases) project requirements, temporary domestic leases in the United States, and approximately 7,800 units overseas.

MILITARY CONSTRUCTION, ARMY NATIONAL GUARD (MCNG)

Focused on The Army's Vision, the Army National Guard's military construction program for fiscal year 2004 is giving special attention to People, Readiness and Transformation. The fiscal year 2004 Army National Guard program supports these elements.

TRANSFORMATION

This year we have concentrated on Army Division Redesign Study (ADRS) projects. ADRS addresses a long-standing Army problem of lack of Combat Support and Combat Service Support Force. The Army National Guard, in support of the National Military Strategy and wartime requirement shortfalls, is reorganizing selected units toward this end, i.e., Chemical, Medical, and Military Police units.

We are requesting \$84.9 million for 31 ADRS projects. These funds will support the construction of Readiness Centers, Organizational Maintenance Shops, Training Fire Stations, an Armed Forces Reserve Center, and a Working Animal Building.

The ADRS transformation, which began in fiscal year 2001, is scheduled to be completed by fiscal year 2009.

Readiness Centers/Armed Forces Reserve Center.—To accommodate the force structure change, the Army National Guard will make additions or alterations to 14 readiness centers in Alabama, Indiana, Kansas, Kentucky, Nebraska, New Mexico, New York and North Dakota. Six new Readiness Centers are planned for California, Kentucky, Michigan, Missouri, Nebraska and North Carolina.

We will also construct an Armed Forces Reserve Center in Mobile, Alabama. This facility will house all elements of a Support Group, Chemical Company, Medical Battalion, and Special Forces Detachment, as well as the Marine Reserves Reconnaissance Company, Intelligence Company, and the Marine Corps Inspector and Instructor staff.

Training Fire Stations.—Six training fire stations are scheduled for Alabama, Connecticut, Kentucky, North Carolina (2), and Nebraska. These training fire stations will provide the necessary administrative, training, maintenance and storage areas required for the units to achieve proficiency in their required training tasks.

Organizational Maintenance Shops.—The Army National Guard has three Organizational Maintenance Shops requested in fiscal year 2004. These facilities require additional space and upgrades to support the ADRS initiative. They are located in Montana (two) and New York.

Working Animal Building.—As a result of ADRS, there will be two Military Police Working Dog Teams assigned to the Connecticut Army National Guard. These facilities will provide for all phases of dog training for patrol and protection.

MISSION

In fiscal year 2004, the Army National Guard has requested \$55.3 million for the revitalization of four mission projects. They include a Readiness Center, a Consolidated Maintenance Facility (Phase I), an Army Aviation Support Facility and a Military Education Facility (Phase III).

Readiness.—A new Readiness Center at Lenoir, North Carolina, will replace the current 48-year old facility that was built in a flood plain. The State will provide 41 acres of State land to relocate the new Readiness Center. This project has been

selected as the Army National Guard fiscal year 2004 candidate for the demonstration program for the reduction of long-term facility maintenance cost.

Maintenance.—The Consolidated Maintenance Facility at Pineville, Louisiana, will consist of a Combined Support Maintenance Facility, a Maneuver and Training Equipment Site, and two Organizational Maintenance Shops. These facilities will provide direct support, general support, and limited depot maintenance for all vehicles and equipment in Louisiana and full-time organizational maintenance support to selected units. This facility will permit Army National Guard personnel to work in a safe and efficient environment.

An Army Aviation Support Facility in South Burlington, Vermont, will replace the current facility that was built in 1954. The new facility will provide the additional 80,650 square feet required to support three aviation units with 18 aircraft.

Training.—The Military Education Facility (Phase III) at Camp Shelby, Mississippi, is the last and final phase of this Regional School Project. This Regional Training Center, a Category A Training Site, supports units from Mississippi, Alabama, Arkansas, Kentucky, Louisiana, Oklahoma, Tennessee, and Texas. The school conducts leadership training, maintenance training, and armor crewman training.

WORLDWIDE UNSPECIFIED FUNDING

The Army National Guard's fiscal year 2004 budget request contains \$26.6 million for planning and design of future projects and \$1.5 million in unspecified minor construction to address unplanned health or safety issues that may arise during fiscal year 2004.

MILITARY CONSTRUCTION, ARMY RESERVE (MCAR)

This year's MCAR program focuses on the Army Reserve's highest priority—Readiness. Army Reserve Centers are the key component to the readiness of units and provide support to soldiers and their families. In fiscal year 2004, the Army Reserve has requested \$57.9 million to construct three Army Reserve Centers and a Maintenance and Storage facility.

MISSION FACILITIES

Army Reserve Centers.—Three Army Reserve Centers will be built in Fort Meade, Maryland; Cleveland, Ohio; and Nashville, Tennessee. The Fort Meade Army Reserve Center will replace 50 World War II wood buildings, which will be returned to the installation for demolition. This project has been selected as the Army Reserve fiscal year 2004 candidate for the demonstration program for the reduction of long-term facility maintenance cost. The Cleveland Army Reserve Center will replace two 1950s era facilities and three leased facilities. The Nashville Army Reserve Center will replace a high-cost leased facility.

Maintenance.—An Organizational Maintenance Shop/Direct Support Maintenance Shop and Storage facility will be built on Fort Gillem, Georgia.

PLANNING AND DESIGN/UNSPECIFIED MINOR CONSTRUCTION

The fiscal year 2004 MCAR budget includes \$7.712 million for planning and design (P&D), which provides essential planning and design capability in order to properly execute the MCAR program. The fiscal year 2004 budget also contains \$2.886 million for unspecified minor construction to satisfy critical and emergent mission requirements.

SUSTAINMENT, RESTORATION AND MODERNIZATION (SRM)

In addition to MCA and AFH, the third area in the facilities arena is the O&M portion of the Sustainment, Restoration and Modernization (SRM) program. Sustainment is the primary account in installation base support funding responsible to maintain the infrastructure to achieve a successful readiness posture for The Army's fighting force. Installation facilities are the power projection 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 costs and contracts 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 restoration of facilities damaged by inadequate sustainment, excessive age, natural disaster, fire, accident or other causes. Modernization includes alteration or moderniza-

tion 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. The Active Army's OMA Sustainment funding request in fiscal year 2004 is \$1.8 billion. The Army National Guard is requesting \$380 million and the Army Reserve is requesting \$182 million.

In fiscal year 2004, The Army's top O&M priority in SRM is to fully sustain its facilities. This prevents further deterioration of the facilities we own and allows the facilities to support The Army's mission. The basic maintenance and repair of all Army facilities is funded at 93 percent of the OMA requirement. At the current funding levels, facilities will be properly maintained and deterioration will be minimal. Restoration and modernization initiatives supplement MILCON funding and meet recapitalization requirements. The Army has used the O&M R&M for barracks, strategic mobility, and other needs. The Army's demolition program will eliminate unneeded facilities. In fiscal year 2004, we plan to eliminate approximately 2.7 million square feet of facilities worldwide.

The Army's privatization or outsourcing of utilities is the first part of our Long Range Utilities Strategy within the SRM program to provide reliable and efficient utility services at our installations. All Army-owned electrical, natural gas, water, and waste water systems are being evaluated to determine the feasibility of privatization. When privatization appears economical, we use competitive contracting procedures as much as possible. The Army is on track and continues to seek ways to privatize as many systems as possible by September 30, 2003. OMA restoration and modernization resources will be programmed for systems we are not able to privatize so that all systems are brought to a C2 (quality) status by 2010. To date, 18 percent (64 of 351 systems) of all CONUS systems and 23 percent (250 of 1,068) of systems worldwide have been privatized. During fiscal year 2003, the negotiation and evaluation process for an additional 103 CONUS systems will be completed. Recent successes include privatization of the natural gas system at Fort Campbell, Presidio of Monterey and Fort Benning; electrical systems at Fort AP Hill, Picatinny Arsenal, Presidio of Monterey, Red River Army Depot, and Fort Bliss; and water and waste water systems at Red River Army Depot and Presidio of Monterey.

BASE REALIGNMENT AND CLOSURE (BRAC)

Our facilities strategy strives to meet the needs of today's soldiers while also focusing on the changes required to support The Army of the 21st Century. For BRAC in fiscal year 2004, we are requesting \$67 million. This budget represents the Army's requirement 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 \$924 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 the Congress' authority to have an additional round in fiscal year 2005.

The Army is now in the second year of exclusively caretaking and completing the remaining environmental restoration activities at BRAC installations. We request \$67,067,000 in fiscal year 2004 to continue this important work. These funds allow us to properly caretake these properties and to continue environmental and ordnance removal efforts that will facilitate economic revitalization and will render these properties safe. 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. The Army implemented innovative approaches to environmental restoration at BRAC sites in fiscal year 2002, which supported the early transfer of several properties. The Army will continue to support early property transfers in fiscal year 2003 and beyond.

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 continuing to reduce the number of installations overseas. The total number of Army overseas sites announced for closure or partial closure since January 1990 is 685. Additional announcements and efficient basing initiatives 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.

The Army used a G/FPR to accelerate regulatory closure from 2003 to 2002 at Fort Pickett, Virginia, at a cost that will not escalate over the course of the work. We estimate that this \$2.9 million contract saved us \$0.8 million based on our initial estimates. An ESCA allows The Army to transfer property and associated clean-up responsibilities to a local reuse authority or developer. This allows the developer to integrate cleanup with their redevelopment plans. An ESCA completed in 2001 was used in conjunction with early transfer authority at Military Ocean Terminal, Bayonne, New Jersey, saving The Army an estimated \$5 million. An ESCA will facilitate the early transfer in fiscal year 2003 of property at Oakland Army Base, California. The benefits of the G/FPR and ESCA initiatives are that they limit Army environmental remediation cost growth liability and facilitate property disposal.

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 and 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.

SUMMARY

Madam Chairman, our fiscal year 2004 budget is a balanced program that permits us to execute our essential 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 four additional installations. This request is part of the total Army budget request that is strategically balanced to support the current war effort, the readiness of the force and the well-being of our personnel.

Over the past few years with your support, we have successfully improved our infrastructure posture and postured ourselves for further improvements as The Army moves to the Objective force and The Army of the future. We implemented a revolutionary management system with the establishment of the Installation Management Agency. We have reduced our infrastructure by a third. In addition, we have initiated efforts to privatize family housing and utilities systems where it makes economic sense and supports our military mission. We have the resources to improve the living conditions of 106,000 single soldiers and will be 79 percent complete with approval of this budget. We have expedited the process to turn over closed facilities and save the taxpayers money.

Our long-term strategy can only be accomplished through sustained, balanced funding, divestiture of excess capacity, and improvements in management and technology. With your support, 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 2004 request for the Active Army is for appropriations and authorization of appropriations of \$2,935,927,000 for Military Construction, Army, and Army Family Housing.

The request for appropriations and authorization of appropriations is \$168,298,000 for Military Construction, Army National Guard, and \$68,478,000 for the Military Construction, Army Reserve.

Madam Chairman, this concludes my statement. Thank you.

DEPARTMENT OF THE AIR FORCE

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

Senator HUTCHISON. Thank you, Mr. Secretary.
Secretary Gibbs.

Mr. GIBBS. Madam Chairman, thank you very much. I appreciate the opportunity to appear before you today to discuss the Department of the Air Force fiscal year 2004 budget request for military construction, military family housing, and dormitories. I have submitted a statement for the record, and I would like to summarize it now.

The Air Force total military construction and military family housing programs play a vital role supporting Air Force operational needs, workplace productivity, and the quality of life. This committee's support for those programs has remained steadfast over the years. The Secretary of Defense has made a commitment to transform the Department of Defense—this includes installations and facilities—into those that are required for our 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 top priority within this year's President's budget are to sustain the facilities that already exist, enhance the quality of life by improving housing for both single and married members, complying with existing environmental statutes and supporting new missions and weapons systems.

AIR FORCE FACILITIES AND INFRASTRUCTURE

For fiscal year 2004, the Air Force is requesting over \$4.4 billion to invest in Air Force facilities and infrastructure, an increase of approximately \$200 million over its request for fiscal year 2003. This includes nearly \$2 billion for sustainment, restoration, and modernization to maintain our existing infrastructure and facilities, up slightly from our fiscal year 2003 request.

This budget request also reflects the Air Force's continuing commitment to taking care of its people and their 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 with the facilities that they deserve. The Air Force is requesting \$1.5 billion for military family housing, approximately the same as it requested last year.

QUALITY OF LIFE

To improve the quality of life for the Air Force unmarried junior enlisted members, the Air Force is requesting \$200 million for its

fiscal year 2004 dormitory program, which consists of 10 enlisted dormitories in stateside bases and two at overseas bases.

Our fiscal year 2004 request also includes over \$750 million for active force military construction, \$60 million to the Air National Guard, and \$40 million for the Air Force Reserves, all a slight increase over the request for 2003.

MILITARY FAMILY HOUSING

In conclusion, I want to thank the committee for its continuing strong support of Air Force military construction, military family housing, and dormitory programs. With the committee's assistance and support, the Air Force will meet the most urgent need 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 Air and Space Force in the world.

Thank you very much, Madam Chairman.

[The statement follows:]

PREPARED STATEMENT OF NELSON F. GIBBS

INTRODUCTION

Madam Chairman and members of the committee, good afternoon. I appreciate the opportunity to appear before you and present the Department of the Air Force fiscal year 2004 military construction program. Today, I will present to the committee the Air Force investment strategies for facilities, housing, and environmental programs.

OVERVIEW

Our Total Force military construction and military family housing programs (MFH) play vital roles supporting Air Force operational needs, work place productivity, and quality of life. Today, when our Nation needs its Air Force more than ever before, our installations are the platforms from which we project the global air and space power so important to combat operations overseas. During Operation ENDURING FREEDOM, we flew the longest bomber combat mission in history . . . 44 hours traveling more than 16,000 miles . . . from Whiteman Air Force Base, Missouri, against targets in Afghanistan. Our military construction program is a direct enabler of this kind of dominant combat capability. In that same vein, as we send tens of thousands of airmen overseas to prepare for possible conflict with Iraq, the peace-of-mind they enjoy, knowing their families are safe and secure, living in adequate housing with state-of-the-art quality of life facilities, has direct impact on their ability to focus on the task at hand.

While the Air Force has always acknowledged the importance of robust funding for facility sustainment and recapitalization, in the past we have found that higher competing priorities have not permitted us to address all the problems we face with our aging infrastructure. We turned a corner with our fiscal year 2002 and 2003 military construction and family housing budget requests, both well in excess of \$2 billion. You supported those requests and increased them to nearly \$3 billion, making the last 2 years' infrastructure investment programs the two largest in more than a decade. We sincerely appreciate your support.

We're continuing this positive trend in fiscal year 2004 . . . we are requesting more than \$2.4 billion for Total Force military construction and Military Family Housing, a \$160 million increase over last year's request. The request includes more than \$770 million for Active military construction, \$60 million for Air National Guard military construction, more than \$40 million for Air Force Reserve military construction, and more than \$1.5 billion for Military Family Housing. In addition, we have maintained our focus on Operations and Maintenance (O&M) sustainment, restoration, and modernization (SRM) funding. Last year's O&M SRM request was nearly \$400 million more than in fiscal year 2002. This year, we protected and actually increased that program growth. With the fiscal year 2004 budget request, we will invest more than \$2 billion in critical infrastructure maintenance and repair through our O&M program.

When one considers our level of effort across the entire infrastructure spectrum (military construction, MFH, and O&M SRM), we plan to invest more than \$4.4 billion in fiscal year 2004.

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
- Continue demolition of excess, uneconomical-to-maintain facilities, and
- Base realignment and closure

Madam Chairman, Air Force missions and people around the world clearly depend upon this committee's understanding of and support for our infrastructure programs. That support has never wavered, and for that we are most grateful.

With this background, I will discuss in more detail our military construction budget request for fiscal year 2004.

ACCOMMODATE NEW MISSIONS

New weapon systems will provide the rapid, precise, global capability that enables our combat commanders to respond quickly to conflicts in support of national security objectives. Our fiscal year 2004 Total Force new mission military construction program consists of 43 projects, totaling more than \$273 million. These projects support a number of weapons system beddowns; two of special significance are the F/A-22 Raptor and the C-17 Globemaster III.

The F/A-22 Raptor is the Air Force's next generation air superiority fighter. Tyndall Air Force Base, Florida, will house the F/A-22 flying training program. Nellis Air Force Base, Nevada, will be the location for F/A-22 Follow-on Operational Test and Evaluation. Langley Air Force Base, Virginia, will be home for the first operational squadrons. The fiscal year 2004 military construction request includes one F/A-22 project at Tyndall for \$6 million, and three F/A-22 projects at Langley totaling \$25 million.

The C-17 Globemaster III aircraft is replacing our fleet of C-141 Starlifters. The C-17 provides rapid global mobility by combining the C-141 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. We are planning to bed down C-17s at Elmendorf Air Force Base, Alaska; Travis Air Force Base and March Air Reserve Base in California; Dover Air Force Base, Delaware; Hickam Air Force Base, Hawaii; Jackson Air National Guard Base, Mississippi; McGuire Air Force Base, New Jersey; Altus Air Force Base, Oklahoma; Charleston Air Force Base, South Carolina; and McChord Air Force Base, Washington. Thanks to your support, construction requirements for Charleston and McChord were all funded in prior-year military construction programs. Our request for fiscal year 2004 includes a \$1 million facility project at Altus, an \$8 million assault runway at Camp Shelby (near Jackson, Mississippi), two facility projects for \$12 million at McGuire, and six facility projects for \$63 million at Hickam. Other new mission requirements in fiscal year 2004 include the Global Hawk beddown at Beale Air Force Base, California; Combat Search and Rescue aircraft beddown at Davis-Monthan Air Force Base, Arizona; C-130J beddown at Pope Air Force Base, North Carolina, and Little Rock Air Force Base, Arkansas; and Joint Strike Fighter facilities at Edwards Air Force Base, California.

INVEST IN QUALITY OF LIFE IMPROVEMENTS

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

Family Housing

Our Air Force Family Housing Master Plan provides the road map for our Housing military construction, O&M, and privatization efforts, to meet the goal of providing safe, affordable, and adequate housing for our members. Our fiscal year 2003 budget request reflected an increase of more than \$140 million over the prior year—we have built on that increase with our fiscal year 2004 request and in the pro-

grammed budgets for the next 3 years. With the exception of four northern-tier locations, we will eliminate our inadequate housing units in the United States by 2007. The inadequate units at those four northern-tier locations will be eliminated by 2008, and the inadequate units at our overseas installations will be eliminated by 2009.

For fiscal year 2004, the \$700 million we have requested for housing investment constructs nearly 2,100 units at 18 bases, improves more than 1,500 units at eight bases, and supports privatization of nearly 7,000 units at seven bases. I'll discuss our housing privatization program in more detail later. Our fiscal year 2004 housing operations and maintenance program totals nearly \$835 million.

Dormitories

Just as we are committed to provide adequate housing for families, we have an ambitious program to house our unaccompanied junior enlisted personnel. The Air Force Dormitory Master Plan is a comprehensive, requirements-based plan, which identifies and prioritizes our 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 a new, Air Force-designed private room standard to improve airman quality of life. Phase 1 is complete, and we are now concentrating on the final two phases of the investment strategy.

Our total requirement is 79,400 Air Force dormitory rooms. We currently have a deficit of 11,400 rooms, and the existing inventory includes 3,700 inadequate rooms. It will cost approximately \$1 billion to execute the Air Force Dormitory Master Plan and achieve Office of the Secretary of Defense's (OSD) fiscal year 2007 goal to replace all of our inadequate dormitory rooms. This fiscal year 2004 budget request moves us closer to that goal.

The fiscal year 2004 dormitory program consists of 12 dormitory projects at nine U.S. bases and two overseas bases, for a total of \$203 million. On behalf of all the airmen affected by this important quality of life initiative, I want to thank the committee. We could never have made it this far without your tremendous support.

Fitness Centers

Other traditional quality of life investments include community facilities, such as fitness centers, vital in our efforts to attract and retain high-quality people and their families. A strong sense of community is an important element of the Air Force way of life, and these facilities are important to that sense of community as well as to the physical and psychological well being of our airmen. The fiscal year 2004 military construction program includes fitness centers at Lajes Air Base, Azores; Mountain Home Air Force Base, Idaho; Spangdahlem and Ramstein Air Bases, Germany; and Royal Air Force Bases Lakenheath and Mildenhall in the United Kingdom.

CONTINUE ENVIRONMENTAL LEADERSHIP

The Air Force continues to ensure operational readiness and sustain the public trust through prudent environmental stewardship. We are meeting our environmental cleanup commitments and Department of Defense goals through effective outreach and partnering with Federal and State regulators and team building with stakeholders and communities. Meeting our legal obligations remains a primary objective of the Air Force environmental quality program. Our record of environmental stewardship illustrates our environmental ethic, both here in the United States and overseas.

In addition to ensuring our operations comply with all environmental regulations and laws, we are dedicated to enhancing our already open relationships with both the regulatory community and the neighborhoods around our installations. We continue to seek partnerships with local regulatory and commercial sector counterparts to share ideas and create an atmosphere of better understanding and trust. By focusing on our principles of ensuring operational readiness, partnering with stakeholders, and protecting human health and the environment, we remain leaders in environmental compliance, cleanup, conservation, and pollution prevention. We have reduced our open enforcement actions from 263 in 1992 to just 22 at the end of 2002.

We have one project (\$7 million) in our fiscal year 2004 environmental compliance military construction program. With it, we will install arsenic treatment systems on water wells at Kirtland Air Force Base, New Mexico, to ensure the base is in full compliance with the U.S. Environmental Protection Agency's (EPA) new standard

for maximum arsenic levels allowed in drinking water. Failure to install these treatment systems could result in fines from the EPA, shutdown of water wells at Kirtland, and the increased cost of purchasing and distributing potable water on the base.

SUSTAIN, RESTORE, AND MODERNIZE OUR INFRASTRUCTURE

Overseas Military Construction

The quality of our installations overseas continues to be a priority to us. Even though the majority of our Air Force personnel are assigned in the United States, 16 percent of our forces are permanently assigned overseas, including 29,000 Air Force families. The Air Force overseas base structure has stabilized after years of closures and force structure realignments. At this level, our overseas infrastructure still represents 11 percent of our Air Force physical plant. Now, old and progressively deteriorating infrastructure at these bases requires increased investment. Our fiscal year 2004 military construction request for European and Pacific installations is \$171 million totaling 22 projects. The program consists of infrastructure and quality of life projects in the United Kingdom, Germany, the Azores, Italy, Turkey, and Korea, as well as critical facilities on Wake Island. We ask for your support of these operational and quality of life projects.

Planning and Design / Unspecified Minor Construction

We are also requesting planning and design and unspecified minor construction funding. Our request for fiscal year 2004 planning and design is \$102 million. These funds are required to complete design of the fiscal year 2005 construction program, and to start design of our fiscal year 2006 projects. We have requested \$23 million in fiscal year 2004 for our total force unspecified minor construction program, which is our primary means of funding small, unforeseen projects that cannot wait for the normal military construction process.

Operations and Maintenance Investment

To sustain, restore, and modernize what we own, we must achieve a balance between our military construction and O&M programs. Military construction allows us to restore and recapitalize our facilities. O&M funding allows us to perform facility sustainment activities necessary to prevent facilities from failing prematurely. Without proper sustainment, facilities and infrastructure wear out sooner. We also rely on O&M funding to directly address many of our critical restoration and less-expensive recapitalization needs. These funds enable commanders in the field to address the facility requirements that impact their near-term readiness.

Since the early nineties, constrained defense budgets resulted in reduced military construction funding. For a few years, adequate O&M funding partially offset this military construction decline. However, between fiscal year 1997 and fiscal year 2001, competing priorities forced the Air Force to cut sharply into both military construction and O&M funding. Our effort to sustain and operate what we own was strained by minimally funded O&M, which forced us to defer much-needed sustainment and restoration requirements. Thankfully, along with the robust military construction programs provided in the last two years, we have been able to restore our O&M balance for the second year in a row. In fiscal year 2004, our sustainment, restoration, and modernization share of the Air Force O&M funding is more than \$2 billion—allowing us to properly invest in facility sustainment (to keep our good facilities good) and invest some O&M funding in restoration and modernization work compared to fiscal year 2003. Our known restoration and modernization O&M backlog has grown to nearly \$8 billion, so it will be important for us to continue this precedent of higher O&M facility investment in the future.

OPTIMIZE USE OF PUBLIC AND PRIVATE RESOURCES

In order for the Air Force to accelerate the rate at which we revitalize our inadequate housing inventory, we have taken a measured approach to housing privatization. We started with a few select projects, looking for some successes and “lessons learned” to guide our follow-on initiatives. We awarded our first housing privatization project at Lackland Air Force Base, Texas, in August of 1998, and all 420 of those housing units were constructed and are occupied by military families. Since then, we have completed two more projects (at Robins Air Force Base, Georgia, and Dyess Air Force Base, Texas) and have two more under construction (at Elmendorf Air Force Base, Alaska, and Wright-Patterson Air Force Base, Ohio). Once these two projects are complete, our privatized unit total will exceed 3,800. We are on-track to award another eight projects in the next 12 months. Looking at 2005 and beyond, we are targeting an end-state of privatizing 60 percent of the U.S.-based housing

inventory. Our fiscal year 2004 budget request includes \$44 million to support the privatization of nearly 7,000 units at seven bases: Luke Air Force Base, Arizona; Altus and Tinker Air Force Bases in Oklahoma; Shaw Air Force Base, South Carolina; Sheppard Air Force Base, Texas; McChord Air Force Base, Washington; and F.E. Warren Air Force Base, Wyoming.

We continue to pursue privatization of utility systems at Air Force installations. Our goal is to privatize utility systems where it makes economic sense and does not negatively impact national security. The Air Force has identified 420 of our 650 systems as potential privatization candidates. We expect to release approximately 190 requests for proposal over the next 24 months.

CONTINUE DEMOLITION OF EXCESS, UNECONOMICAL-TO-MAINTAIN FACILITIES

For the past 7 years, we have 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 2002, we demolished more than 12 million square feet of non-housing building space. We expect to demolish an additional 2 million square feet in 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. Looking at fiscal year 2004 and beyond, we will continue to identify opportunities for Air Force demolition through facility consolidation. In general, we consider our facility demolition program a success story enabling us to reduce the strain on our infrastructure funding by getting rid of facilities we don't need and can't afford to maintain.

BASE REALIGNMENT AND CLOSURE

The Air Force views the fiscal year 2005 Base Realignment and Closure (BRAC) process as a unique opportunity to reshape our infrastructure to optimize military readiness and to ensure we are most efficiently postured to meet new security challenges. In January of this year, we created a Basing and Infrastructure Analysis group within Headquarters Air Force. This office will serve as the Air Force focal point for the fiscal year 2005 BRAC process. Our major commands are following suit with creating their own analysis structures to support the BRAC process. As in previous rounds of base closures, we are establishing a Base Closure Executive Group (BCEG) composed of general officers and senior civilians representing a variety of functional areas, including those with range and airspace operational expertise. We continue to participate in joint BRAC forums with our sister services and the Office of the Secretary of Defense to meet the Secretary of Defense guidance and develop the required processes and procedures.

The Air Force leadership is committed to meeting the BRAC fiscal year 2005 statutory deadlines and ensuring our analytical processes are unbiased and defensible.

The Air Force continues to work with the local reuse authority at each base closed under previous rounds of BRAC to minimize the impact on the local community from the closure. This effort has led to the creation of over 48,000 jobs with 86 percent of the property transitioned for reuse.

While these facilities are being returned to their respective communities, the Air Force has a continuing responsibility for environmental cleanup from past industrial activities. The Air Force approaches this responsibility at our BRAC bases with the same prudent environmental stewardship as at our active bases. We have spent \$2.2 billion since fiscal year 1991 in environmental cleanup at closing bases, and for fiscal year 2004, the Air Force is requesting \$176 million to continue the cleanup.

CONCLUSION

In conclusion, Madam Chairman, I thank the committee for its strong support of Air Force military construction and family housing. With your help, we will ensure we meet the most urgent needs of commanders in the field while providing quality facilities for the men and women who serve in and are the backbone of the most respected aerospace force in the world. I will be happy to address any questions.

Senator HUTCHISON. I want to thank all three of you, and say I appreciate all that you are doing, and I want to ask a couple of general questions. The issue of environmental cleanup has come up in our committee since I have been on it, and I would ask two questions of each of you.

ENVIRONMENTAL CLEANUP

Number 1, the numbers are staggering in these environmental cleanups. Has anyone actually assessed these costs to know that they are absolutely efficient and necessary? Are we doing this in the best possible way to get the result that we want, or are we just throwing these huge numbers out there and accepting it at face value?

Then secondly, I would like to just go ahead and have the second question for each of you as well, and that is, when you are looking at the bases that you are going to put on the BRAC list for 2005, are you going to put environmental cleanup on the list of factors, which does not seem to have been done in the past, although obviously, Mr. Johnson, you are the expert here, and maybe you did consider these things. But it certainly—let me say that the costs that we are now dealing with were not the costs that were brought up when these bases were closed, so with that, let me start with you.

Mr. JOHNSON. Yes, ma'am. Two questions. Obviously, we look and try to find the most efficient way to clean up bases. There are many factors that affect it. Number 1 is the intended use, and the receiving agency often will use an intended use for cleanup purposes that requires more than if you used a different use, so some of it is driven by the receiving agency, normally the community.

And the techniques are evolving. We look very carefully to use the most efficient ones, but quite frankly, environmental cleanup techniques each year get a little better, or a little different. We have our challenges with the local regulatory organizations, as well as the national EPA, but our services have worked very closely with them and have a good relationship.

The second question came up when in another life I was on a BRAC, and I understand what you are saying, that we should consider the environmental cleanup. The thought in those days and my continuing thoughts are that the property should be cleaned whether it is kept in the active inventory or transferred, so environmental aspects should not be a decision in any BRAC decisions. That is my personal view.

We have not considered any bases for BRAC, and we intend to, in our service anyway, not to select any bases until we look at all of the functions across the bases and then, if you have too many functions, a base will be selected, but we will start from what we need as opposed to looking at individual bases.

Senator HUTCHISON. I hear what you are saying. It is just, I think, a difference when you are closing a base than when the base is ongoing in its usage. I am not sure you could clean up a base that was ongoing in certain respects.

Mr. JOHNSON. We can certainly do a better job of estimating what the costs are to clean bases, but we really do not know until you go through the process, and also go through the intended use.

Senator HUTCHISON. It just seems to me that it should be a factor to be considered when that comes up in 2005.

Mr. Gibbs.

Mr. GIBBS. I would agree with my colleague, generally just a couple of points to add to his. The first question, are we doing it in

the most effective manner, we believe we are as we go along, and I will split it into two pieces, those that are closed bases, and those that are continuing ones.

We do have significant activities and costs for cleanup on our existing bases, and we pursue those in a manner that is a little more straightforward and a little easier to do because we know the intended use when we start out, and we can be more consistent over time.

For the bases that have been closed, in some cases it takes quite a while to find out exactly how the community wants to use the land that they are going to get back, so we are a little hesitant in proceeding on the cleanup activities. In other cases, it changes over time, so we may have to change from one level of cleanup to another.

As I said, I agree with Secretary Johnson, the costs should be the same whether we are going to stay or whether we are going to leave. It is just the time period over which the costs are going to be incurred. At the final date, whenever that is, all of the facilities, continually owned or returned to the local communities, will be put back in the state that they were when the Air Force received them, so it is a method of timing.

BASE REALIGNMENT AND CLOSURE

In terms of the determination for consideration for BRAC, I basically believe the only determination there would be on the speed with which it is going to be done, and if an economic analysis is placed on that, the net present value of the cost should be the same whether we do it sooner or later, so it really should not, in my view, make a substantive difference in terms of the utilization of the facilities.

Senator HUTCHISON. Dr. Fiori.

Mr. FIORI. I certainly agree with you, Madam Chairman, that the costs are staggering when we look at all of our environmental mortgage. That goes just beyond the BRAC mortgage. We have our UXO, unexploded ordnance throughout the country, and that is not funded very high, so we are estimating 100 years to clean it up. So to solve that problem and to get the speed, to bring it in a little closer than 100 years from now, we have to look at various technologies that are transportable that we could bring to the scene to explode this ordnance, we have to find the ordnance, so there is a good technology program available to try to speed up the UXO issues that are both on BRAC and off BRAC, so that is one way.

We are also looking at more innovative business ways of the BRAC properties, in transferring them and sharing the responsibility, or again the end use is key to the whole thing. If I have to make it pristine clean, it is going to cost us a fortune. If we are going to use it forever as a habitat, I may not have to do much of anything to it. It just depends.

As my counterparts have said, a lot has to do with the local regulatory issues, and some could be extreme. In one case I note that I am going to take 14 years at least to clean up 7,000 acres. It almost by definition is going to take that long, and that is a regulatory local issue that you have to resolve.

These issues are different throughout the country, but by business and by technology we can assist this. It is still going to be very expensive.

Our bases to BRAC, of course, we have not put any bases online. Our process is to examine all our bases, and that is what we are going to do, and I cannot really add much to what my counterparts have said, because we work very closely together on the BRAC issues.

We need and we will have some new tools to get rid of the property faster. I still have 140,000 acres I am getting from the first four BRAC's that I am trying to eliminate, and it is a slow process. Even when the recipient is anxious and you are anxious to give and he is to take, and we agree on the price and everything else, the regulatory issues can really bog you down.

Senator HUTCHISON. I agree with you. I do think there is a difference, by the way, on environmental cleanup for an ongoing use versus turning it over for a different use. I think you have to make those assessments, and it should be a factor in a BRAC, in my opinion.

But secondly, all of the savings that BRACs are supposed to bring would, I think, be curtailed by the fact that so many of these bases are not yet completely turned back, and I just hope these factors are considered in the next BRAC. I mean, certainly we should have learned from these past BRACs what the problems are, and I would hope it would be factored in what the environmental cleanup costs would be, and what the problems in turning it back would be, as well as all the other factors that would be relevant. And so I am hoping that we are going to learn from past mistakes and past problems that have arisen that were not expected.

OVERSEAS MILITARY CONSTRUCTION

Along that line, I assume that you heard what we were talking about in the previous panel. Are you dealing with the new strategies, are you keeping in mind that things are changing in Europe and perhaps in other places, and are you taking that into consideration as you begin to spend the 2003 dollars, and also as you are coming to us with your 2004 requests?

Once again I say, we have got \$288 million now being requested for MILCON in Germany at a time when our own commander in Europe is saying that there will be a significant drawdown from Germany, and then \$173 million or so in South Korea. Are you taking these things, all of these issues into consideration before you even spend the dollars that have been allocated in the 2003 cycle, and is it going to be a part of what we are going to be looking at in 2004?

Mr. FIORI. Perhaps I should answer, since most of it is mine.

Senator HUTCHISON. A lot of it is yours, right. There is some Air Force, of course.

Mr. FIORI. The Secretary of Defense has asked our major commanders to review everything in 2003 and to see if there is any flexibility to either not build or do it somewhere else, or do it smarter, whichever, so we have halted all the construction, and it must be reviewed by either General LaPorte or General Jones prior to our starting construction in the 2003 time frame.

For the 2004 budgets, we are supporting the Army program pretty much as it is, and I really cannot add much to what Mr. DuBois and Dr. Zakheim said. We have put the program together clearly looking at the facilities that we will probably need in most cases, and we will obviously do a review as soon as these policy decisions are made.

We had to submit a budget to you, and I did hear the comment made that it would be nice to get it done before the budgeting process, but the way the timing is of these things, sometimes a re-programming might be the only alternative we have to make sense of this, and all these things, we do not do them overnight. I think that was the point made, and I would certainly agree to it.

A lot of these facilities we will be using for 2, 3 years, particularly in the housing area, which I am concerned with overseas quite a bit. We will still have our soldiers there for quite a while, so it is going to have to be a balance, ma'am.

Senator HUTCHISON. Mr. Gibbs.

GERMANY

Mr. GIBBS. Being second in line for the amount, as you heard Dr. Zakheim say, the hold that is occurring in Germany has excluded Ramstein, the major Air Force facility in Germany, actually one of only two that we are going to end up with. The reason for that is, we have an agreement with the German Government to vacate the Rhein-Main facility, which has been heretofore the major transshipment point from the United States through Europe and into points east from there.

Various levels of the German Government, from the Federal Government and on down through the local governments, have committed in excess of \$400 million to facilitate that move that is going on out there. They are paying the bulk of the cost. However, there are some aspects of it that we are responsible for, and we are continuing with that program, so it should remain intact both in 2003 and in the request for 2004.

There has been, I believe, a determination that we will need a major transshipment hub through Europe, and that is the only place that it basically can be, so Ramstein is pretty much different than the other ones.

KOREA

In the case of Korea, we are in need, dire need of some of the housing facilities, and we have a request in to General LaPorte to review those specifically, because if we lose the window on a dormitory for the people then we lose it for a year, so he has I believe agreed to take a look at those and see whether they should go on an individual basis or not.

PRIVATIZATION

Senator HUTCHISON. My last question is—in fact, we have several questions that we may submit to you in writing that are on the details. But one is the issue of privatizing military barracks and dorms. We have all seen the privatized housing for married families, but the issue of privatizing barracks and dorms, to what

extent do you think this could work, and do you think you can save money doing it, and do you think you can protect the troops with that type of privatization?

Mr. JOHNSON. I think we have the most in the Department of the Navy. We plan and have submitted three pilots. One is at San Diego, one at Norfolk, and one at Camp Pendleton. When we do that, we have to look at things a little bit differently if we are going to privatize a dormitory, and when you privatize things you have to have alternative uses. In other words, if the military moved out, it has to be in a location that other people can use, so we will be building those more on the edge of bases rather than in the middle.

We believe we worked out all of the concerns. We believe that we can get three times the number of sailors and marines housed for the same amount of money, and overall it is much cheaper, but it is something that we are working with your staff very carefully to make sure we do it just right, and we do the pilots.

Fortunately, San Diego and Norfolk work very, very well. Pendleton will work well, but it is not quite as severable. In other words, you cannot build it quite on the edge of the base, but we are confident we can, number 1, assure our private partners that it will be filled, and number 2, that it will really serve our Nation much better, and number 3, and perhaps it should be number 1, is that we provide much better quarters for our bachelors, and it becomes a self-sustaining entitlement.

In other words, the private partnership will continue to upgrade the dormitories and rebuild them at certain cycles so we think that we can take the same lessons we have learned from the family housing and transform it into barracks, but there are new issues which we are working very carefully with your staff.

Senator HUTCHISON. Okay, thank you very much. We may have a few more submissions. I am sorry, were you going to comment on this? Do you have this in the works as well?

ELMENDORF AIR FORCE BASE

Mr. GIBBS. Yes, we do. The Air Force fortunately has been working on its dormitory program for a number of years, and it is in relatively good shape. All of the gang type latrines were eliminated about 2 years ago, but we still have requirements, and we are always looking for ways to make the most effective use of the resources we have. So we have a pilot program that we are trying to work through up at Elmendorf to do the privatization of one of the dormitories there. We think that we may be successful there, and to the extent that we learn from that, then we may be able to move it on out to other locations.

Mr. FIORI. I would like to comment, ma'am.

As I pointed out, we have about 79 percent of our permanent party barracks that we have rehabilitated in one way or another to meet the standards of today, but we are still looking at, and we have two for permanent party barracks in the Presidio and Fort Lewis, but I have a massive amount of training barracks that are really in less than good shape—that would be a charitable statement to make—so we are looking at ways to consider privatizing

them because they serve much more like a hotel, with transients coming and going on a constant basis.

So we are looking at several places, but there are some serious issues, not the least of which is scoring, funding. If I am going to get scored the same amount as military construction I might as well build it, because we have done such a detailed job. And execution with deployments is an issue that we have not yet totally resolved.

So we are looking at it, but we are not charging off massively to do it. I have a request to do defense logistics—excuse me, the language school in California, in Monterey, and that might be—you know, it is one of these hotels you have to stay for 4 or 5 months type thing, and we are looking at seeing how we could transfer that into private industry.

ADDITIONAL COMMITTEE QUESTIONS

Senator HUTCHISON. All right. Unless there is anything else—yes, Mr. Johnson.

Mr. JOHNSON. Ma'am, I would like to take the opportunity to tell you and your committee what great staff you have. It is a great pleasure to work with Sid Ashworth and Alycia Farrell, Christina Evans, I think, just left, and also B.G. Wright. You and we are well served by this strong team of professionals.

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

QUESTIONS SUBMITTED TO H.T. JOHNSON

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

BARRACKS/DORMITORIES

Question. I understand that all three services are working toward the elimination of inadequate permanent party barracks by 2007. The success of that program will be largely dependent on significant funding increases that the Army, Navy and Air Force have programmed for military construction beginning in 2005 and into the future. Past experience has shown that those increases in the out years seem to disappear, as it gets closer to the submission of the budget.

Is the DOD goal of 2007 realistic and achievable?

Answer. Yes. In developing the fiscal year 2004 program to meet the DOD goal, the Department of the Navy defined inadequate permanent party barracks as those barracks containing gang heads. Using O&M and MILCON-funded projects, the Navy will eliminate their inadequate barracks by fiscal year 2007; the Marine Corps will eliminate their inadequate barracks by fiscal year 2005.

Question. Would you also comment on the likelihood of realizing future funding increases for MILCON?

Answer. The Department of the Navy is pursuing the use of privatization authorities to house our bachelors. This will determine the amount of traditional military construction necessary to achieve our goals.

Question. Several of you are assessing the issue of privatizing military barracks and dormitories.

Have you worked out the financial issues associated with this proposal and how would the Office of Management and Budget (OMB) score these proposals?

Answer. We are currently developing concepts for pilot projects at Hampton Roads, Camp Pendleton (Del Mar), and San Diego. Financial issues, including OMB scoring, will be resolved as these concepts are finalized.

Question. Has the OSD provided the services guidance on privatization?

Answer. OSD has provided general guidance to the Services on family housing privatization. Some of the guidance is likely to be applicable to bachelor housing as well. OSD has not provided specific guidance to the Services on bachelor housing privatization. The Department of the Navy will work with OSD during the develop-

ment of the bachelor housing privatization pilot projects to document proposed guidance for future projects.

Question. What are the major cost concerns that will potentially impact this initiative?

Answer. Major factors that will impact the costs of barracks privatization include: (1) the private sector's assessment of financial risk (i.e. no assignment of sailors, impact of deployment, secondary market, etc.); (2) the project concept (i.e. number and type of units); (3) income stream (i.e. intended demographics, rent set at full vs. partial BAH); (4) available assets (Government investment, inclusion of existing units and land availability); and, (5) construction requirement (supporting facilities requirement, applicability of Antiterrorism/Force Protection modifications, site costs and/or land cost, etc.). These issues are being addressed as the bachelor housing privatization pilot project concepts are being developed.

RECAPITALIZATION RATE

Question. With the funding proposed in the 2004 budget for MILCON, how does that impact your recapitalization rate?

Answer. Based upon the funding budgeted in fiscal year 2004 for those appropriations used for restoration and modernization projects, the facility recapitalization rate in fiscal year 2004 is 140 years for the Navy and 88 years for the Marine Corps.

Question. How does that compare to last year's rate?

Answer. The recapitalization rate for the President's fiscal year 2003 budget submission was 116 years for the Navy and 156 years for the Marine Corps.

Question. Gentlemen, there have been a lot of promises made over the past 2 years regarding revitalizing our defense facilities. Are we back to business as usual neglecting our facilities?

Answer. The Department of Defense has established two specific installation infrastructure performance goals and associated metrics to improve readiness over the long term: (1) fully sustain facilities; and (2) recapitalize the existing infrastructure at a 67 year rate by fiscal year 2008. These metrics provide important credibility and visibility to facility funding levels that did not exist in the past.

Question. What are your long-term plans to reach the Department's proposed recapitalization rate of 67 years?

Answer. The Navy and Marine Corps plan to reach the 67 year recapitalization rate through a combination of (1) restoration and modernization funding, (2) reduction in excess infrastructure, and (3) efficiencies in managing and maintaining our infrastructure.

Question. When will that happen?

Answer. The fiscal year 2004 President's FYDP indicates that both the Navy and the Marine Corps will achieve the 67-year rate recapitalization goal in fiscal year 2008.

Question. I worry about the message we send our young soldiers, airmen, and sailors as well as their families, about the condition of the facilities in which they live, work and train, especially as we try to retain them. How does the condition of your infrastructure relate to the services' goal of recruitment and retention?

Answer. The Navy and Marine Corps are meeting its recruitment goals and currently finds no correlation between recruitment and facilities condition. However, facilities condition is very important to retention. It is critical that we provide adequate, comfortable housing for our families and bachelors as well as safe, modern working facilities for our highly trained military and civilian workforce.

INSTALLATION READINESS

Question. I understand that all three services rate the readiness of their infrastructure on a scale of C-1 to C-4. It appears that C-1 indicates only minor deficiencies with negligible impact on capability to support missions. I was disturbed to find out that such a large percentage of your overall facilities are rated C-3 or worse.

How does that impact mission readiness?

Answer. The readiness ratings of our installations are based on condition assessments of the individual facilities at the base. These ratings are then aggregated into eight major facility types for our four major commands. The inspection-based ratings are verified and adjusted by our force commanders to ensure they match the readiness condition. The way facility conditions affect readiness is both direct and indirect. The direct affect, for example, might be where we have to close a runway because of pavement issues. These problems are rare and are quickly corrected. The most common readiness issue is indirect, caused by years of underfunding, that im-

pact on the quality of life of installation tenants, or causes temporary interruptions of daily operations.

Question. What would be the bill to bring all of your C-3 and C-4 facilities to at least C-2?

Answer. The total unfunded bill to bring all current facilities in fiscal year 2004 to at least C-2 is \$17.7B for the Navy and \$4.1B for the Marine Corps. This amount includes those funds to satisfy both quality and quantity deficiencies.

Question. What is the associated timeline?

Answer. The Department of Defense goal is to improve our existing facilities to C-2 by fiscal year 2010. Current funding levels indicate that the Navy will not attain that goal until fiscal year 2021 and the Marine Corps by fiscal year 2013.

Question. I note that the services have goals to improve your facilities to C-1 by the end of the decade. Is that realistic based on current funding projections?

Answer. Simply adding more money cannot realistically solve this problem. We need to resolve C-3/C-4 deficiencies through a combination of (1) funding, (2) reduction in excess infrastructure, and (3) efficiencies in managing and maintaining our infrastructure.

FAMILY HOUSING PRIVATIZATION

Question. I want to compliment the military departments for improving military family housing for our service members. Through buying down the military member's out-of-pocket expenses for housing costs as well as eliminating inadequate housing units through military construction and privatization-you are making great progress. I am particularly proud of the fact that our state is leading the way with more housing privatization projects awarded at Texas military installations than any other state with six private-public partnerships (NAS Corpus Christi, Lackland Air Force Base, Dyess Air Force Base, NAS Kingsville, Fort Hood and NC South Texas) or 33 percent of the total projects awarded within the Department of Defense.

While housing revitalization is a good news story for our military families, I am concerned with the message being sent to our service members with the budget proposal to cut impact aid funding for the education of soldier's, sailors', airmen and marines' children, and I've spoken to the administration about my concerns. A total of 1,300 school districts across the nation receive impact aid funding to pay the salaries of teachers, purchase textbooks and computers and pay for advanced placement classes among other things. Cutting this funding sends a negative message at a time when we are promoting quality education for all children and sending their mothers and fathers into harm's way in the Persian Gulf region and around the world.

With regards to privatization, I understand that some of these contracts are for 50 years and beyond. What happens when one of our family housing contractors goes out-of-business or does not fulfill its commitments?

Answer. The business agreements the Department of the Navy enters into for housing privatization are crafted to preserve the financial viability of the company and protect the interests of the government. In the event of a default by our managing partner the Department of the Navy may remove the partner and designate a new partner to manage the company or cause the sale of the managing partner's interest in the company and admit the transferee to the company as the new managing partner.

Question. There seems to be a growing emphasis on privatizing more housing in a shorter period of time. Are there concerns that moving too quickly on such major procurement contracts could lead to future problems?

Answer. No. The Department of the Navy carefully considered the variables and possible uncertainties, over the long term, in crafting its approach to housing privatization. The Department has structured its business agreements to include provisions that protect the Government's interests while providing flexibility to adapt to future changes. Lessons learned on the first nine privatization efforts, and the use of document templates allow the Department to pursue family housing privatization efficiently without compromising the integrity of the process.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

NAVY

Question. The fiscal year 2004 Navy request for BRAC cleanup is \$101.9 million, a 62 percent decrease from the fiscal year 2003 enacted level. How much money

above the budget request could the Navy execute in fiscal year 2004 to expedite its BRAC cleanup programs?

Answer. The Navy's fiscal year 2004 budget consists of an appropriation request for \$101.9 million plus a conservative estimate of \$68 million from land sales and a \$10.7 million adjustment from the DOD Comptroller providing a total of \$180.6 million in spending authority. The Navy has substantial contract execution capacity in place and could readily obligate as much as about \$500 million in fiscal year 2004 for BRAC cleanup under normal BRAC outlay rates. Other factors that impact expediting BRAC cleanup programs include regulator support for additional workload, timing when funds become available, and making sure that we get real cleanup and property disposal progress for the investment.

Question. Did you request a higher level of funding from the Defense Department?

Answer. No. The fiscal year 2004 BRAC budget request fully funds all legally enforceable agreements with environmental regulators and other must-fund agreements with communities. The Navy believes that the budget request and land sales receipts will be sufficient to meet BRAC cleanup requirements in fiscal year 2004.

Question. Also, please provide a list of those BRAC properties that were sold publicly and give an analysis of where those dollars were directed within the BRAC accounts.

Answer. Below is the list of Navy BRAC property that has been sold by public sale, negotiated sale, or where reimbursement was received under a public benefit conveyance through 13 March 2003. Total sales are \$257.6 million, of which \$208.5 million is from the recent sale of three parcels totaling 235 acres at the former Marine Corps Air Station Tustin, CA. The other \$49.1M, which spans nearly 13 years since implementation of BRAC 1988, were previously spent on BRAC environmental and caretaker needs. The Department of the Navy has complied with the law, which requires that all land sale revenue from BRAC actions be used for environmental cleanup and caretaker costs at BRAC locations. An analysis of where those dollars were directed within the BRAC accounts is not available, as all BRAC land sale revenue is commingled with appropriated funds, recovery of prior year unobligated or unexpended funds, and additional BRAC funding allocations occasionally provided by the DOD comptroller. With the normal execution vagaries of some cleanup projects cost more, some cost less, some must be delayed due to regulator or other concerns, while others must be advanced for similar reasons, it is impracticable and would serve little purpose to maintain an audit trail of where any particular dollar is applied.

[In dollar amount]

Property	Cost	Type of sale
NAS Chase Field, TX	\$168,000	Economic Development Conveyance
NTC Orlando, FL	1,850,000	Economic Development Conveyance
NAS Chase Field, TX	623,000	Negotiated Sale (GSA)
NTC Orlando, FL	235,000	Negotiated Sale (GSA)
NTC Orlando, FL	10,300	Negotiated Sale (GSA)
NTC Orlando, FL	158,000	Negotiated Sale (GSA)
NTC Orlando, FL	9,300	Negotiated Sale (GSA)
NTC San Diego, CA	80,000	Negotiated Sale (GSA)
NAS Moffett Field, CA	6,250,000	Negotiated Sale (GSA)
NCBC Davisville, RI	62,500	Negotiated Sale (GSA)
NTB Salton Sea, CA	13,617	Negotiated Sale (GSA)
NAWC Trenton, NJ	651,622	Public Sale (GSA)
DOD Fam Hsg Niagara, NY	1,125,000	Public Sale (GSA)
NAWC Warminster, PA	62,500	50 percent PBC
NTC Orlando, FL	3,849,000	Economic Development Conveyance
NS Philadelphia, PA	2,000,000	Economic Development Conveyance
NAS Cecil Field, FL	48,000	Negotiated Sale (GSA)
NAS Dallas, TX	1,500	Negotiated Sale (GSA)
NRL Orlando, FL	2,500	Negotiated Sale (GSA)
NH Philadelphia, PA	25	Negotiated Sale (GSA)
NRL Orlando, FL	79,000	Public Sale (GSA)
NRC Coconut Grove, FL	7,134,173	Public Sale (GSA)
NRC Pittsfield, MA	52,000	Public Sale (GSA)
NS Staten Island, NY	601,842	Public Sale (GSA)
NRC Jamestown, NY	53,280	Public Sale (GSA)
NH Long Beach, CA	10,968,409	Economic Development Conveyance
PWC SanFranBay (Novato), CA	8,130,000	Negotiated Sale (GSA)
NRC Perth Amboy, NJ	1,000,000	Negotiated Sale (GSA)

[In dollar amount]

Property	Cost	Type of sale
PWC SanFranBay (Novato), CA	1,300,000	Public Sale (GSA)
NTC Orlando, FL	415,000	Public Sale (GSA)
NAS Key West, FL	600,000	Fed-to-Fed (DOI)
NH Oakland, CA	453,500	Negotiated Sale (GSA)
NAWC Trenton, NJ	1,160,000	Public Sale (GSA)
MCAS Tustin, CA	157,500,000	Public Sale (GSA)
MCAS Tustin, CA	51,000,000	Public Sale (GSA)

Question. Does the 2004 request include anticipated revenue from sales? If so, how much, and from where?

Answer. The fiscal year 2004 budget request includes anticipated revenue in the amount of \$68 million from property sales at 4 locations Naval Hospital Long Beach, CA; Naval Hospital Oakland, CA; Marine Corps Air Station Tustin, CA; Marine Corps Air Station El Toro, CA. This differs from the \$208 million received from the recent sale of Tustin because the Department of the Navy used very conservative estimates, including the expectation that in some cases, the actual receipt of funds would be spread across several fiscal years. While Tustin sold for far more than expected, the sale of Naval Hospital Oakland was terminated after the winner bidder defaulted and litigation ensued, and the sale of El Toro is still in the formative stage. We did not want to unduly raise community expectations for environmental cleanup if the revenue proved to be less than expected, or that funds arrived later than initially expected. The law requires that all BRAC land sale revenue be deposited into the BRAC account and be used only for environmental cleanup and caretaker costs at BRAC locations. To the extent that actual revenue exceeds budgeted estimates, the Department of the Navy will use the additional land sale revenue to further accelerated cleanup and property disposals at BRAC locations.

ALAMEDA POINT NAVAL AIR STATION FUNDING

Question. I am aware that the former Alameda Point Naval Air Station is currently being considered as a candidate for early transfer based on the recent agreement between the Navy and the community of Alameda for reuse, development, and preservation of the property. Early transfer of this land and associated facilities would serve as a model for all the military services of base conversion in an urban environment.

It is critical for the community that this early transfer be completed by October 2004 for cleanup and redevelopment to occur in line with community plans. As I understand it, the Navy is full supportive of that goal and intends to meet the October 2004 deadline. Is that correct?

Answer. Yes. The Navy is in full support of the requested Early Transfer at the Former NAS Alameda and has been working closely with the Local Redevelopment Agency to expedite the proposed Early Transfer of approximately 1,000 acres. Our most notable challenge will be obtaining regulator concurrence from both the Environmental Protection Agency (EPA) and California's Department of Toxic Substances Control (DTSC). Both agencies have presented requirements that pose a challenge to the 2004 anticipated conveyance.

HUNTERS POINT NAVAL SHIPYARD

Question. What is the Navy's estimated cost to complete the cleanup of Hunters Point Shipyard? What is the budget for the current fiscal year and each of the next 2 fiscal years?

Answer. Cost to complete for fiscal year 2004 and out is \$103.9 million. Budgets for current and next 2 fiscal years are \$40.2 million in fiscal year 2003, \$21.6 million in fiscal year 2004, and \$1.9 million in fiscal year 2005. Budget estimates for fiscal year 2004 and fiscal year 2005 assume the receipt of land sale revenue to finance cleanup costs.

Question. Given the Navy's recent discovery of more than 100 boxes of previously unknown Shipyard radiological documents, will the new radiological review and survey work come at the expense of other important, and budgeted, cleanup activities or will the Navy find other funds to pay for it?

Answer. Funding to pay for the expanded Historical Radiological Assessment (HRA) will not be taken from funds budgeted for cleanup at Hunters Point.

Question. Does the Navy see any remaining hurdles to moving forward with the Conveyance Agreement in the next 1-2 months?

Answer. The Navy is working diligently with the City of San Francisco to reach agreement on the Hunters Point Conveyance Agreement. The Navy's goal is to achieve a mutually agreeable solution to the remaining two significant issues (utilities transition plan and finalization of the deeds) within the next 1 or 2 months.

NATO

Question. Last year, at the request of the Navy, the Committee approved a \$6.6 million barracks quarter's complex in Larissa, Greece, to support a NATO headquarters. With the proposed headquarters structure changes in NATO Allied Command Operation, Larissa is on a list to be dropped as a headquarters site. With this change, is the barracks complex still needed for U.S. troops?

Answer. If NATO determines that Larissa will no longer be required as a headquarters site as a result of their ongoing military structure review, scheduled to be completed during the summer of 2003, and that U.S. troops will not be needed at Larissa, it is a reasonable assumption that the barracks complex for U.S. troops would no longer be required.

Question. Would each of you provide the committee with a copy of your service's current FYDP and unfunded priorities by March 31?

Answer. Attached are (1) MCON FYDP, (2) MCNR FYDP, and (3) CNO & CMC unfunded priorities.

MCON POM04 FYDP CONGRESSIONAL SUBMIT

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
PY 2004				
AZ	YUMA AZ MCAS	442	A/C MAINTENANCE HANGAR	\$14,250
AZ	YUMA AZ MCAS	484	STATION ORDNANCE AREA	7,980
CA	CAMP PENDLETON CA MCB	02	TERTIARY SWG TRTMT (INCI)	24,960
CA	CAMP PENDLETON CA MCB	98B	BACHELOR ENLISTED QUARTERS	22,930
CA	CHINA LAKE CA NAWCWPNSDIV	521	AIRFIELD PAVEMENT UPGRADE	12,890
CA	LEMOORE CA NAS	217	MAINT HANGAR—O/H SPACE	24,610
CA	LEMOORE CA NAS	271	OPERATIONAL TRAINER	9,900
CA	MIRAMAR CA MCAS	95	A/C FIRE/RESCUE STATION	4,740
CA	MONTEREY CA NPGS	198	BACHELOR OFFICER QTRS REPL	35,550
CA	SAN CLEMENTE IL CA NAF	493	OPERATIONAL ACCESS—SHOBA	18,940
CA	SAN DIEGO CA NAS NORTH IS	748	TAXIWAY/TOWER	13,650
CA	SAN DIEGO CA NAS NORTH IS	751	SQUADRON OPERATIONS FAC	35,590
CA	SAN DIEGO CA NAVSTA	501	BEQ HOMEPORT ASHORE	42,710
CA	SAN NICOLAS ISLAND CA	268	BACH ENL QTRS—TRANS E1/E4	6,150
CA	TWENTYNINE PALMS CA MAGCC	426	EXPLOSIVE ORDNANCE OPS	2,290
CA	TWENTYNINE PALMS CA MAGCC	605	BACHELOR ENLISTED QUARTERS	26,100
DC	WASH DC MCBKS	901	MOTOR TRANSPORT FAC ADDN	1,550
FL	JACKSONVILLE FL NAS	268	AIRFLD PERIM SECURTY ENHAN	3,190
FL	JAX FL BLOUNT ISLAND	01	LAND ACQUISITION	115,711
FL	PANAMA CITY FL NSWCCSTSYS	376	LITTORAL WARFARE RESRH CPL	9,550
FL	WHITING FLD FL NAS	243	CLEAR ZONE ACQ (OLF BARIN)	4,830
GA	KINGS BAY GA SWFLANT	588	RIFLE RANGE	8,170
GA	KINGS BAY GA SWFLANT	589	SFF ADDN & HMMWV GARAGE	3,340
HI	LUALUALEI HI NM	172	ORDNANCE HOLDING AREAS	6,320
HI	PEARL HARBOR HI FISC	193	WATERFRONT IMPROVEMENTS	32,180
HI	PEARL HARBOR HI NSY	905	PERIMETER/SECURITY LIGHTING	7,010
IL	GREAT LAKES IL NTC	736	RECRUIT BARRACKS	31,600
IL	GREAT LAKES IL NTC	737	RECRUIT BARRACKS	34,130
IL	GREAT LAKES IL NTC	745	BATTLE STA TRNG FAC INC I	13,200
MD	INDIAN HEAD MD NSWCTRDIV	160	WATER SYSTEM IMPROVEMENTS	14,850
MD	PATUXENT RIVER MD AWCACDV	129	JSF TEST FACILITY	24,370
MS	MERIDIAN MS NAS	295	FIRE & RESCUE STATION	4,570
NJ	EARLE NJ NWS	32	GENL PURP/BERTHING PIER	26,740
NJ	LAKEHURST NJ NAWC ACFTDIV	252	EMALS FACILITY	20,681
NC	CAMP LEJEUNE NC MCB	1093	US JOINT MARITIME INST FAC	6,300
NC	CAMP LEJEUNE NC MCB	1094	JOINT MARITIME OPS & TRNG	12,880
NC	CAMP LEJEUNE NC MCB	227	CONSOLIDATED ARMORY	10,270
NC	NEW RIVER NC MCAS	647	WATER TREATMENT FACILITY	6,240
RI	NEWPORT RI NS	454	BEQ REPLACEMENT (NAPS)	16,140
RI	NEWPORT RI NUSWCTR DIV	11	UNDERWATER WEAPON SYS LAB	10,890

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
VA	ARLINGTON VA HQMC	01A	PHYSICAL FITNESS CENTER	1,970
VA	DAHLGREN VA NAVSPACECOM	292	NAVAL NETWORKS OPS CTR ADN	20,520
VA	LITTLE CREEK VA NAVPHIBSE	535	GATE 1 IMPROVEMENTS	3,810
VA	NORFOLK VA NS	94	PIER 11 REPLACEMENT INC I	27,610
VA	NORFOLK VA NS	293A	BEQ HOMEPORT ASHORE INCII	46,730
VA	NORFOLK VA NS	526	A/C MAINTENANCE HANGARS	36,460
VA	PORTSMOUTH VA NORFOLK NSY	514	CRANE/WGHT HNDLG EQP SHOP	17,770
VA	QUANTICO VA MCCOMBDEV CMD	549	WTBN LOAD & TEST FACILITY	3,700
WA	BANGOR WA NAVSUBASE	395	SVC PIER UPGD/MOD BLD 7111	33,820
WA	BANGOR WA NAVSUBASE	971	WTRFRNT SECURITY FORCE FAC	6,530
WA	INDIAN ISLAND WA NAVMAG	334	ORDNANCE TRANSFER FAC	2,240
BA	NAVSUPPACT BAHRAIN	927	OPS CONTROL CENTER	18,030
IT	LAMADDALENA IT NSO	995	CONSOL SANTO STEFANO FACS	39,020
IT	SIGONELLA ITALY NAS	635	BASE OPS SUPPORT I	34,070
UK	ST MAWGAN	115	BACHELOR ENLISTED QUARTERS	7,070
VAR	X/MCON DESIGN FUNDS	204	MCON DESIGN FUNDS (N4)	55,558
VAR	X/MCON DESIGN FUNDS	504	MCON DSGN FNDS—MARCORPS	10,054
VAR	X/UNSPECIFIED MINOR CONST	204	UNSPECIFIED MINOR CONSTR	12,334
VAR	Z/VARLOCS MILCON	689	OLF FACS (INC I)	27,610
	FISCAL 2004 TOTAL			1,132,858
	PY 2005			
AZ	YUMA AZ MCAS	440	BACHELOR ENLISTED QUARTERS	25,636
AZ	YUMA AZ MCAS	485	STATION ORDNANCE AREA	6,518
CA	CAMP PENDLETON CA MCAS	32	CONSOL OPERATIONS CENTER	5,454
CA	CAMP PENDLETON CA MCAS	38	WEIGHT HANDLING SHOP	7,177
CA	CAMP PENDLETON CA MCB	02A	TERTIARY SWG TRTMNT (INCII)	24,843
CA	CAMP PENDLETON CA MCB	13	ASSAULT BREACHER VEH FAC	4,256
CA	CAMP PENDLETON CA MCB	14	BACHELOR ENLISTED QUARTERS	19,293
CA	CAMP PENDLETON CA MCB	608	PHYSICAL FITNESS CENTER	7,070
CA	CAMP PENDLETON CA MCB	613	CLOSE COMBAT PISTOL COURSE	1,951
CA	CHINA LAKE CA NAWCWPNSDIV	453D	PROPELLANT/EXP LAB (03 ADD)	13,609
CA	EL CENTRO CA NAF	201	BEQ TRANSIENT	25,085
CA	EL CENTRO CA NAF	207	APRON & HANGAR RECAP	45,249
CA	SAN DIEGO CA NAVSTA	404	BEQ—SHIPBOARD ASHORE	52,840
CA	SEAL BEACH CA NAVWPNSTA	222	LAND PURCHASE	754
CT	NEW LONDON CT NSB	463	RBUILD PIER 6	27,464
DC	WASHINGTON DC NRL	10	ADVANCED COMPUTING FAC	12,862
FL	MAYPORT FL NS	185	EXPAND FLIGHT TRAINER	1,393
GA	KINGS BAY GA SWFLANT	586	LA UTILITIES & SITE IMPVS	1,896
GA	KINGS BAY GA SWFLANT	590	MISSILE MAGAZINE	90,021
HI	KANEOHE BAY HI MCB	801	RUNWAY PERIMETER ROAD	2,060
HI	LUALUALEI HI NM	177	PASS OFC & SECURITY UPGRD	3,877
HI	PEARL HARBOR HI NS	616	PERIMETER/SECURITY LIGHTNG	1,508
HI	PEARL HARBOR HI NS	624	SECURTY/PERIMTR FENCE/WALL	8,330
IL	GREAT LAKES IL NTC	738	RTC BARRACKS	35,859
IL	GREAT LAKES IL NTC	745A	BATTLE STATIONS TRNG FAC	45,548
IL	GREAT LAKES IL NTC	748	RTC INFRASTRUCTURE UPGRADE	6,614
ME	BRUNSWICK ME NAS	191	RELOCATE BASE ENTRANCE	7,301
ME	KITTERY ME PORTSMOUTH NSY	280	GATE 2 IMPROVEMENTS	2,275
MS	GULFPORT MS NAVCONSTRACEN	800	PASS RD AT/FP SECURITY IMP	2,325
NJ	EARLE NJ NWS	32A	UPGRADE PIER CMLPX (INC II)	47,579
NJ	EARLE NJ NWS	34	SECURTY/PERIMTR FENCE/WALL	4,465
NC	CAMP LEJEUNE NC MCB	1025	ASSUALT BREACHER VEH FAC	3,665
NC	CAMP LEJEUNE NC MCB	1041	ARMORY CAMP GEIGER	3,375
NC	CHERRY POINT NC MCAS	122	UAV OPERATIONS/MAINTENANCE	9,752
NC	CHERRY POINT NC MCAS	124	AICUZ LAND ACQUISITION	2,931
NC	NEW RIVER NC MCAS	617	ADD TO SIMULATOR BUILDING	2,804
NC	NEW RIVER NC MCAS	630	BACHELOR ENLISTED QUARTERS	18,253
NC	NEW RIVER NC MCAS	648	CONSTRUCT FREST FACILITY	7,281
PA	MECHANICSBURG NAVSUPPACT	573	OXFORD GATE SECRTY IMPROVS	3,926
PA	MECHANICSBURG NAVSUPPACT	575	SECURTY/PERIMTR FENCE/WALL	2,669

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
RI	NEWPORT RI NAVSTA	457	SECURTY/PERIMTR FENCE/WALL	2,364
SC	BEAUFORT SC MCAS	428	EXPLOSIVE ORDNANCE FAC	1,238
SC	CHASN NAVAL WPN STATION	76	SOUTH ANNEX GATE 4	2,275
VA	CAMP ELMORE VA MCCD	820	COMMAND OPERATIONS FAC	10,464
VA	DAHLGREN VA NSWCTR DIV	287	MISSILE SUPPORT FAC REPL	14,870
VA	LITTLE CREEK VA NAVPHIBSE	376	PERIMETER SECURITY FENCE	2,611
VA	NORFOLK VA LANFLTHQSPACT	830	CLF/TYCOM HDQTRS FAC INC I	59,051
VA	NORFOLK VA NS	94A	PIER 11 REPLACEMENT INC II	45,065
VA	NORFOLK VA NS	295	BEQ—SHIPBOARD ASHORE INC I	28,363
VA	NORFOLK VA NS	463	SUSPECT CARGO HANDLING FAC	1,422
VA	NORFOLK VA NS	994	TRUCK INSPECTION FAC	3,781
VA	OCEANA VA NAS	467	SUSPECT CARGO HOLDNG FAC	1,422
VA	QUANTICO VA MCAF	449	GREEN SIDE HANGAR COMPLEX	11,779
VA	QUANTICO VA MCAF	495	AIRCRAFT PARKING APRON	9,981
VA	QUANTICO VA MCCOMBDEV CMD	152	H&S BN HEADQUARTERS, TBS	3,791
VA	QUANTICO VA MCCOMBDEV CMD	531	BACHELOR ENLISTED QUARTERS	11,789
VA	QUANTICO VA MCCOMBDEV CMD	539	TBS ARMORY	4,217
VA	QUANTICO VA MCCOMBDEV CMD	667	HERITAGE CENTER ROAD IMPVS	947
VA	YORKTOWN VA	617	MAIN GATE SECURITY IMPROVS	2,529
VA	YORKTOWN VA NWS	518	ORD HNDLNG VEH MAINT SHOP	7,002
VA	YORKTOWN VA NWS	534	EXPLOSIVES TRUCK HOLDG YD	1,769
WA	BANGOR WA SWF PAC	968	LA U&SI EMERG GENERATOR	1,896
WA	PUGET SOUND WA NAVSHIPYD	346	CVN MAINTENANCE COMPLEX	17,590
CU	GUANTANAMO BAY CUBA NS	502	BASEWIDE WSTWTR TRTNT FAC	6,179
GU	GUAM MI COMNAV Marianas	451	KILO WHARF IMPROVEMENTS	11,906
IC	KEFLAVIK ICELAND NAS	832	SEWER CONNECTION CHARGE	3,782
IT	NAPLES ITALY NSA	211	BEQ HOMEPORT ASHORE	27,320
VAR	X/MCON DESIGN FUNDS	205	MCON DESIGN FUNDS (N4)	96,876
VAR	X/MCON DESIGN FUNDS	505	MCON DSGN FNDS—MARCORPS	11,913
VAR	X/UNSPECIFIED MINOR CONST	205	UNSPECIFIED MINOR CONSTR	12,842
VAR	ZVARLOCS MILCON	689A	OLF FACS (INC II)	27,803
	FISCAL YEAR 2005 TOTAL			1,040,605
	PY 2006			
AZ	YUMA AZ MCAS	364	PHYSICAL FITNESS CTR ADD	3,706
CA	CAMP PENDLETON CA MCB	15	BACHELOR ENLISTED QUARTERS	22,003
CA	CAMP PENDLETON CA MCB	73	BACHELOR ENLISTED QUARTERS	21,110
CA	CAMP PENDLETON CA MCB	330	PHYSICAL FITNESS CTR HORNO	9,681
CA	CAMP PENDLETON CA MCB	725	REG MAINT SUPPORT COMPLEX	9,789
CA	CHINA LAKE CA NAWCWPNSDIV	513	ELECTRONIC WAR TRNG RANGE	17,405
CA	CHINA LAKE CA NAWCWPNSDIV	515	COMBINED BOS FACILITY	17,220
CA	CHINA LAKE CA NAWCWPNSDIV	529	BACHELOR QUARTERS	14,455
CA	LEMOORE CA NAS	59	CORROSION CNTL HANGAR	13,125
CA	LEMOORE CA NAS	216	EXPAND AIR TRAFFIC CTL TWR	2,473
CA	LEMOORE CA NAS	242	GALLEY REPLACEMENT	1,572
CA	PORT HUENEME CA CBC	491	OPER VEH MAINT FAC	15,978
CA	PORT HUENEME CA NSWCDIV	13	COMBAT SYS/BATTLEGRP INTGR	15,250
CA	SAN DIEGO CA AUXLNDFLD	740	BACHELOR ENLISTED QUARTERS	15,978
CA	SAN DIEGO CA NAS NORTH IS	731	BEQ—SHIPBOARD ASHORE	38,146
CA	SAN DIEGO CA NAVMEDCEN	07	BACHELOR ENLISTED QUARTERS	25,399
CA	SAN DIEGO CA NAVSTA	406	BEQ—SHIPBOARD ASHORE	43,473
CA	SAN DIEGO CA NSB	118	PIER 5002 SUB FNDR INSTALL	7,916
CA	SAN DIEGO CA NSB	119	TACTICAL TRNG FAC ADDN	14,601
CA	SEAL BEACH CA NAVWPNSTA	221	REPLACE FIRE STATION	1,892
CA	SEAL BEACH CA NAVWPNSTA	223	VLS MISSILE MAGAZINE	8,160
CA	TWENTYNINE PALMS CA MAGCC	556	ENLISTED DINING FAC	10,934
CA	TWENTYNINE PALMS CA MAGCC	617	WASTE HNDLNG & RECOVERY FAC	5,132
DC	WASHINGTON DC NAVOBSY	50	ATOMIC CLOCK VAULT	3,425
FL	CAPE CANAVERAL FL NOTU	988	ENGINEERING SERVICES BLDG	23,526
FL	JACKSONVILLE FL NADEP	246	AIRCRAFT PARTS STNG FAC	1,330
FL	JACKSONVILLE FL NAS	204	CONSOLIDATED OPER SUPT FAC	11,574
FL	JACKSONVILLE FL NAS	265	AIRCRAFT PARKING APRON	11,535

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
FL	KEY WEST FL NAF	678	STRUCT ACFT FIRE & RESCUE	6,830
FL	MAYPORT FL NS	189	AIRFIELD CONTROL TOWER	4,822
FL	MAYPORT FL NS	253	SHIP MAINTENANCE CONSOL	4,531
FL	MAYPORT FL NS	774	SECURITY BLDG	1,717
FL	ORLANDO FL NAWCTSD	03	FORCE PROTECTION IMPVS	2,280
FL	PANAMA CITY FL DIVSALTRAC	315	JNT AQUATIC CMBT DVR TRNG	6,743
FL	PENSACOLA FL NAS	711	BEQ A SCHOOL (NATTC)	17,511
FL	WHITING FLD FL NAS	245	INSTL/RELOCATE PERIM FENCE	2,949
HI	CAMP HM SMITH HI CINCPAC	113	PACIFIC WARFIGHTING CENTER	27,872
HI	LUALUALEI HI NM	166	SECURITY LIGHTING	5,095
HI	PEARL HARBOR HI FISC	194	SECURITY FENCING	1,901
HI	PEARL HARBOR HI NB	02	SEC UPGRADES ADMIN/OPS FAC	11,317
HI	PEARL HARBOR HI NS	132	RECONSTRUCT WHARF S20	29,202
HI	PEARL HARBOR HI NS	137	WHARF RECONSTRUCTION	27,775
HI	PEARL HARBOR HI NS	400A	OILY WASTE COLL TRTMT FAC	11,894
HI	PEARL HARBOR HI NS	619	SEC UPGRADES ADMIN/OPS FAC	34,436
HI	PEARL HARBOR HI NS	634	GENL PURP/BERTHING WHARF	24,728
HI	PEARL HARBOR HI NSY	266	SHORE POWER IMPVS DD4	3,803
IL	GREAT LAKES IL NTC	667	RTC DRILL HALL RPL	12,913
IL	GREAT LAKES IL NTC	739	RTC BARRACKS	36,827
IL	GREAT LAKES IL NTC	740	RTC BARRACKS	36,827
IL	GREAT LAKES IL NTC	741	RTC BARRACKS	39,038
IL	GREAT LAKES IL NTC	771	REPLACE PERIMETER FENCE	3,521
MD	BETHESDA MD NSWCCARDEROCK	188	ENGR MNGMT & LOGISTICS FAC	12,370
MD	INDIAN HEAD MD NSWCTRDIV	161	AGILE CHEMICAL FACILITY	11,894
MD	PATUXENT RIVER MD AWCACDV	558	AIRCRAFT PROTOTYPE FAC	34,556
MD	PATUXENT RIVER MD AWCACDV	560	MARITIME T&E SUPPORT LAB	11,166
MD	PATUXENT RIVER MD AWCACDV	977	LANDING SYS TEST FAC ADDN	5,152
MS	GULFPORT MS NAVCONSTRACEN	781	STLWRKRS APPLIED INST FAC	8,683
NV	FALLON NV NAS	342	WEAPONS MAGAZINE	3,813
NV	FALLON NV NAS	361	RANGE IMPROVEMENTS TGTB-20	8,168
NJ	EARLE NJ NWS	32B	UPGRADE PIER CMLX(IN III)	32,704
NC	CAMP LEJEUNE NC MCB	1011	BACHELOR ENLISTED QUARTERS	20,471
NC	CAMP LEJEUNE NC MCB	1092	US JOINT MARITIME BEQ	16,608
NC	CHERRY POINT NC MCAS	720	ORDNANCE MAGAZINES	4,221
NC	CHERRY POINT NC NADEP	973	HAZ WASTE STOR/XFER FAC	5,491
NC	CHERRY POINT NC NADEP	974	ENGRN PROD SUP FAC	8,207
PA	MECHANICSBURG NAVSUPPACT	10	NAVSUPSYSCOM HQ FACS INC I	32,383
SC	BEAUFORT SC MCAS	420	PHYSICAL FITNESS CENTER	9,789
SC	PARRIS ISLAND SC MCRD	350	INDOOR PISTOL RANGE	1,165
TX	CORPUS CHRISTI TX NAS	356	RUNWAY EXTENSION	4,657
TX	INGLESIDE TX NS	73	MINE WARFARE COMMAND HQTRS	5,666
TX	KINGSVILLE TX NAS	271	AIRFIELD LIGHTING (NALFOG)	5,035
VA	DAHLGREN VA NSWCTR DIV	281	WEAPONS DYNAMICS RDT&E CTR	3,231
VA	LITTLE CREEK VA NAVPHIBSE	283	REPLACE PIERS & QUAYWALL	44,119
VA	LITTLE CREEK VA NAVPHIBSE	406	POLICE & SEC OPRS FAC	4,754
VA	NORFOLK VA LANTFLTHQSPACT	830A	CLF/TYCOM HDQTRS FAC (INII)	47,565
VA	NORFOLK VA NS	94B	PIER 11 REPLACEMENT INC III	40,116
VA	NORFOLK VA NS	295A	BEQ SHIPBOARD ASHORE INCII	31,510
VA	NORFOLK VA NS	395	OPERATIONAL STORAGE (MISC)	13,320
VA	OCEANA VA NAS	714	BEQ	22,168
VA	PORTSMOUTH VA NORFOLK NSY	239	BEQ TRANSIENT INC I	28,541
VA	PORTSMOUTH VA NORFOLK NSY	515	SHIP SVCS SHOP CONSOLID	16,764
VA	QUANTICO VA MCCOMBDEV CMD	519	SNCO ACADEMIC FACILITY	8,265
VA	QUANTICO VA MCCOMBDEV CMD	552	NETWORK OPERATIONS CENTER	13,677
VA	YORKTOWN VA NWS	211	RECAP IGLOO MAGAZINES	7,711
VA	YORKTOWN VA NWS	387	NORTH TRESTLE&PIER REPL I	38,048
WA	BANGOR WA NAVSUBASE	124A	SMALL ARMS TRN CTR (O3 ADD)	14,184
WA	BANGOR WA SWF PAC	964	EXPLOSIVES SHIP/TRAN DEP	2,823
WA	BANGOR WA SWF PAC	969	MSL TRANSPORTER SAFEHAVENS	5,664
WA	INDIAN ISLAND VA NAVMAG	333	MISSILE MAGAZINES	11,516
WA	KEYPORT VA NUWC DIV	381B	USW SYSTEMS CTR (O3 ADD)	2,685
WA	KEYPORT VA NUWC DIV	386	U/S VEH MAINT & ENGR CTR	12,370

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
WA	PUGET SOUND WA NAVSHIPYD	359	SHIP REPAIR PIER 3 IMPVS	10,468
WA	PUGET SOUND WA NAVSHIPYD	372	DRYDOCK #4 CAISSON REPLACE	11,321
WA	PUGET SOUND WA NAVSHIPYD	373	DRYDOCK #5 CAISSON REPLACE	9,129
WA	WHIDBEY IS WA NAS	41	STRUC ACFT/FIRE STA ADDN	3,328
WA	WHIDBEY IS WA NAS	164	ADMINISTRATIVE OFFICE	16,687
BA	NAVSUPPACT BAHRAIN	908	OPERATIONS & SUPPORT FACS	25,953
BF	ANDROS IS BF NUWC DET	200	BACHELOR ENLISTED QUARTERS	19,278
CU	GUANTANAMO BAY CUBA NS	343	FIRE STATIONS	5,084
CU	GUANTANAMO BAY CUBA NS	503	PERIMETER ROAD LIGHTING	1,427
DG	DIEGO GARCIA NAVSUPPFAC	146	SANITARY/CUT FIL DISP AREA	6,956
GU	GUAM MI COMNAVMAIANAS	431	GENL PURP/BERTHING PIER	5,045
GU	GUAM MI COMNAVMAIANAS	432	DELTA/ECHO WHARVES IMPVS	4,754
GU	GUAM MI COMNAVMAIANAS	433	ROMEO/SIERRA WHARVES IMPVS	5,423
GU	GUAM MI COMNAVMAIANAS	439	VICTOR WHARF IMPROVEMENT	9,129
GU	GUAM MI COMNAVMAIANAS	440	VICTOR WHARF FENDER SYSTEM	3,997
GU	GUAM MI COMNAVMAIANAS	457	SINGLE SAILOR SUPT/GALLEY	7,334
GU	GUAM PWC	256	WATER TREATMENT PLT UPG	12,010
IT	LAMADDALENA IT NSO	991	BEQ HOMEPORT ASHORE	21,822
IT	LAMADDALENA IT NSO	999	ADMINISTRATIVE OFFICE	52,721
IT	NAPLES ITALY NSA	213	BEQ/NEX LAGO PATRIA	13,243
IT	NAPLES ITALY NSA	921	AFSOUTH NATIONAL ELEM FAC	7,730
IT	SIGONELLA ITALY NAS	640	BASE OPERATIONS SUPPORT II	38,505
VAR	X/MCON DESIGN FUNDS	206	MCON DESIGN FUNDS (N4)	118,176
VAR	X/MCON DESIGN FUNDS	506	MCON DSGN FND—MARCORPS	12,915
VAR	X/UNSPECIFIED MINOR CONST	206	UNSPECIFIED MINOR CONSTR	13,771
VAR	Z/VARLOCS MILCON	998	WHARF UPGRADE	38,048
	FISCAL YEAR 2006 TOTAL			1,487,981
	PY 2007			
CA	CAMP PENDLETON CA MCB	41	AVTB/DEL MAR BOAT BASN FAC	3,177
CA	CAMP PENDLETON CA MCB	42	AAAV MAINTENANCE FACILITY	10,647
CA	CAMP PENDLETON CA MCB	51	BACHELOR ENLISTED QUARTERS	19,071
CA	CAMP PENDLETON CA MCB	52	BACHELOR ENLISTED QUARTERS	19,466
CA	CAMP PENDLETON CA MCB	97	BACHELOR ENLISTED QUARTERS	18,967
CA	CAMP PENDLETON CA MCB	112	WASTEWATER CONVEYANCE (PH3)	20,547
CA	CAMP PENDLETON CA MCB	563	FIRE STATION DEL MAR	2,227
CA	CAMP PENDLETON CA MCB	780	FSSG HQ CHAPPO	13,684
CA	CAMP PENDLETON CA MCB	991	BACHELOR ENLISTED QUARTERS	13,684
CA	CHINA LAKE CA NAWCWPNSDIV	527	MISSILE MAGAZINES	3,032
CA	CHINA LAKE CA NAWCWPNSDIV	528	RANGE RESIDUE FACILITY	2,685
CA	CORONADO CA NAVPHIBASE	739	WATERFRONT CMD/CTL FAC	14,064
CA	CORONADO CA NAVPHIBASE	742	BEQ—SHIPBOARD ASHORE	16,345
CA	EL CENTRO CA NAF	04	COMBINED FIRE/RESCUE STA	4,669
CA	EL CENTRO CA NAF	206	ORDNANCE LOAD PADS	9,741
CA	EL CENTRO CA NAF	244	APRON & HANGAR RECAP	12,645
CA	LEMOORE CA NAS	215	AVIATION WAREHOUSE	1,024
CA	LEMOORE CA NAS	233	COLLEGE CAMPUS	3,789
CA	LEMOORE CA NAS	234	BEQ TRANSIENT	5,345
CA	MONTEREY CA NPGS	188	EDUCATIONAL FAC REPL I	8,894
CA	NAS PT MUGU CA NAVAIRWARC	276	TACTICAL SUPPORT CENTER	6,443
CA	POINT MUGU CA NAVBASE	773	READY MISSILE MAGAZINE	3,041
CA	PORT HUENEME CA CBC	537	APPLIED INSTRUCTION BLDG	3,789
CA	PORT HUENEME CA CBC	543	OPER BATTALION FACILITY	5,289
CA	PORT HUENEME CA NSWC DIV	14	CMBT SYS/BATTLEGRP INT FAC	10,990
CA	SAN DIEGO CA MCRD	293	RECRUIT SUPPORT BARRACKS	14,271
CA	SAN DIEGO CA NAS NORTH IS	503	CHILD DEVELOP CTR CONSOL	9,023
CA	SAN DIEGO CA NAS NORTH IS	835	ORDNANCE HANDLING PAD	2,388
CA	SAN DIEGO CA NAS NORTH IS	840	BEQ—SHIPBOARD ASHORE	31,296
CA	SAN DIEGO CA NAVSTA	327	REPLACE BERTHING PIER	66,331
CA	SAN DIEGO CA SPAWARSYSCEN	96	C4I SYSTEM INTEGRATION	10,507
CA	SEAL BEACH CA NAVWPNSTA	224	AMMO WHARF & TURNING BASIN	54,528
CA	TWENTYNINE PALMS CA MAGCC	604	STUDENT INDEPENDENT STUDY	2,331

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
CA	TWENTYNINE PALMS CA MAGCC	614	OPERATIONAL TRAINING CTR	11,729
CT	NEW LONDON CT NAVSUBSCH	462	MK-10 SUB ESCAPE TRNG FAC	13,386
CT	NEW LONDON CT NSB	465	PIER 2 REPLACEMENT	18,176
CT	NEW LONDON CT SUBSUPPFAC	430	TOMAHAWK MISSILE MAGAZINE	2,331
FL	JACKSONVILLE FL NADEP	244	PRODUCT SUPPORT BLDG	3,677
FL	JACKSONVILLE FL NADEP	245	WAREHOUSE REPLACEMENT	3,362
FL	JACKSONVILLE FL NADEP	250	ORDNANCE OPERATIONS FAC	2,846
FL	MAYPORT FL NS	773	BEQ—SHIPBOARD ASHORE INC I	27,659
FL	PANAMA CITY FL NSWCCSTSYS	380	BACHELOR QTRS TRANSIENT	6,419
FL	PENSACOLA FL NAS	721	PIER 302 RECAPITALIZATION	8,137
HI	KANEOHE BAY HI MCB	06	PHYSICAL FITNESS CENTER	8,725
HI	KANEOHE BAY HI MCB	604	HANGAR 102 FIRE PROTECTION	3,709
HI	KANEOHE BAY HI MCB	751	BACHELOR ENLISTED QUARTERS	17,987
HI	KANEOHE BAY HI MCB	809	PARKING STRUCTURE	11,770
HI	PEARL HARBOR HI NS	582	ADMINISTRATIVE OFFICE	6,008
HI	PEARL HARBOR HI NS	587	DEPERMING PIER SEE 159-30	24,498
HI	PEARL HARBOR HI NS	621	BRAVO DOCK IMPROVEMENTS	7,902
HI	PEARL HARBOR HI NS	625	BQ/CMD BLDGS SECURITY SYS	13,829
HI	PEARL HARBOR HI NS	629	RECONSTRUCT WHARF (FI)	31,610
HI	PEARL HARBOR HI PWC	704	RELIEF SEWER LINE SO. AVE	4,113
ID	BAYVIEW ID NSURFWARCEDET	207	PIER & BOATHOUSES	3,515
IL	GREAT LAKES IL NTC	664	EXTEND RECRUIT SUPPORT CTR	2,854
IL	GREAT LAKES IL NTC	742	RTC BARRACKS	32,433
IL	GREAT LAKES IL NTC	743	RTC BARRACKS	34,166
IL	GREAT LAKES IL NTC	744	RTC BARRACKS	33,441
IN	CRANE IN NAVSURFWARCENDIV	310	PROD ASSURANCE MGMT FAC	9,798
IN	CRANE IN NAVSURFWARCENDIV	318	ORDNANCE T&E COMPLEX	9,136
IN	CRANE IN NAVSURFWARCENDIV	321	WATER DIST SYS REPL	5,927
IN	CRANE IN NAVSURFWARCENDIV	322	SEWER SYSTEM REPLACEMENT	1,072
IN	CRANE IN NAVSURFWARCENDIV	327	JOINT ORD ENG&LOG MGMT FAC	9,838
ME	KITTERY ME PORTSMOUTH NSY	264	ENGINEERING MGMT BLDG IMPV	1,064
ME	KITTERY ME PORTSMOUTH NSY	266	STRUCTURAL SHOP CONSOL	14,224
ME	KITTERY ME PORTSMOUTH NSY	267	TRANSDUCER TEST & CALB FAC	7,507
ME	KITTERY ME PORTSMOUTH NSY	269	EMERGENCY RESPONSE FAC	4,580
MD	BETHESDA MD NSWCCARDEROCK	102	SHIP PROTECT DYNAMICS LAB	8,693
MD	INDIAN HEAD MD NSWCTRDIV	120	JOINT CAD/PAD TEST FAC	14,305
MD	INDIAN HEAD MD NSWCTRDIV	144	CONFINED BURN FACILITY	16,200
MD	PATUXENT RIVER MD AWCACDV	536	AIRCRAFT SYS LAB ADDN	3,362
MD	PATUXENT RIVER MD AWCACDV	729	ATC & LS INTEGRATION LAB	5,846
MD	PATUXENT RIVER MD AWCACDV	966	AIR OPS CONTROL TOWER	5,855
MD	PATUXENT RIVER MD AWCACDV	978	ID SYSTEM ENGINEERING LAB	16,483
MS	MERIDIAN MS NAS	293	STUDENT UN/SNGL SAILOR FAC	3,435
MS	PASCAGOULA MS NS	120A	BEQ—SHIPBD ASHR (03 ADD)	9,117
MS	PASCAGOULA MS NS	122	WEAPONS WHARF	10,273
NV	FALLON NV NAS	362	RANGE IMPROVEMENTS TGTB-20	3,081
NC	CAMP LEJEUNE NC MCB	1030	ENLISTED DINING FACILITY	9,410
NC	CAMP LEJEUNE NC MCB	1047	BACHELOR ENLISTED QUARTERS	14,781
NC	CAMP LEJEUNE NC MCB	1086	4TH MEB COMMAND CENTER	7,345
NC	CAMP LEJEUNE NC MCB	1089	4TH MEB OPERATIONS COMPLEX	13,039
NC	CAMP LEJEUNE NC MCB	882	ENLISTED DINING FACILITY	9,483
NC	CAMP LEJEUNE NC MCB	945	EOD OPERATIONAL FACILITY	4,060
NC	CHERRY POINT NC NADEP	985	V22 GEAR BX REP & TEST FAC	9,064
NC	CHERRY POINT NC NADEP	986	V22 ROTOR BLADE REPL FAC	3,895
PA	MECHANICSBURG NAVSUPPACT	10A	NAVSUPSYSCOMHQ FACS INC II	16,886
PA	NSY NORFOLK DET PHILA PA	610	INSIDE MACHINE SHOP IMPVS	13,668
PA	PHILADELPHIA PA NSWCSES	205	FS ELECTRIC DRIVE TEST FAC	9,879
RI	NEWPORT RI NAVSTA	452	CBQ	31,756
RI	NEWPORT RI NAVWARCOL	10	NATIONAL SECURITY RES CTR	35,142
RI	NEWPORT RI NS	451	BEQ REPLACEMENT (BOOST)	22,659
RI	NEWPORT RI NS	454A	BEQ REPLACEMENT (NAPS)	4,435
SC	BEAUFORT SC MCAS	414	F/A-18 SUPPORT FAC (PH II)	6,604
SC	BEAUFORT SC MCAS	425	CONSOLIDATED COMM FACILITY	6,322
SC	BEAUFORT SC MCAS	427	GROUND SUPPORT EQUIP SHOP	3,378

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
SP	ROTA SP NCB CB CPMITCHELL	690	BACHELOR ENLISTED QUARTERS	15,202
TN	MILLINGTON TN SUPPACT	357	BLDG 750 ALT/EMPRIS/DPRIS	4,266
VA	DAHLGREN VA NSWCTR DIV	274	FITNESS CENTER ADDITION	3,766
VA	LITTLE CREEK VA NAVPHIBSE	203	PIER 18 & 19 REPLACEMENT	21,498
VA	LITTLE CREEK VA NAVPHIBSE	223	REPLACE PIERS 58 & 59	19,756
VA	LITTLE CREEK VA NAVPHIBSE	386	MOB DIVING SALVGE UNT OPS	4,781
VA	NORFOLK VA LANFLTHQSPACT	830B	CLF/TYCOM HQ FACS INC III	35,562
VA	NORFOLK VA NS	154	STRENGTHEN ACFT PARKG APRN	3,952
VA	NORFOLK VA NS	155	RECONSTRUCT TAXIWAY D	4,741
VA	NORFOLK VA NS	297	BEQ—SHIPBOARD ASHORE INC I	28,449
VA	NORFOLK VA NS	303	BEQ—SHIPBOARD ASHORE INC I	28,449
VA	NORFOLK VA NS	399	CARGO TERMINAL FAC INC I	33,191
VA	NORFOLK VA NS	495	CHAMBERS FIELD MAGAZINE	4,234
VA	NORFOLK VA NS	527	BEQ HOMEPORT ASHORE INC I	31,627
VA	NORFOLK VA NS	701	FIRE STATION	3,491
VA	PORTSMOUTH VA NORFOLK NSY	239A	BEQ TRANSIENT INC II	24,530
VA	PORTSMOUTH VA NORFOLK NSY	382	DRYDOCK #8 EXTENSION	21,982
VA	PORTSMOUTH VA NORFOLK NSY	391	SHIP REPAIR PIER REPL	13,668
VA	YORKTOWN VA	34	CONSOL CARGO HANDLING AREA	3,871
VA	YORKTOWN VA NWS	215	RECAP IGL00 MAGAZINES	6,008
VA	YORKTOWN VA NWS	387A	NORTH TRES&PIER REPL (II)	14,443
VA	YORKTOWN VA NWS	397	FAMILY SERVICES CENTER	1,580
WA	BANGOR WA NAVSUBASE	379	ELEC DIST UPGRADES	2,532
WA	BANGOR WA NAVSUBASE	380	STEAM DIST MODERNIZATION	4,959
WA	BANGOR WA SWF PAC	813	SPECIAL WEAPONS MAGAZINES	2,451
WA	BREMERTON WA NS	305	BEQ HOMPORT ASHORE PH I	19,595
WA	BREMERTON WA NS	307	BEQ—SHIPBOARD ASHORE	20,224
WA	BREMERTON WA NS	311	CONSOLIDATE FUEL FACILITY	4,266
WA	EVERETT WA NAVSTA	155	BEQ HOMEPORT ASHORE (PH I)	28,224
WA	KEYPORT WA NUWC DIV	382	UNDERSEA VEH SHIP/RCV FAC	5,451
WA	PUGET SOUND WA NAVSHIPYD	347	PRODUCTION SHOP CNSLDTN	22,127
WA	PUGET SOUND WA NAVSHIPYD	356	CVN MAINT PIER REPLACEMENT	60,799
WA	PUGET SOUND WA NAVSHIPYD	360	ADMINISTRATIVE OFFICE	10,693
WA	PUGET SOUND WA NAVSHIPYD	367	SEISMIC IMPROVEMENTS	7,669
WA	WHIDBEY IS WA NAS	129	JP-8 TRUCK LOADING FAC	2,307
WA	WHIDBEY IS WA NAS	155	CORROSION CONTROL HANGAR	11,378
WA	WHIDBEY IS WA NAS	156	COMBAT A/C LOADING AREA	16,758
WA	WHIDBEY IS WA NAS	159	ACADEMIC INSTR BUILDING	669
WA	WHIDBEY IS WA NAS	160	WASHRACK (INDOOR)	7,194
BA	NAVSUPPACT BAHRAIN	906	AVIATION FACILITIES	33,254
DG	DIEGO GARCIA NAVSUPPFAC	113	HAZARDOUS WASTE FACILITY	629
DG	DIEGO GARCIA NAVSUPPFAC	124	WATER SYSTEM IMPROVES	7,902
GR	SOUDA BAY CRETE NAVSUPACT	744	QOL UPGRADES	11,736
GU	GUAM MI COMNAVMAIANAS	436	DRDGING ROMEO/SIERRA/BRAVO	15,572
IT	LAMADDALENA IT NSO	992	BEQ HOMEPORT ASHORE	18,968
IT	SIGONELLA ITALY NAS	641	ADMINISTRATIVE OFFICE	20,517
UK	LONDON UK NAVACTS	701	HQ MODERNIZATION I	11,935
VAR	X/MCON DESIGN FUNDS	217	MCON DESIGN FUNDS (N4)	111,710
VAR	X/MCON DESIGN FUNDS	507	MCON DSGN FNDS—MARCORPS	17,831
VAR	X/UNSPECIFIED MINOR CONST	207	UNSPECIFIED MINOR CONSTR	13,164
FISCAL YEAR 2007 TOTAL				1,959,375
PY 2008				
AZ	YUMA AZ MCAS	520	FIXED WING FUELING APRON	4,042
CA	BARSTOW CA MCLB	608	BUILDING MODERNIZATION	25,368
CA	BARSTOW CA MCLB	930	FLD MAINT SHOP	9,264
CA	CAMP PENDLETON CA MCB	09	ISR CAMP INTEL BATTALION	11,312
CA	CAMP PENDLETON CA MCB	43	BACHELOR ENLISTED QUARTERS	22,608
CA	CAMP PENDLETON CA MCB	90	BACHELOR ENLISTED QUARTERS	11,183
CA	CAMP PENDLETON CA MCB	110	RECL FOR MARG BASIN (PH4)	17,115
CA	CHINA LAKE CA NAWCWPNDIV	61	SURFACE TARGETS DEV LAB	4,649
CA	CHINA LAKE CA NAWCWPNDIV	102	SHIPS/MAR SYS INTERGR LAB	6,966

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
CA	CHINA LAKE CA NAWCWPNDIV	126	WAREHOUSE (SNI)	7,378
CA	CHINA LAKE CA NAWCWPNDIV	253	MULTI-PURPOSE REC CEN SNI	14,310
CA	CHINA LAKE CA NAWCWPNSDIV	104	CONSOLID A/F ADMIN FAC	11,002
CA	CHINA LAKE CA NAWCWPNSDIV	105	RECONSTRUCT RUNWAY/TAXIWAY	6,887
CA	CHINA LAKE CA NAWCWPNSDIV	359	AIR TRAFFIC CONTROL TOWER	2,273
CA	CORONA CA NAVSURFWARCENDI	08	GUIDED MISSILE LAB	10,623
CA	CORONADO CA NAVPHIBASE	142	OPERATIONS FACILITY	4,434
CA	MIRAMAR CA MCAS	110	INSTALL HVAC TO BLDG 9277	3,289
CA	MONTEREY CA NPGS	188A	EDUCATIONAL FAC REPL II	33,119
CA	NORTH ISL CA NAVAIRDEPOT	729	SUPPORT EQUIP MAT STAGING	2,393
CA	POINT MUGU CA NAVBASE	85	JET ENGINE TEST CELL	8,610
CA	PORT HUENEME CA CBC	479	FITNESS CENTER REPL	7,722
CA	PORT HUENEME CA CBC	542	MILITRY READINESS TRNG FAC	6,044
CA	SAN DIEGO CA NAS NORTH IS	180	ENVIRONMENTAL LABORATORY	2,583
CA	SAN DIEGO CA NAS NORTH IS	657	REPLACE TAXIWAY	9,479
CA	SAN DIEGO CA NAS NORTH IS	745	APPLIED INSTRUCTION BLDG	12,062
CA	SAN DIEGO CA NAS NORTH IS	767	REPLACE MWR COMPLEX	12,483
CA	SAN DIEGO CA NAS NORTH IS	841	BEQ—SHIPBOARD ASHORE	33,413
CA	SAN DIEGO CA NAS NORTH IS	842	BEQ—SHIPBOARD ASHORE	33,413
CA	SAN DIEGO CA NAS NORTH IS	864	AUTO VEHICLE MAINT SHOP	8,747
CA	SAN DIEGO CA NAVSTA	407	BEQ HOMEPORT ASHORE	38,562
CA	SAN DIEGO CA NAVSTA	410	LEGAL SERVICES FACILITY	7,128
CA	SAN DIEGO CA NSB	144	FIRE PROTECTION	2,066
CA	TWENTYNINE PALMS CA MAGCC	175	FIRE STA/PROVOST MARSHALL	4,563
CA	TWENTYNINE PALMS CA MAGCC	686	BACHELOR ENLISTED QUARTERS	21,514
CA	TWENTYNINE PALMS CA MAGCC	906	BEQ & POV PARKING STRUCT	25,368
CA	TWENTYNINE PALMS CA MAGCC	908	BACHELOR ENLISTED QUARTERS	17,046
CT	NEW LONDON CT NSB	404	SWIMMING POOL REPLACEMENT	6,715
CT	NEW LONDON CT NSB	464	PIER 31 REPLACEMENT	20,421
DC	WASHINGTON DC COMNAVDIST	22	CONVERT BUILDING W-101	6,793
DC	WASHINGTON DC COMNAVDIST	351	REG INTRUSION DETECT SYS	4,555
DC	WASHINGTON DC COMNAVDIST	357	PERIMETER WALL—ANACOS/BELV ...	3,711
FL	JACKSONVILLE FL NAS	269	LAND PURCHASE	1,790
FL	KEY WEST FL NAF	579	POST OFFICE	3,038
FL	KEY WEST FL NAF	901	AT/FP	1,790
FL	KEY WEST FL NAF	903	CVQ & GALLEY AT/FP UPGRADE	4,279
FL	MAYPORT FL NS	192	ACADEMIC INSTRUCTION BLDG	1,024
FL	MAYPORT FL NS	773A	BEQ—SHIPBOARD ASHORE INCII	22,040
FL	MAYPORT FL NS	888	UPGRADE WHARF B	21,851
FL	PENSACOLA FL NAS	720	CARRIER DREDGING	50,821
GA	ATHENS GA NSCS	998	POUND HALL RENOVATIONS	6,182
GA	KINGS BAY GA SWFLANT	587	MSL TRNSPORTER SAFEHAVENS	3,797
HI	BARKING SANDS HI PMRF	410	CONSOL RANGE CTL CENTER	13,500
HI	BARKING SANDS HI PMRF	413	SECURTY/PERIMTR FENCE/WALL	6,749
HI	LUALUALEI HI NM	167	SECURITY LIGHTING	4,890
HI	PEARL HARBOR HI FISC	156	CONSOL AUTOMATED WAREHOUSE	19,491
HI	PEARL HARBOR HI FISC	189	SHORE PWR IMPVS HOTEL/KILO	20,250
HI	PEARL HARBOR HI FISC	195	SECURTY/PERIMTR FENCE/WALL	8,858
HI	PEARL HARBOR HI NS	124	RECONSTRUCT WHARF S-1	33,499
HI	PEARL HARBOR HI NS	150	BERTHING WHARF IMPROV	15,694
HI	PEARL HARBOR HI NS	596	CONSOLIDATE TRNG CAMPUS	27,248
HI	PEARL HARBOR HI NS	620	SECURITY UPGRADE (MAKALAPA)	10,124
HI	PEARL HARBOR HI NS	622	MIKE IMPROVEMENTS	4,218
HI	PEARL HARBOR HI NSY	98	CONSOLIDATE CRANE DEPT	5,063
HI	PEARL HARBOR HI NSY	315	DRYDOCK	10,297
HI	PEARL HARBOR HI PWC	706	UTILITIES SECURITY IMPVS	3,797
HI	PEARL HARBOR HI PWC	709	CONSOL/SECTY IMPVS (INCR I)	16,874
IL	GREAT LAKES IL NTC	485	HVAC UPGRADE BLDG I	7,232
IL	GREAT LAKES IL NTC	629	RTC PASS/SECURITY BUILDING	1,102
IL	GREAT LAKES IL NTC	713	BEQ A SCHOOL REPLACEMENT	29,392
IL	GREAT LAKES IL NTC	714	BEQ A SCHOOL REPLACEMENT	29,943
IL	GREAT LAKES IL NTC	773	RELOCATE SECURITY FACILITY	3,737
IL	GREAT LAKES IL PWC	533	PUBLIC WORKS SHOPS	11,915

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
IL	GREAT LAKES IL PWC	753	WASTEWATER TREATMENT FAC	5,192
IN	CRANE IN NAVSURFWARCENDIV	906	ANTITERR/FORCE PROT IMPV	9,995
ME	BRUNSWICK ME NAS	175	WEAPONS MAGAZINES REPL	3,185
ME	KITTERY ME PORTSMOUTH NSY	268	WATERFRONT SUPPORT FAC	16,789
MD	ANNAPOLIS MD NAVACAD	165A	CENTRAL CHILLER SYS UPGRD	5,183
MD	BETHESDA MD NSWCARDEROCK	901	SECURITY FACILITY	4,890
MD	INDIAN HEAD MD NSWCTRDIV	154	JOINT CAD/PAD TRANSFER FAC	7,263
MD	INDIAN HEAD MD NSWCTRDIV	166	WEAPONS ENGINEERING FAC	8,377
MD	INDIAN HEAD MD NSWCTRDIV	167	RESEARCH LAB COMPLEX	13,629
MD	INDIAN HEAD MD NSWCTRDIV	171	FORCE PROTECTION IMPVS	11,812
MD	PATUXENT RIVER MD AWCACDV	103	RD&E COMMAND OPS CENTER	11,984
MD	PATUXENT RIVER MD AWCACDV	107	ROTARY WING TEST SUPT FAC	6,208
MD	PATUXENT RIVER MD AWCACDV	110	CONSOL A/C INTER MAINT FAC	17,796
MD	PATUXENT RIVER MD AWCACDV	115	FINGER PIER REPL, KEY WEST	3,349
MD	PATUXENT RIVER MD AWCACDV	123	SECURE MAIL FACILITY	1,722
MD	PATUXENT RIVER MD AWCACDV	128	BATTLE FORCE SUPPORT	29,401
MD	PATUXENT RIVER MD AWCACDV	960	ACFT APRON EXPAN & IMPR	8,815
MD	PATUXENT RIVER MD AWCACDV	961	ROTARY WING TEST FACILITY	6,346
MD	PATUXENT RIVER MD AWCACDV	981	HIGH EXPLOSIVE MAGAZINES	3,591
MD	PATUXENT RIVER MD AWCACDV	986	FORCE PROT IMPV GUARD HSE	11,303
MD	PATUXENT RIVER MD AWCACDV	987	RANGE THEODOLITE TRACK STN	3,340
MS	GULFPORT MS NAVCONSTRACEN	782	BUILDERS APPLIED INST FAC	6,500
MS	GULFPORT MS NAVCONSTRACEN	784	CONSOLIDATED DRT FACILITY	3,883
MS	MERIDIAN MS NAS	296	RENOVATE BUILDING 100	1,636
MS	MERIDIAN MS NAS	299	PUBLIC SAFETY FACILITY	1,541
MS	MERIDIAN MS NAS	310	AIRFIELD PERIMETER FENCING	4,727
NJ	LAKEHURST NJ NAWC ACFTDIV	999	PERIM & IS SECURITY IMPVS	3,641
NC	CAMP LEJEUNE NC MCB	1017	BACHELOR ENLISTED QUARTERS	15,247
NC	CAMP LEJEUNE NC MCB	1033	CONSOL ACADEMIC BLDG (PH2)	12,406
NC	CAMP LEJEUNE NC MCB	1042	ARMORIES (2D MEF)	4,063
NC	CAMP LEJEUNE NC MCB	1372	BACHELOR ENLISTED QUARTERS	15,247
NC	CAMP LEJEUNE NC MCB	1381	BACHELOR ENLISTED QUARTERS	17,718
NC	CAMP LEJEUNE NC MCB	920	MAINT SHOP/UTIL PLATOON	3,953
NC	CHERRY POINT NC MCAS	130	MOTOR TRANSPORT & COM SHOP	7,806
NC	CHERRY POINT NC NADEP	981	CENTRAL COMP AIR FACILITY	6,939
NC	NEW RIVER NC MCAS	526	AIRCRAFT HANGAR	11,915
PA	MECHANICSBURG NAVSUPPACT	10B	NAVSUP HQ FACS INCR III	21,773
PA	NSY NORFOLK DET PHILA PA	611	PRODUCTION SHOP MODERN	7,844
PA	PHILADELPHIA PA NSWCSSSES	106	VIRT INTEG SHIP TSTNGFAC	6,122
RI	NEWPORT RI NAVSTA	370	TRAINING POOL REPLACEMENT	3,331
RI	NEWPORT RI NAVSTA	453	REPL FUEL OIL STOR TANKS	2,859
RI	NEWPORT RI NAVSTA	455	NAVAL JUSTICE SCHOOL ALTS	5,622
RI	NEWPORT RI NUSWCTR DIV	75	SUB PAYLOADS/INTEGR LAB	8,385
RI	NEWPORT RI NUSWCTR DIV	76	U/S LAUNCHER/MISLE SYS LAB	8,351
SC	BEAUFORT SC MCAS	424	AICUZ LAND ACQUISITION	13,611
SC	CHASN NAVAL WPN STATION	53	ENGINEERING FUNCTION CONSOL	4,149
SC	PARRIS ISLAND SC MCRD	336	SUPT BN BARRACKS & OPS CTR	4,218
TN	MILLINGTON TN SUPPACT	352	ACADEMIC INSTRUCTION BLDG	3,340
TN	MILLINGTON TN SUPPACT	359	HAZARDOUS WASTE STRG FAC	757
TX	CORPUS CHRISTI TX NAS	353	AVIATION TRAINER FACILITY	5,838
TX	CORPUS CHRISTI TX NAS	435	CONTROL TOWER	8,438
TX	INGLESIDE TX NS	72	COMMUNITY SUPPORT FACILITY	5,209
TX	KINGSVILLE TX NAS	192	CRASH STRIP RUNWAY	16,995
VA	DAHLGREN VA NAVSPACECOM	17	PHYS SECTY ENHANCE (CENT)	6,233
VA	DAHLGREN VA NSWCTR DIV	295	MARITIME DIRECTED ENGY CTR	11,812
VA	DAHLGREN VA NSWCTR DIV	300	EMERGENCY OPERATIONS CTR	4,218
VA	DAHLGREN VA NSWCTR DIV	305	INFRAST ASSURANCE FAC ADDN	5,399
VA	LITTLE CREEK VA NAVPHIBSE	205	SWDG SUPPORT FACILITY	1,937
VA	LITTLE CREEK VA NAVPHIBSE	227	REP/UPGR PIER & QUAYWALL	17,546
VA	LITTLE CREEK VA NAVPHIBSE	257	PIERS 14 & 15 REPLACEMENT	19,741
VA	LITTLE CREEK VA NAVPHIBSE	261	BOAT REPAIR FACILITY	3,547
VA	NORFOLK VA LANFLTHQSPACT	830C	CLT/TYCOM HQ FAC (INCR IV)	32,836
VA	NORFOLK VA NS	49	PIER 3 REPLACEMENT	41,996

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
VA	NORFOLK VA NS	51	PIER 10 REPLACEMENT	38,725
VA	NORFOLK VA NS	297A	BEQ—SHIPBOARD ASHORE INCII	25,311
VA	NORFOLK VA NS	303A	BEQ—SHIPBOARD ASHORE INCII	25,311
VA	NORFOLK VA NS	311	BEQ HOMEPORT ASHORE INC I	28,410
VA	NORFOLK VA NS	391	PIER 15 INCR I	33,748
VA	NORFOLK VA NS	527A	BEQ—SHIPBOARD ASHORE INCII	25,311
VA	NORFOLK VA NS	668	FLEET OPERATIONS CENTER	30,881
VA	NORFOLK VA NS	765	POLICE STATION	2,531
VA	NORFOLK VA NS	977	BRIG RENOVATIONS	4,132
VA	OCEANA VA NAS	401	HANGAR 200 UPGRADE	1,265
VA	OCEANA VA NAS	936	MAGAZINE REPLACEMENT	1,076
VA	PORTSMOUTH VA NORFOLK NSY	353	FIRE DEPARTMENT BUILDING	5,063
VA	PORTSMOUTH VA NORFOLK NSY	377	PWC SUPPORT FACILITY ALTS	3,125
VA	PORTSMOUTH VA NORFOLK NSY	383	CONTROLLED INDUSTRIAL FAC	32,208
VA	PORTSMOUTH VA NORFOLK NSY	513	WTRFRNT PROD SUPPORT FAC	18,562
VA	QUANTICO VA MCCOMBDEV CMD	479	INFRASTRUCTURE RUSSELL RD	8,158
VA	YORKTOWN VA	389	TRESTLE & PIER REPL INC I	29,530
VA	YORKTOWN VA NWS	213	RECAP IGLOO MAGAZINES	6,500
VA	YORKTOWN VA NWS	381	FELGATES CREEK BRIDGE REPL	1,145
VA	YORKTOWN VA NWS	385	CHILD DEVELOPMENT CENTER	8,438
WA	BANGOR WA SWF PAC	311	UTIL & SITE IMPVS (PH IV)	2,850
WA	BANGOR WA SWF PAC	973	LA PROCESSING & STG CMLX	45,560
WA	BANGOR WA SWF PAC	974	HARDENED MISSILE MAGAZINE	71,716
WA	EVERETT WA NAVSTA	151	AEGIS TRAINING FACILITY	4,391
WA	EVERETT WA NAVSTA	155A	BEQ HOMEPORT ASHORE (PH II)	30,132
WA	INDIAN ISLAND WA NAVMAG	335	MISSILE MAGAZINES	8,902
WA	INDIAN ISLAND WA NAVMAG	336	MISSILE MAGAZINES	7,929
WA	KEYPORT WA NUWC DIV	392	EMERGENCY COMMAND CENTER	6,413
WA	PUGET SOUND WA NAVSHIPYD	366	PLANNING YARD&SHOP STG FAC	8,858
WA	PUGET SOUND WA NAVSHIPYD	368	WELDER/SHOPFITTER SHOP IMP	18,312
WA	PUGET SOUND WA NAVSHIPYD	374	DRYDOCK #6 CAISSON REPLMNT	12,002
WA	WHIDBEY IS WA NAS	119	YOUTH CENTER	3,814
DG	DIEGO GARCIA NAVSUPPFAC	135	THEATER	7,258
GU	GUAM MI COMNAVMAIANAS	425	HIGH PERFORMANCE MAGS	22,532
GU	GUAM MI COMNAVMAIANAS	446	GYMNASIUM	9,109
GU	GUAM MI COMNAVMAIANAS	462	BEQ RENOVATIONS	8,351
IC	KEFLAVIK ICELAND NAS	565	BASE PERIMETER SECTY FENCE	2,502
IT	NAPLES ITALY NSA	218	COMMUNITY FACILITIES GAETA	15,261
IT	SIGONELLA ITALY NAS	650	BASE OPERATIONS SUPPORT IV	16,119
PR	ROOSEVELT RDS PR NS	143	CESE WAREHOUSE	4,089
PR	ROOSEVELT RDS PR NS	526	CONCRETE BARRIER/BOXER DR	1,265
PR	ROOSEVELT RDS PR NS	620	TACTICAL SUPPORT CENTER	7,844
SP	ROTA SPAIN NS	648	PUBLIC WORKS COMPLEX	18,497
SP	ROTA SPAIN NS	662	AIR OPERATIONS UPGRADES	4,625
UK	LONDON UK NAVACTS	702	HQ MODERNIZATION II	7,823
UK	LONDON UK NAVACTS	703	UXBRIDGE RELOCATION I	19,942
UK	LONDON UK NAVACTS	704	UXBRIDGE RELOCATION II	20,574
VAR	X/MCON DESIGN FUNDS	218	MCON DESIGN	125,174
VAR	X/MCON DESIGN FUNDS	508	MCON DSGN FNDS—MARCORPS	28,641
VAR	X/UNSPECIFIED MINOR CONST	208	UNSPECIFIED MINOR CONSTR	15,797
VAR	Z/VARLOCS MILCON	251	EARS LAND BASED SITE	10,969
	FISCAL YEAR 2008 TOTAL			2,377,878
	PY 2009			
AZ	YUMA AZ MCAS	378	SECURITY OPS FACILITY	10,762
CA	BARSTOW CA MCLB	167	BACHELOR ENLISTED QUARTERS	10,228
CA	BARSTOW CA MCLB	203	INDOOR PHYSICAL FIT CTR	6,496
CA	BARSTOW CA MCLB	403	CONSOLIDATED SEC FAC	1,454
CA	BARSTOW CA MCLB	935	HQ BLDG FOR FLEET SUPT CTR	2,889
CA	BARSTOW CA MCLB	939	ENGINE DYNAMOMETER FAC	3,761
CA	CAMP PENDLETON CA MCAS	78	TACTICAL VAN PAD EXPANSION	2,734
CA	CAMP PENDLETON CA MCB	06	DEMO STP SOUTH SYS (PH 5)	5,507

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
CA	CAMP PENDLETON CA MCB	25	BACHELOR ENLISTED QUARTERS	14,921
CA	CAMP PENDLETON CA MCB	28	BACHELOR ENLISTED QUARTERS	12,449
CA	CAMP PENDLETON CA MCB	32	MARDIV COMMAND HEADQUARTER	5,507
CA	CAMP PENDLETON CA MCB	65	MESS HALL, DEL MAR	15,135
CA	CAMP PENDLETON CA MCB	79	5 MILLION GALLON RESERVOIR	7,523
CA	CAMP PENDLETON CA MCB	94	BACHELOR ENLISTED QUARTERS	24,229
CA	CAMP PENDLETON CA MCB	101A	BACHELOR ENLISTED QUARTERS	16,152
CA	CAMP PENDLETON CA MCB	113	WATER/WW TDS RED FAC (B-PH3)	30,685
CA	CAMP PENDLETON CA MCB	569A	FIRE STATION, PULGAS	2,561
CA	CAMP PENDLETON CA MCB	604	CHILD DEVELOPMENT CENTER	7,825
CA	CHINA LAKE CA NAWCWPNDIV	106	CONSOLIDATE AIRFIELD FAC	7,611
CA	CHINA LAKE CA NAWCWPNDIV	111	PUBLIC WORKS COMPOUND	15,580
CA	CHINA LAKE CA NAWCWPNDIV	356	CHILD DEVELOPMENT CENTER	4,178
CA	CHINA LAKE CA NAWCWPNSDIV	133	BACHELOR QUARTERS	16,841
CA	CORONADO CA NAVPHIBASE	148	MISSILE COMPT SLING TESTER	6,767
CA	CORONADO CA NAVPHIBASE	765	LIBRARY/COMMUNITY BLDG	5,623
CA	EL CENTRO CA NAF	232	AVIATION EASEMENTS	10,180
CA	EL CENTRO CA NAF	242	SURVEILLANCE RADAR INSTALL	1,182
CA	LEMOORE CA NAS	218	AIR COMBAT TRNG FACILITY	3,781
CA	MIRAMAR CA MCAS	67	CONSTR RUNWAY 6L OVERRUN	15,580
CA	MIRAMAR CA MCAS	124	GROUND COMBAT TRNG RANGE	3,335
CA	MIRAMAR CA MCAS	126	POLICE STATION	3,335
CA	NAS PT MUGU CA NAVAIRWARC	255	LAND ACQ IN ESQD ARC	1,901
CA	POINT MUGU CA NAVBASE	281	AIRCRAFT TEST STAND PAD	689
CA	POINT MUGU CA NAVBASE	505	GENERAL WAREHOUSE, NAVY	9,046
CA	SAN DIEGO CA FASWTC PAC	387	GYMNASIUM	4,082
CA	SAN DIEGO CA NAS NORTH IS	749	S-3/C-2 HANGAR	33,750
CA	SAN DIEGO CA NAS NORTH IS	759	THIRD ST EXTENSION/GATE	17,956
CA	SAN DIEGO CA NAS NORTH IS	844	HANGAR MODERNIZATION	22,522
CA	SAN DIEGO CA NAVSTA	105	BUILDING 12 CONVERSION	20,932
CA	SAN DIEGO CA NAVSTA	300	BRIDGE REPLACEMENT	1,648
CA	SAN DIEGO CA NAVSTA	331	UPGRADE PIER 6	22,804
CA	SAN DIEGO CA NAVSTA	415	BEQ TRANSIENT	43,426
CA	SAN DIEGO CA NSB	138	BEQ UPGRADE	4,750
CA	TWENTYNINE PALMS CA MAGCC	904	BACHELOR ENLISTED QUARTERS	21,446
CT	NEW LONDON CT NSB	80	VEHICLE MAINTENANCE FAC	1,901
CT	NEW LONDON CT NSB	392	SUBMARINE BERTHING IMPRVS	7,223
CT	NEW LONDON CT NSB	466	REPLACE PIER 12	26,604
CT	NEW LONDON CT NSB	467	REPLACE PIER 10	23,753
CT	NEW LONDON CT NSB	469	REPLACE PIER 33	25,654
DC	WASHINGTON DC COMNAVDIST	332	ANACOSTIA SWIMMING POOL	4,750
FL	JACKSONVILLE FL NAS	216	COMBINE NCF OPS FACILITY	6,748
FL	JACKSONVILLE FL NAS	267	WHITEHOUSE OLF GUARD HOUSE	4,750
FL	JACKSONVILLE FL SUPSHIP	175	INDUSTRIAL MATRL COMPLEX	2,850
FL	KEY WEST FL NAF	677	HQS CONSOLIDATED FAC	8,930
FL	MAYPORT FL NS	999	UPGRADE WHARF E	10,830
FL	PENSACOLA FL NAS	727	HANGAR 1853 RECAPITALZTN	19,197
FL	PENSACOLA FL NAS	728	HANGAR 1854 RECAPITALZTN	22,804
HI	BANGOR WA SWF PAC	312	UTIL & SITE IMPVS (PH V)	3,500
HI	BARKING SANDS HI PMRF	407	CONSOL OPS ADMIN CENTER	13,496
HI	BARKING SANDS HI PMRF	408	CONSOLIDATED SUPPLY COMPLX	7,223
HI	KANEOHE BAY HI MCB	703	HAZ MATL/WASTE CONSOL FAC	5,419
HI	KANEOHE BAY HI MCB	749	BACHELOR ENLISTED QUARTERS	24,151
HI	KANEOHE BAY HI MCB	750	BACHELOR ENLISTED QUARTERS	22,047
HI	KANEOHE BAY HI MCB	758	BACHELOR ENLISTED QUARTERS	21,514
HI	KANEOHE BAY HI MCB	770	BACHELOR ENLISTED QUARTERS	22,154
HI	KANEOHE BAY HI MCB	774	PTA STORAGE FACILITIES	4,712
HI	LUALUALEI HI NM	138	FIRE STATION	2,375
HI	PEARL HARBOR HI FISC	185	SECONDARY SUPPLY WAREHOUSE	9,879
HI	PEARL HARBOR HI FISC	196	RECAP HOTEL 1-4	28,504
HI	PEARL HARBOR HI NS	516	CONSTRUCT CVN HARBOR DEPTH	35,727
HI	PEARL HARBOR HI NS	578	PHYS READINESS TRNG CTR	20,903
HI	PEARL HARBOR HI NS	579	REGIONAL BEQ	28,699

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
HI	PEARL HARBOR HI NS	586	BEQ MODERNIZATION	3,994
HI	PEARL HARBOR HI NS	590	BACH ENLISTED QTRS MODERN	20,330
HI	PEARL HARBOR HI NS	600	APPLIED INSTRUCTION BLDG	27,554
HI	PEARL HARBOR HI NS	605	DREDGE MAIN CHANNEL (PH I)	40,856
HI	PEARL HARBOR HI NS	611	BEQ MODERNIZATION	24,704
HI	PEARL HARBOR HI NS	612	BEQ MODERNIZATION	3,326
HI	PEARL HARBOR HI NS	613	DREDGE NORTH CHANNEL	67,460
HI	PEARL HARBOR HI NS	633	JICPAC RELOCATION (INCR I)	48,457
HI	PEARL HARBOR HI NSB	119	PIER & WATERFRONT UTIL	38,005
HI	PEARL HARBOR HI NSY	210	STRUCTURAL SHOP CONSOL	11,402
HI	PEARL HARBOR HI NSY	270	DD2 AFT WATERFRONT FAC	6,651
HI	PEARL HARBOR HI NSY	271	DD1 WATERFRONT FACILITY	6,651
HI	PEARL HARBOR HI PAC NFEC	461	FIELD ENGINEERING OPS CTR	28,504
HI	PEARL HARBOR HI PWC	442	ELEC DISTRIB SYSTEM IMPRS	15,203
HI	PEARL HARBOR HI PWC	477	ELEC SYS UPGRADE	9,724
HI	PEARL HARBOR HI PWC	488	ELEC DIST SYS IMPV (PUULUA)	23,753
HI	PEARL HARBOR HI PWC	492	HALAWA WATERLINE REPL	2,095
HI	PEARL HARBOR HI PWC	493	WTR DISTRIB LINE (WAIWA)	10,451
HI	PEARL HARBOR HI PWC	705	UTIL DIST SYS (FD IS) INC I	20,428
IL	GREAT LAKES IL NTC	507	CBU TRAINING BUILDING	5,323
IL	GREAT LAKES IL NTC	715	BEQ A SCHOOL REPLACEMENT	34,390
IL	GREAT LAKES IL NTC	716	BEQ A SCHOOL REPLACEMENT	35,475
IL	GREAT LAKES IL NTC	717	BEQ A SCHOOL REPLACEMENT	35,475
IL	GREAT LAKES IL NTC	751	PHYSICAL TRAINING FACILITY	5,875
IL	GREAT LAKES IL NTC	755	BEQ (NAVAL HOSPITAL)	12,942
IL	GREAT LAKES IL NTC	767	RECRUIT PROCESSING FAC ADD	11,460
IL	GREAT LAKES IL NTC	768	BEQ TPU	23,307
IL	GREAT LAKES IL PWC	564	WATER PLANT UPGRADE	6,651
IL	GREAT LAKES IL PWC	565	AUTO VEHICLE MAINT SHOP	7,611
IL	GREAT LAKES IL PWC	675	MODERNIZE 2.4KV SYS	12,207
ME	BRUNSWICK ME NAS	197	FIRE PROT SYS UPGRADES	10,200
ME	KITTERY ME PORTSMOUTH NSY	217	PAINT AND BLASTING SHOP	15,299
MD	ANNAPOLIS MD NAVACAD	208	SUPPLY WAREHOUSE	3,045
MD	ANNAPOLIS MD NAVACAD	309	BOAT SHOP RENOV B/234	1,901
MD	ANNAPOLIS MD NAVACAD	312	MULTI-PURPOSE BLDG	1,997
MD	ANNAPOLIS MD NAVACAD	316	PUBLIC WORKS SHOP	1,522
MD	ANNAPOLIS MD NAVACAD	320	APPLIED INSTRUCTION BLDG	32,809
MD	ANNAPOLIS MD NAVACAD	334	FIELD HOUSE @ TURNER FIELD	30,724
MD	BETHESDA MD NSWCCARDEROCK	304	SHIP VIRTUAL PROTOTPNG LAB	13,020
MD	INDIAN HEAD MD NSWCTRDIV	170	JOINT INTEROP CERT FAC	7,194
MD	PATUXENT RIVER MD AWCACDV	120	MARINE OPS FACILITY	6,787
MD	PATUXENT RIVER MD AWCACDV	127	AIRCRAFT EM T&E CATAPULT	21,145
MD	PATUXENT RIVER MD AWCACDV	130	AIRCRAFT DEVELOP SUPPT FAC	27,137
MD	PATUXENT RIVER MD AWCACDV	976	BOQ REPLACEMENT	11,188
MS	GULFPORT MS NCBC	791	REGMT/GROUP HQ (MARCOR)	2,211
MS	PASCAGOULA MS NS	101	ELEC DISTRIB LINES REPL	4,266
MS	PASCAGOULA MS NS	128	HAZ/FLAM/CHRMF WAREHOUSE	747
MS	STENNIS SPC CTR MS NAVOCO	10	OCEAN SCIENCE LAB	19,313
NV	FALLON NV NAS	289	AIR NAVIGATION BUILDING	3,704
NJ	LAKEHURST NJ NAWC ACFTDIV	112	ENGINEERING SUPPORT FAC	17,432
NC	CAMP LEJEUNE NC MCB	1016	BACHELOR ENLISTED QUARTERS	23,240
NC	CAMP LEJEUNE NC MCB	1034	INTEL OPERATIONS CENTER	12,246
NC	CAMP LEJEUNE NC MCB	1035	MATERIAL DISTRIBUTION CTR	11,402
NC	CAMP LEJEUNE NC MCB	1088	BACHELOR ENLISTED QUARTERS	33,352
NC	CAMP LEJEUNE NC MCB	126	ASP UPGRADES PH II	5,506
NC	CAMP LEJEUNE NC MCB	417	ORGANIZATIONAL EQUIP STRG	4,159
NC	CAMP LEJEUNE NC MCB	919	MAINT SHOP/BULK FUEL CO	7,300
NC	CAMP LEJEUNE NC MCB	963	BEQ	17,102
NC	CHERRY POINT NC MCAS	658	PHYSICAL FITNESS CENTER	6,834
NC	CHERRY POINT NC NADEP	987	PROT A/C MAINT STORAGE FAC	11,092
NC	NEW RIVER NC MCAS	632	BACHELOR ENLISTED QUARTERS	17,102
PA	PHILADELPHIA PA NSWCSSSES	105	STEAM GENERATION FACILITY	13,399
PA	PHILADELPHIA PA NSWCSSSES	404	TANK FARM	7,795

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
RI	NEWPORT RI NS	450	CBQ REPLACEMENT	20,263
SC	BEAUFORT SC MCAS	419	ENLISTED DINING FACILITY	10,451
SC	BEAUFORT SC NH	515	BACHELOR ENLISTED QUARTERS	6,961
SC	CHASN NAVAL WPN STATION	24	ENGINEERING MGMNT CENTER	23,753
SC	CHASN NAVAL WPN STATION	56	SPAWAR CONSOLIDATION	15,203
SC	PARRIS ISLAND SC MCRD	337	BACHELOR ENLISTED QUARTERS	15,057
SC	PARRIS ISLAND SC MCRD	338	COMM CTR ADDN	5,284
SC	PARRIS ISLAND SC MCRD	351	BACHELOR ENLISTED QUARTERS	16,637
TN	MILLINGTON TN SUPPACT	281	CENTRAL WAREHOUSE	2,230
TN	MILLINGTON TN SUPPACT	358	PW TRANSPORT MAINT FAC	4,159
TN	MILLINGTON TN SUPPACT	360	IMPV GATE/PERIMTR SECURITY	5,895
TX	KINGSVILLE TX NAS	193	NALFOG CRASH STRIP RUNWAY	10,394
VA	DAHLGREN VA NSWCTR DIV	294	COLLAB MULTIWRFRE ENG CPLX	11,402
VA	LITTLE CREEK VA NAVPHIBSE	209	PIERS 12 & 13 REPLACEMENT	27,554
VA	LITTLE CREEK VA NAVPHIBSE	219	UPGRADE ELECTRICAL DISTRIB	7,931
VA	LITTLE CREEK VA NAVPHIBSE	221	PIER 56 & 57 REPLACEMENT	23,753
VA	LITTLE CREEK VA NAVPHIBSE	354	EOD GRU2 FACILITY	6,176
VA	NORFOLK VA NS	48	PIER 1 REPLACEMENT	35,727
VA	NORFOLK VA NS	52	PIER 9 REPLACEMENT	36,009
VA	NORFOLK VA NS	95	PIER 4 REPLACEMENT	51,307
VA	NORFOLK VA NS	96	PIER 5 REPLACEMENT	53,208
VA	NORFOLK VA NS	253	RECONSTRUCT TAXIWAY	11,402
VA	NORFOLK VA NS	311A	BEQ HOMEPORT ASHORE INC II	29,086
VA	NORFOLK VA NS	336	INDOOR PHYSICAL FIT FAC	9,502
VA	NORFOLK VA NS	391A	PIER 15 INCR II	37,434
VA	NORFOLK VA PWC	02	HEATING PLANT BUILDING	5,149
VA	OCEANA VA NAS	263	AIR WARRIOR SQUAD SPT FAC	13,457
VA	OCEANA VA NAS	697	ROAD IMPROVEMENTS	11,692
VA	OCEANA VA NAS	722	CHILD DEV CENTER	7,407
VA	OCEANA VA NAS	906	ROAD IMPROVEMENTS	2,636
VA	PORTSMOUTH VA NORFOLK NSY	333	CHILD DEVELOPMENT CENTER	6,196
VA	PORTSMOUTH VA NORFOLK NSY	337	ADMIN SUPT FAC RESTORATION	19,003
VA	PORTSMOUTH VA NORFOLK NSY	373	AUTO VEHICLE MAINT NONCOMB	34,205
VA	PORTSMOUTH VA NORFOLK NSY	520	DRYDOCK #2 CAISSON REPLACE	8,551
VA	PORTSMOUTH VA NORFOLK NSY	522	DRYDOCK #4 CAISSON REPLACE	10,171
VA	PORTSMOUTH VA NORFOLK NSY	532	ROAD IMPROVEMENTS	2,375
VA	QUANTICO VA MCAF	448	WHITE SIDE COMPLEX	27,777
VA	QUANTICO VA MCAF	517	CONSTRUCT TYPE II HANGAR	12,091
VA	QUANTICO VA MCCOMBDEV CMD	489	RELIGIOUS/FAMILY SVCS CTR	3,316
VA	YORKTOWN VA	389A	TRESTLE & PIER REPL INC II	24,888
VA	YORKTOWN VA NWS	235	HVAC MAKE UP AIR	2,636
VA	YORKTOWN VA NWS	416	TOMAHAWK MAGAZINE	3,161
VA	YORKTOWN VA NWS	436	AMRAAM MAGAZINE	1,231
WA	BANGOR WA SWF PAC	960	UTIL & SITE IMPVS (PH III)	640
WA	BREMERTON WA NS	304	INDUSTRIAL OPS SUPPORT FAC	7,980
WA	BREMERTON WA NS	313	FLEET RECREATION COMPLEX	3,132
WA	BREMERTON WA NS	315	PUBLIC WORKS FACILITY	7,980
WA	BREMERTON WA NS	319	TRANSPORTATION FACILITY	4,557
WA	INDIAN ISLAND VA NAVMAG	325	AMMUNITION WHARF IMPRS	60,809
WA	KEYPORT WA NUWC DIV	390	MINE & U/S WARFARE SPT FAC	13,680
WA	PUGET SOUND WA NAVSHIPYD	355	POLLUTION PRVNT EQUIP FAC	14,727
WA	WHIDBEY IS WA NAS	68	DATA PROCESSING/SYS MGMT	4,072
WA	WHIDBEY IS WA NAS	149	PERSONNEL SUPPORT FACILITY	2,095
WA	WHIDBEY IS WA NAS	158	ACADEMIC INST BLDG	1,047
WA	WHIDBEY IS WA NAS	169	VAQ HANGAR RECAP	50,105
BA	NAVSUPPACT BAHRAIN	920	WARTIME PREPOS EQP STG FAC	13,415
GU	GUAM MI COMNAVAMARIANAS	434	SUPPLY WHARF	3,433
GU	GUAM MI COMNAVAMARIANAS	445	AMPHIB LAND TIPALAO BEACH	6,457
GU	GUAM MI COMNAVAMARIANAS	450	BEQ RENOVATIONS	8,745
GU	GUAM NCTAMS WESTPAC	236	SEISMIC MODS (VAR BLDGS)	4,178
GU	GUAM PWC	815	UNDERGRND PWR DIST LNS	804
DG	DIEGO GARCIA NAVSUPPFAC	71	PW MAINT STORAGE FACILITY	5,130
DG	DIEGO GARCIA NAVSUPPFAC	107	VEHICLE WASH STATION	476

MCON POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	ACTIVITY	PNO	TITLE	PRG COST
DG	DIEGO GARCIA NAVSUPPFAC	139	AMMUNITION WHARF	58,908
IC	KEFLAVIK ICELAND NAS	08	HAZARDOUS/FLAMMABLE STRHSE	4,105
IT	NAPLES ITALY NSA	215	ADMINISTRATIVE OFFICE	18,171
IT	NAPLES ITALY NSA	217	CHILD DEVELOPMENT CENTER	2,461
PR	ROOSEVELT RDS PR NS	611	CB BUILDING HEADQUARTERS	5,603
PR	ROOSEVELT RDS PR NS	754	BEQ REPLACEMENT	15,880
SP	ROTA SP NCB CB CPMITCHELL	613	UPGRADE MAINTENANCE FAC	10,263
SP	ROTA SPAIN NS	645	COMMAND OPS CONSOLIDATION	18,474
UK	LONDON UK NAVACTS	704A	UXBRIDGE RELOCATION II	1,857
VAR	X/MCON DESIGN FUNDS	219	MCON DESIGN FUNDS	143,845
VAR	X/MCON DESIGN FUNDS	509	MCON DSGN FNDS-MARCORPS	32,595
VAR	X/UNSPECIFIED MINOR CONST	209	UNSPECIFIED MINOR CONSTR	19,371
VAR	Z/VARLOCS MILCON	604	PUBLIC WORKS COMPLEX	2,753
	FISCAL YEAR 2009 TOTAL			3,118,962

MCNR POM04 FYDP CONGRESSIONAL SUBMIT

[In dollars]

ST	IMC	ACTIVITY	PNO	TITLE	PRG COST
	PY 2004				
CA	NVRESFOR	SAN DIEGO CA NAVAIRES	737	C-40 HANGAR	\$15,973
VA	MARCORPS	QUANTICO VA I&I STAFF	518	RESERVE CENTER	9,497
VAR	A&E SERV	X/MCNR DESIGN FUNDS	504	MCNR DESIGN FUNDS (N4)	1,700
VAR	A&E SERV	X/MCNR DESIGN FUNDS	224	USMC MCNR DESIGN FUNDS	862
	FISCAL YEAR 2004 TOTAL				28,032
	PY 2005				
FL	MARCORPS	JACKSONVILLE FL I&I STAFF	532	RESERVE TRAINING CENTER	8,312
PA	NVRESFOR	WILLOW GROVE PA NAS	237	FITNESS CENTER	7,141
VA	MARCORPS	NORFOLK VA NMCRC	41	VEHICLE MAINTENANCE FAC	4,447
VAR	A&E SERV	X/MCNR DESIGN FUNDS	225	USMC MCNR DESIGN FUNDS	820
VAR	A&E SERV	X/MCNR DESIGN FUNDS	505	MCNR DESIGN FUNDS (N4)	2,650
	FISCAL YEAR 2005 TOTAL				23,370
	PY 2006				
AL	MARCORPS	MOBILE AL 4TH MARINE DIV	32	RES TRNG CTR&VEH MAINT FAC	7,158
FL	MARCORPS	TALLAHASSEE FL NMCRC	13	RESERVE TRAINING CENTER	8,018
LA	NVRESFOR	NEW ORLEANS LA NSA	122	OVERHEAD U/G HI-VOLT SYS	9,576
NY	NVRESFOR	ALBANY NY NMCRC	598	RESERVE CENTER	10,736
NC	NVRESFOR	ASHEVILLE NC NRC	596	RESERVE CENTER	3,289
PA	NVRESFOR	LEHIGH VALLEY PA NRC	565	RESERVE CENTER ADDITION	4,256
TN	NVRESFOR	NASHVILLE TN NRC	388	RESERVE CENTER	7,448
TX	NVRESFOR	FT WORTH TX NAS JRB	280	AIMD PWR PLNT SHOP (03 ADD)	8,589
VAR	A&E SERV	X/MCNR DESIGN FUNDS	226	USMC MCNR DESIGN FUNDS	826
VAR	A&E SERV	X/MCNR DESIGN FUNDS	506	MCNR DESIGN FUNDS (N4)	2,900
	FISCAL YEAR 2006 TOTAL				62,796

MCNR POM04 FYDP CONGRESSIONAL SUBMIT—Continued

[In dollars]

ST	IMC	ACTIVITY	PNO	TITLE	PRG COST
	PY 2007				
GA	NVRESFOR	AUGUSTA GA NMCR	382	RESERVE CENTER WITH LAND	6,702
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	353	SMALL ARMS RANGE—INDOOR	3,001
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	456	JOINT RESERVE HQ BLDG	6,897
MI	MARCORPS	DETROIT MI HQ & SERV CO 1ST BN	44	RESERVE TRAINING CENTER	6,799
MS	MARCORPS	GULFPORT MS MCRESEN	18	VEHICLE MAINT FACILITY	2,914
NC	MARCORPS	WILMINGTON NC MCRC	45	RESERVE TRAINING CENTER	7,489
OK	NVRESFOR	TULSA OK NMCR	76	RESCEN ADDN	3,594
PA	NVRESFOR	WILLOW GROVE PA NAS	232	DEICING FACILITY	1,457
PA	NVRESFOR	AVOCA PA NRTC	598	RESERVE CENTER	7,509
SC	MARCORPS	FORT JACKSON SC I&I	21	RESERVE VEHICLE MAINT FAC	3,497
TX	NVRESFOR	FT WORTH TX NAS JRB	26	COMBINED RATC/PASS TERM	2,574
TX	NVRESFOR	FT WORTH TX NAS JRB	27	ADMINISTRATIVE OFFICE	9,519
VA	NVRESFOR	NORFOLK VA NAVAIRES	491	C-40 HANGAR WOODS	5,828
VAR	A&E SERV	X/MCNR DESIGN FUNDS	227	USMC MCNR DESIGN FUNDS	1,211
VAR	A&E SERV	X/MCNR DESIGN FUNDS	507	MCNR DESIGN FUNDS (N4)	3,530
	FISCAL YEAR 2007 TOTAL				72,521
	PY 2008				
DE	NVRESFOR	WILMINGTON DE NMCR	602	RESERVE CENTER	9,758
GA	NVRESFOR	ATLANTA GA NAS	349	PUBLIC WORKS COMPLEX	4,879
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	405	RUNWAY TAXIWAY 14/32 EXT	6,245
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	408	RELIGIOUS EDUCATION BLDG	3,903
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	461D	AFRC (PHASE III)(03 ADD)	9,758
MD	MARCORPS	BALTIMORE MD MCRTC	40	RES TRNG CTR&VEH MAINT FAC	9,250
ME	MARCORPS	TOPSHAM ME MCRESEN	24	RESERVE TRAINING CENTER	2,927
NE	NVRESFOR	OMAHA NE NMCR	85	RELOCATE RESCEN TO OFUTT	1,854
NJ	NVRESFOR	KEARNY NJ NAVRESEN	601	RESERVE CTR RELOC—FT DX	4,450
OH	MARCORPS	DAYTON OH AFRC	09	RES TRNG CTR&VEH MAINT FAC	8,001
OR	NVRESFOR	EUGENE OR NMCR	172	RESCEN W/LAND	9,270
TN	MARCORPS	MEMPHIS TN MCRESEN	30	RESERVE TRAINING CENTER	6,830
TX	NVRESFOR	EL PASO TX NMCR	380	RESERVE CENTER ADDITION	3,415
VAR	A&E SERV	X/MCNR DESIGN FUNDS	228	USMC MCNR DESIGN FUNDS	1,354

VAR	A&E SERV	X/MCNR DESIGN FUNDS	508	MCNR DESIGN FUNDS (N4)	3,980
	FISCAL YEAR 2008 TOTAL				85,874
	PY 2009				
AR	NVRESFOR	LITTLE ROCK AR NMCRC	362	RESCEN ADDN	1,696
DC	NVRESFOR	WASH DC NAF ANDREWS AFB	43	HANGAR 13 ADDITION (C-130)	3,041
FL	MARCORPS	TAMPA FL MCRTC	19	VEHICLE MAINTENANCE FAC	7,520
GA	NVRESFOR	ATLANTA GA NAS	367	C-40 HANGAR ALTERATIONS	4,845
KY	NVRESFOR	LEXINGTON KY NMCRC	353	RESERVE CENTER ADDITION	4,167
LA	MARCORPS	NEW ORLEANS LA MCARTC	20	RES TRNG CTR&VEH MAINT FAC	7,752
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	441	CORROSION CONTROL HANGAR	6,299
LA	NVRESFOR	NEW ORLEANS LA NAS JRB	464	AIRFRAME ASSEMBLY PLANT	1,260
MD	MARCORPS	FORT DETRICK MD I & I STF	547	LAV MAINTENANCE FACILITY	6,783
MS	NVRESFOR	PASCAGOULA MS NS	390	LITTORAL SURV SYS FAC	5,136
NM	NVRESFOR	ALBUQUERQUE NM NMCRC	378	RESERVE CENTER ADDITION	2,907
PA	NVRESFOR	WILLOW GROVE PA NAS	217	WAREHOUSE	581
PA	NVRESFOR	WILLOW GROVE PA NAS	233	PW SUPPORT EQUIP SHED	678
PA	NVRESFOR	WILLOW GROVE PA NAS	246	HANGAR 80 MODS FOR C-40	3,004
RI	NVRESFOR	NEWPORT RI NAVRESREDCOM	600	RESERVE & REDCOM	4,554
TX	NVRESFOR	FT WORTH TX NAS JRB	19	POST OFFICE	1,045
TX	NVRESFOR	FT WORTH TX NAS JRB	25	COMBINED AIMD FAC	24,225
VA	NVRESFOR	ROANOKE VA NMCRC	325	RESERVE CENTER ADDITION	3,488
WA	NVRESFOR	WHIDBEY IS WA NAVARES	167	C-40 HANGAR MODS	4,845
VAR	A&E SERV	X/MCNR DESIGN FUNDS	229	USMC MCNR DESIGN FUNDS	1,354
VAR	A&E SERV	X/MCNR DESIGN FUNDS	509	MCNR DESIGN FUNDS (N4)	3,980
	FISCAL YEAR 2009 TOTAL				99,160

QUESTIONS SUBMITTED TO DR. MARIO P. FIORI

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

BARRACKS/DORMITORIES

Question. I understand that all three services are working toward the elimination of inadequate permanent party barracks by 2007. The success of that program will be largely dependent on significant funding increases that the Army, Navy and Air Force have programmed for military construction beginning in 2005 and into the future. Past experience has shown that those increases in the out years seem to disappear as it gets closer to the submission of the budget. Is the DOD goal of 2007 realistic and achievable?

Answer. Although current funding levels do not permit us to achieve DOD's goal of 2007, we still foresee continuing with an extremely robust military construction program each year until our barracks modernization campaign is complete. Programmed outyear levels provide funding for 91 percent of all barracks by fiscal year 2007 and 98 percent by fiscal year 2008.

Question. Would you also comment on the likelihood of realizing future funding increases for MILCON?

Answer. The Army anticipates MILCON funding at the increasing levels shown in the Future Years Defense Program.

Question. Several of you are assessing the issue of privatizing military barracks and dormitories. Have you worked out the financial issues associated with this proposal and how would the office of management and budget (OMB) score these proposals?

Answer. The Army is currently studying the privatization of troop barracks at a couple of locations. DOD has not yet worked out the financial issues and we await a decision by OMB on whether mandatory assignment to barracks is a "scorable" event.

Question. Has the OSD provided the services guidance on privatization?

Answer. The authorities of the Military Housing Privatization Initiative (MHPI) permit the inclusion of unaccompanied housing in the Residential Communities Initiative (RCI) for The Army. As a result, we have asked OSD to develop a Departmental position, coordinated with OMB, for interpretation as to whether or not this mandatory assignment policy is a "scorable" event. We are awaiting final guidance from OSD on this issue.

Question. What are the major cost concerns that will potentially impact this initiative?

Answer. In view of the substantial investment the Army has made in modernizing barracks, the major concerns that impact this initiative are securing adequate funding for the Basic Allowance for Housing/Basic Allowance for Subsistence (BAH/BAS), potential scoring requirements, and continuing with RCI without diverting attention from our family housing effort.

RECAPITALIZATION RATE

Question. With the funding proposal in the 2004 budget for MILCON how does that impact your recapitalization rate? How does that compare to last year's rate?

Answer. The funding proposed in the 2004 budget provides a recapitalization rate of 144 years. Last year's rate was 123 years. Our fiscal year fiscal year 2004 recapitalization rate is higher than last year, and is the best we could do given competing requirements.

Question. Gentlemen, there have been a lot of promises made over the past 2 years regarding revitalizing our defense facilities. Are we back to business as usual neglecting our facilities?

Answer. No. The Army was not able to meet all its objectives for facilities in the fiscal year 2004 Budget. We will continue to emphasize sustainment funding to halt the deterioration of our facilities and to fund our facilities strategy in the fiscal year 2005 Budget. Additionally, we are exploring and implementing alternatives to traditional funding, such as Residential Communities Initiative (RCI) and the Army Reserve Real Property Exchange (RPX) program.

Question. What are your long-term plans to reach the department's proposed recapitalization rate of 67 years? When will that happen? I worry about the message we send our young soldiers, airmen, and sailors as well as their families, about the condition of the facilities in which they live, work and train—especially as we try to retain them. How does the condition of your infrastructure relate to the services' goal of recruitment and retention?

Answer. At current funding levels, we achieve 70 years in 2008. Soldiers and families see the Army's commitment to barracks and family housing improvements. The overall condition of our facilities is a C-3 quality rating, impairing mission performance. The potential impact of infrastructure condition on our soldiers and their families has been recognized and is included in the on-going development of the Army Well-being Status Report to be completed September 2004.

INSTALLATION READINESS

Question. I understand that all three services rate the readiness of their infrastructure on a scale of C-1 to C-4. It appears that C-1 indicates only minor deficiencies with negligible impact on capability to support missions. I was disturbed to find out that such a large percentage of your overall facilities are rated C-3 or worse. How does that impact on mission readiness?

Answer. An installation and its facilities exist to support training, power projection, and to provide community support to soldiers, civilians and their families. Low quality and quantity of facilities adversely impact the accomplishment of these missions.

The overall condition rating of C-3 for Army facilities worldwide indicates significant facility deficiencies that prevent performing some missions in the manner they should be executed. The Army will complete its missions with facility workarounds, which result in degraded operations and increased costs.

For example: Our motor pools have not kept pace with our equipment. At many locations, maintenance on vehicles is performed outside in the rain, mud and cold weather. Clearly, there are days where maintenance cannot be performed. Overhead cranes are not available and another tactical vehicle is used to hoist engines out of a vehicle under maintenance.

Question. What would be the bill to bring all of your C-3 and C-4 facilities to at least C-2? What is the associated timeline?

Answer. The cost to bring all C-3 and C-4 facilities to an overall C-2 condition across the Army is \$10.2 billion. Realistically, it is achievable in 2023.

Question. I note that the services have goals to improve your facilities to C-1 by the end of the decade. Is this realistic based on current funding projections?

Answer. The Army, under the Focused Facility Strategy (FFS), plans to bring a focused group of facility types to a C-1 quality rating. By focusing on selected facilities, we concentrate our efforts on the worst facilities with the highest overall cost and impact on soldiers. The focused facility types are: Vehicle Maintenance Shops and Supporting Hardstand; Trainee Barracks and Complexes; Physical Fitness Facilities; General Instruction Classrooms; National Guard Readiness Centers; Army Reserve Centers; and Chapels. By raising these facilities to a C-1 rating, the overall average rating across the Army would be C-2. Realistically, it is achievable in 2023.

FAMILY HOUSING PRIVATIZATION

Question. With regards to privatization, I understand that some of these contracts are for 50 years and beyond. What happens when one of our family housing contractors goes out-of-business or does not fulfill its commitments?

Answer. Either the failure to fulfill contractual commitments or bankruptcy by an entity that has contracted with the Army housing privatization partnership is an event of default under the respective agreements. One of the available remedies after default is the right to terminate the agreement. Once terminated, the partnership can freely contract for the services from another party. As to the developer partner itself, insolvency triggers an option by the Army, and other partners if any, to buy out the insolvent managing member's partnership interest. There are also provisions for the Army to remove the managing member for cause.

Question. There seems to be a growing emphasis on privatizing more housing in a shorter period of time. Are there concerns that moving too quickly on such major procurement contracts could lead to future problems?

Answer. The Army's housing privatization process is designed to partner with nationally recognized property development/management and financial firms with the experience and capability to build, renovate, maintain, and operate family housing, while minimizing the probability of future problems. Additionally, the business agreements negotiated with the private sector firms provide a framework for resolving issues and problems, and are structured in a manner to protect the interests of the government. The Army also is designing and implementing a portfolio and asset management process that will ensure oversight of the agreement to monitor operational compliance and financial health of the partnership.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

TRANSFORMATION

Question. I understand that The Army is moving forward with the fielding of the Stryker brigades. I also understand that there are significant MILCON requirements associated with each of the six brigades. Are all of those requirements funded or programmed for the first four brigades?

Answer. Yes. When the fiscal year 2004 budget was developed, all validated critical Stryker Brigade Combat Team (SBCT) requirements were funded. Since that time, we have continued to refine military construction requirements and are presently reviewing emerging requirements that are in the validation process.

Question. What about the MILCON requirements for the Hawaii and Pennsylvania brigades?

Answer. The proposed projects in Hawaii and Pennsylvania are required to support both the legacy force requirements that are currently not being met and transformation.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

ANTITERRORISM/FORCE PROTECTION FUNDING PLAN

Question. It is my understanding that funding previously approved by the Committee for Antiterrorism/Force Protection (ATFP) is not finding its way to the reserve components. Could you provide the Committee with your funding plan for ATFP?

Answer. As it pertains to military construction force protection projects, the Army National Guard has validated requirements of \$1.952 million in fiscal year 2004 for planning and design of future year construction of antiterrorism/force protection related projects. In addition, each military construction project routinely incorporates all necessary antiterrorism/force protection features. These requirements are funded as part of the military construction project. The Army National Guard continues to work with the active Army to further validate their increased force protection requirements.

The Army Reserve has not identified any requirement for military construction projects that are exclusively for antiterrorism/force protection. However, each military construction project incorporates all necessary antiterrorism/force protection features. The Army Reserve antiterrorism/force protection projects at existing facilities will be funded with Operations and Maintenance, Army Reserve appropriations.

BRAC CLEANUP PROGRAM

Question. The Army's fiscal year 2004 BRAC budget request is \$66.4 million, a 56 percent reduction from fiscal year 2003. I will ask you the same question I have asked your colleagues. How much money above the budget request could the Army execute in fiscal year 2004 to expedite its BRAC cleanup program?

Answer. The fiscal year 2004 budget request of \$66.4 million (\$57.3 million for environmental cleanup) allows us to achieve our restoration and disposal goals, within Army priorities, and in support of community reuse of the remaining BRAC installations.

Question. Did you request a higher level of funding from the Defense Department?

Answer. No. The Department of Defense supported the Army's request for BRAC funding in fiscal year 2004.

QUESTIONS SUBMITTED TO MR. NELSON GIBBS

QUESTIONS SUBMITTED BY SENATOR KAY BAILEY HUTCHISON

BARRACKS/DORMITORIES

Question. I understand that all three services are working toward the elimination of inadequate permanent party barracks by 2007. The success of that program will be largely dependent on significant funding increases that the Army, Navy and Air Force have programmed for military construction beginning in 2005 and into the future. Past experience has shown that those increases in the out years seem to disappear as it gets closer to the submission of the budget. Is the DOD goal of 2007 realistic and achievable? Would you also comment on the likelihood of realizing future funding increases for MILCON?

Answer. With the Military Construction (MILCON) funding we have programmed for 2006 and 2007, our plan to eliminate inadequate permanent party dormitories by 2007 is a realistic and achievable goal. This funding is subject to change, however, depending on overall Air Force total obligation authority in those program years, balanced with other, emerging Air Force requirements. The Air Force MILCON future years defense plan shows funding streams currently anticipated for facility restoration and modernization. In each budget cycle the Air Force will use available MILCON dollars to fund the most urgent requirements.

Of significant note, the military construction portions of the budgets we submitted in fiscal years 2003 and 2004 were larger than what we had programmed in prior-year forecasts. In the last 2 years, we have done a good job protecting and building upon our projected MILCON budgets. We are hoping to continue this trend as we build our programs for fiscal years 2005, 2006, and beyond.

Question. Several of you are assessing the issue of privatizing military barracks and dormitories. Have you worked out the financial issues associated with this proposal and how would the Office of Management and Budget (OMB) score these proposals? Has the OSD provided the services guidance on privatization?

Answer. The Air Force is still identifying and reviewing the different financial issues involved with privatizing military dormitories. We have identified key areas we feel will require an Office of Management and Budget (OMB) ruling, to ensure the projects remain feasible as privatization projects. These key areas include assignment of members to quarters, provision of basic allowance for housing directly from the Air Force to the developer on behalf of the member, and signing of individual leases (whether or not they are necessary, and how the project would score if they are not required). The Navy has already broached some of these questions to OSD for an OMB ruling. The Air Force is waiting for this information back and will frame new questions if required. OSD has not provided specific dormitory privatization guidance at this time.

Question. What are the major cost concerns that will potentially impact this initiative?

Answer. The Air Force has some cost concerns that could potentially impact the initiative.

The full value of basic allowance for housing applied from all dormitory tenants could bring too much cash flow to the project, making it financially unattractive for the government. The Air Force is looking into ways to counter this concern, possibly through payment of only a partial amount of the occupants' basic allowance for housing, or by drawing off excess funds from the project via the ground lease.

We are also concerned about the ability to obtain reasonable financing, due to the potential risk inherent in dormitory privatization projects. These risks include allowing access to installations' interiors to non-military dorm residents, a limited list of other eligible tenants, and a lack of strong secondary market for these types of units.

RECAPITALIZATION RATE

Question. With the funding proposed in the 2004 budget for MILCON how does that impact your recapitalization rate? How does that compare to last year's rate?

Answer. MILCON funding levels in the fiscal year 2004 President's Budget Request support a 180-year recapitalization rate. The fiscal year 2003 recapitalization rate was 284 years, based on the fiscal year 2003 President's Budget Request, and 195 years based on the fiscal year 2003 enacted budget.

Question. Gentlemen, there have been a lot of promises made over the past 2 years regarding revitalizing our defense facilities. Are we back to business as usual neglecting our facilities?

Answer. We are not neglecting our facilities. The portion of the Air Force fiscal year 2004 budget request dedicated to facility investment (MILCON; Operations and Maintenance (O&M) facility sustainment, restoration, and modernization; and military family housing construction, improvement, and O&M) is the largest in more than a decade.

We still have much work to do. Reaching our 67-year recapitalization rate goal and eliminating our critical restoration and modernization backlog (developed over years of underfunding) will require us to continue and increase this level of investment in the future. We are doing that with the funding we have programmed in the future years defense plan.

Question. What are your long-term plans to reach the department's proposed recapitalization rate of 67 years? When will that happen?

Answer. The Air Force continues to program funding to meet the Department's 67-year recapitalization rate goal. Over the long term, the Air Force targets recapitalization

talization of facilities and infrastructure in the Military Construction and Operations & Maintenance (Restoration & Modernization) programs. The Air Force fiscal year 2004–2009 future years defense plan puts us on a trajectory to meet the 67-year recapitalization rate goal by fiscal year 2008.

Question. I worry about the message we send our young soldiers, airmen, and sailors as well as their families, about the condition of the facilities in which they live, work train—especially as we try to retain them. How does the condition of your infrastructure relate to the services' goal of recruitment and retention?

Answer. The quality of our facilities, infrastructure, and communities sends a direct signal to our men and women regarding the value we place on their service. Quality of life initiatives acknowledge the increasing sacrifices our airmen make in support of the Nation and are pivotal to recruiting and retaining our best. When our members deploy, they want to know that their families are stable, safe, and secure. Their welfare is a critical factor to our overall combat readiness, and our family housing program, dormitory program, and other quality of life initiatives reflect our commitment to provide them the facilities they deserve.

INSTALLATION READINESS

Question. I understand that all three services rate the readiness of their infrastructure on a scale of C–1 to C–4. It appears that C–1 indicates only minor deficiencies with negligible impact on capability to support missions. I was disturbed to find out that such a large percentage of your overall facilities are rated C–3 or worse. How does that impact mission readiness?

Answer. Installations' Readiness Report ratings indicate how well facilities are supporting the mission. C–3 and C–4 ratings can coincide with the preclusion or shutdown of a mission, but are more of an indicator of increased risk and potential for adverse mission impact.

For example, in our Operations and Training facility class, degraded airfield pavements pose risk of aircraft engine and structural damage from loose pavement pieces, impacting everything from basic airfield operations to day-to-day aircraft maintenance. Inoperative fuel hydrant systems force us to refuel by truck, increasing the workload for maintenance and supply personnel. Other examples of deficiencies that impact mission readiness include obsolete airfield lighting systems, inadequate training facilities, and deteriorated/inadequate drainage systems.

Question. What would be the bill to bring all of your C–3 and C–4 facilities to at least C–2? What is the associated timeline?

Answer. The cost to bring our facility classes to a C–2 status is approximately \$24 billion. This amount is comprised of \$13 billion in Military Construction requirements, \$5 billion in military family housing requirements, \$3 billion in operations and maintenance requirements, and \$3 billion in requirements funded from other sources (i.e., host nation funds, non-appropriated funds, Defense Logistics Agency funds). Based on current funding projections we would eliminate all C–3s and C–4s by 2014.

Question. I note that the services have goals to improve your facilities to C–1 by the end of the decade. Is that realistic based on current funding projections?

Answer. Our goal (based on the fiscal year 2004 Defense Planning Guidance) is to restore the readiness of existing facilities to at least C–2 status, on average, by the end of fiscal year 2010. Based on current funding projections, it is realistic that we will meet this goal.

We are concurrently targeting our investment to eliminate all C–3 and C–4 rated facility classes. Based on current funding projects (and extending them beyond fiscal year 2009 . . . our farthest-reaching funding projection), we expect to eliminate all C–3 and C–4 rated facility classes by 2014.

FAMILY HOUSING PRIVATIZATION

I want to compliment the military departments for improving military family housing for our service members. Through buying down the military member's out-of-pocket expenses for housing costs as well as eliminating inadequate housing units through military construction and privatization—you are making great progress. I am particularly proud of the fact that our state is leading the way with more housing privatization projects awarded at Texas military installations than any other state with six private-public partnerships (Nas Corpus Christi, Lackland Air Force Base, Dyess Air Force Base, Nas Kingsville, Fort Hood and NC South Texas) or 33 percent of the total projects awarded within the Department of Defense.

While housing revitalization is a good news story for our military families, I am concerned with the message being sent to our service members with the budget proposal to cut impact aid funding for the education of soldiers', sailors', airmen and

marines' children and I've spoken to the administration about my concerns. A total of 1,300 school districts across the nation receive impact aid funding to pay the salaries of teachers, purchase textbooks and computers and pay for advanced placement classes among other things. Cutting this funding sends a negative message at a time when we are promoting quality education for all children and sending their mothers and fathers into harm's way in the Persian Gulf region and around the world.

Question. With regards to privatization, I understand that some of these contracts are for 50 years and beyond. What happens when one of our family housing contractors goes out-of-business or does not fulfill its commitments?

Answer. We exercise tight control over the project through portfolio management after award, wherein we closely monitor the financial health of the project throughout the 50 years. Any necessary adjustments to factors, such as occupancy and debt coverage ratio, can be made on a routine basis. In the event the developer defaults on the project despite these controls, the lease and lockbox account agreements will protect the government interest.

None of the project income goes directly to the developer, but is collected in lockbox accounts controlled by a lockbox agent over whom the Secretary has significant control. These monies are protected and will be used to operate, maintain, and repair the property until another lessee can be brought in to manage the property or the government takes control over the project. The construction and permanent lenders also exercise a great deal of control over the project to ensure the success of the project and to protect their investment.

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Question. There seems to be a growing emphasis on privatizing more housing in a shorter period of time. Are there concerns that moving too quickly on such major procurement contracts could lead to future problems?

Answer. We have developed a rigorous privatization project schedule. Based on the lessons learned from the five projects we have closed to date and the well-defined and well-refined process we have developed, we are confident we are not moving too quickly.

The 27 privatization projects we have planned through fiscal year 2004 include six that are in active solicitation. We maintain centralized control through our execution agent, the Air Force Center for Environmental Excellence, and decentralized execution of the projects through six major commands and their five privatization support contractors. Our resources include a proven generic request for proposals, well-defined source selection process, experienced privatization support contractors, and definitive known housing requirements, which will ensure success of our process.

QUESTIONS SUBMITTED BY SENATOR TED STEVENS

C-17 AIRCRAFT IN ALASKA AND HAWAII

Question. I understand that the Air Force is proceeding with their mobility force structure plan which will station C-17s in Alaska and Hawaii. Are all of the required military construction requirements in either the budget or the Air Force's future year defense plan?

Answer. The Air Force is still reviewing and validating all future Military Construction requirements to beddown C-17s at Elmendorf AFB, Alaska, and Hickam AFB, Hawaii. Our fiscal year 2004 budget request includes \$63 million for C-17 beddown at Hickam AFB. The future years defense plan includes \$310 million in fiscal years 2005–2009 targeted for C-17 beddown at several locations, including Elmendorf AFB and Hickam AFB.

We have approximately \$120 million in requirements not included in the future years defense plan. Until our construction requirements review is complete and we program specific projects in the future years defense plan, we will not know what portion of the unfunded requirement is for Hickam and Elmendorf. We expect to have our review complete later this year.

Question. What is the timeline to field those aircraft in Alaska and Hawaii?

Answer. C-17s will arrive at Elmendorf AFB, AK, beginning in the 3rd quarter of fiscal year 2007 and ending in the 4th quarter of fiscal year 2007. Aircraft will arrive at Hickam AFB, HI, beginning in the 1st quarter of fiscal year 2006 and ending in the 3rd quarter of fiscal year 2006.

QUESTIONS SUBMITTED BY SENATOR DIANNE FEINSTEIN

CORPORATE ADJUSTMENT

Question. The Air Force uses a “Corporate Adjustment” model for the allocation of the military construction funds. First, could you briefly explain what “Corporate Adjustment” is and whether, in your opinion, this model adequately meets the needs of the Air National Guard and the Air Force Reserve?

Answer. The Air Force corporately prioritizes its Military Construction (MILCON) requirements. We do this by integrating the results of our MILCON scoring model (which includes Major Command priorities) with must-pay requirements (i.e., environmental compliance requirements and planning and design funds), projects necessary to beddown new weapon systems, and crosscutting corporate priorities (called “Corporate Adjustments” . . . e.g., dormitories and fitness centers).

This results in a final integrated priority list (IPL) that balances the Air Force’s overall construction needs with available resources to best meet overall Air Force needs (as well as the needs of the Major Commands, the Air National Guard, and the Air Force Reserve).

Question. Do you believe that the fiscal year 2004 request for the Guard and Reserve, which represents respectively a 70 percent and a 34 percent decline from the enacted fiscal year 2003 level, adequately funds the Air Force Guard and Reserve?

Answer. We believe the fiscal year 2004 request properly balances construction requirements with available resources.

When compared to the fiscal year 2003 President’s Budget request, the Air Force Reserve fiscal year 2004 request of \$44.3 million is 13 percent greater than the fiscal year 2003 request of \$39.1 million. Similarly, the Air National Guard fiscal year 2004 request of \$60.4 million is 11 percent greater than the fiscal year 2003 request of \$54.2 million. Comparing the fiscal year 2004 President’s Budget Request to the fiscal year 2003 enacted budget skews the comparison to something of an apples-to-oranges comparison. Congressional inserts make the fiscal year 2004 request less than the fiscal year 2003 enacted amounts.

CORPORATE ADJUSTMENT

Question. And for the record, could you give us a breakout, by number of projects and by total cost, of what each MAJOR COMMAND received as a “corporate adjustment?”

Answer. The following table shows the number of “corporate adjustment” projects, and total cost, each Major Command would receive in fiscal year 2004.

[Dollars in millions]

Major Command	Number of Projects	Project Cost
11th Wing (Bolling AFB)	1	\$9.3
Air Combat Command (ACC)	6	26.2
Air Education and Training Command (AETC)	5	104.8
Air Force Materiel Command (AFMC)	3	55.3
Air Force Reserve Command (AFRC)	3	10.3
Air Force Special Operations Command (AFSOC)	0	0.0
Air Force Space Command (AFSPC)	1	7.0

[Dollars in millions]

Major Command	Number of Projects	Project Cost
Air Mobility Command (AMC)	2	10.8
Air National Guard (ANG)	2	13.0
Pacific Air Forces (PACAF)	6	83.7
United States Air Forces Europe (USAFE)	16	102.2

MILCON RECAPITALIZATION RATE

Question. Based on the fiscal year 2004 budget only, and ignoring for now the out-year funds which may or may not be there, what is the MILCON recapitalization rate for the Active Duty Air Force, the Air National Guard and the Air Force Reserves for fiscal year 2004?

Answer. The Air Force recapitalization rates based on the fiscal year 2004 budget request are:

	Years
Active	183
Air National Guard	170
Air Force Reserve	141
Total Force	180

BRAC

Question. Over the past 2 years, this committee has significantly added to the amount requested by the services for environmental clean up from the previous four rounds of BRAC. Now, we are faced with another upcoming BRAC initiative, yet we still fail to fully address the previous cleanup necessary. This year the Air Force request for BRAC environmental remediation and caretaker costs is \$198.7 million.

Answer. The fiscal year 2004 Air Force BRAC environmental remediation and caretaker cost is \$200.7 million; the budget authority request is \$198.7 million and \$2 million is from fiscal year 2002 inflation savings. The Air Force appreciates the subcommittee's support to fund the environmental cleanup program.

Question. Did you seek a higher level of funding for BRAC environmental remediation in your budget submission to the Office of Secretary of Defense?

Answer. No. The Office of Secretary of Defense supported full funding of our fiscal year 2004 budget submission for BRAC environmental remediation.

Question. Would additional funding help to expedite the Air Force BRAC environmental clean up program?

Answer. While the fiscal year 2004 request reflects our requirements additional funding would allow us the opportunity to expedite cleanup requirements currently planned for future years.

MC CLELLAN AFB

Question. As you are aware, the former McClellan Air Force Base in Sacramento, CA, continues to be a high priority environmental remediation activity for the Air Force. However, persistent funding shortfalls have dramatically impacted the Air Force's own cleanup schedule and scope of activities. I understand that the required McClellan funding for fiscal year 2004 is nearly \$42.0 million and that the Air Force has communicated to the community a commitment of \$30.0 to \$40.0 million per year to be spent on remediation at McClellan over the next 5 years. Is that, in fact, correct?

Answer. The Air Force's fiscal year 2004 budget request includes \$38.1 million for McClellan. Our current plans include approximately \$200 million for McClellan over the next 5 years.

Question. In addition to the larger cleanup effort, I am particularly concerned with the dilapidated condition of the sewer line at McClellan that continues to significantly impede economic redevelopment at the base. As you know, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) prohibits transfer of the sewer line and adjacent property from the Air Force to the McClellan site developer until the contamination is evaluated and remediated by the Air Force. The estimated cost of that effort is \$20.0 million over 3 years. Currently, the community and developer are investing \$20.0 million of their

own funds to install a new sewer line. I understand that concurrent remediation and sewer installation projects could reduce costs to both the Air Force and the site developer. I would encourage the Air Force's support for a concurrent effort and would request the Air Force's estimate of the funding needed for the project in fiscal year 2004.

Answer. We understand the County's desire to replace the sewer system in order to support redevelopment. This accelerates the need for the Air Force to address contaminated soils that will be removed as part of the project. We are currently working with the County to establish a cooperative agreement for the Air Force cost share that pertains to the handling and disposing of contaminated soils. The County estimates the Air Force share for fiscal year 2004 is \$7 million. Funds for the Air Force's share will come from those already budgeted for McClellan's environmental cleanup unless additional funds are provided for this effort.

AIR FORCE BRAC ENVIRONMENTAL FYDP

Fiscal year	Dollars
2004	175.6
2005	127.7
2006	116.4
2007	112.5
2008	119.1
2009	114.4

While the Air Force is fully funded in fiscal year 2004, we have requirements identified in fiscal year 2003 that currently would be addressed in fiscal year 2005/2006. The Air Force could execute an additional \$65 million in fiscal year 2004.

FYDP AND UNFUNDED PRIORITIES

Question. Would each of you provide the committee with a copy of your service's current FYDP and unfunded priorities by March 31?

Answer. The Air Force's fiscal year 2004 unfunded priority list and fiscal year 2004 MILCON unfunded priority list were provided to the SAC MILCON Subcommittee staff on March 13, 2003. The Air Force's MILCON and MFH FYDP lists were provided to the SAC MILCON Subcommittee staffs on April 8, 2003.

SUBCOMMITTEE RECESS

Senator HUTCHISON. I agree with you, and of course Senator Feinstein and I work so well together, and we all work with Senator Stevens and Senator Inouye, and we have wonderful staff, so I thank you for pointing that out.

Thank you.

[Whereupon, at 4:25 p.m., Tuesday, March 4, the subcommittee was recessed, to reconvene subject to the call of the Chair.]